

**HOME PROTECTION TAX RETURN**

CDI FS-004 (REV 12/2002)

**FOR CALENDAR YEAR 2002****PAYMENT, MAILING AND FILING INSTRUCTIONS**

**Due Date:** File one (1) original and two (2) photocopies of this return with the California Department of Insurance on or before April 1, 2003. Payments received after April 1 will be subject to interest and penalty deficiency assessment.

**Groups:** Prepare a separate tax return and check for each member company.

**Payments:** If paying by check, make the check payable to CONTROLLER - STATE OF CALIFORNIA.

Those required to pay or have voluntarily elected to pay by Electronic Funds Transfer (EFT) must use the EFT method of payment.

Pursuant to the California Insurance Code Section 12976.5, and the California Tax on Insurers, Revenue and Taxation Code 12602, commencing January 1, 1995, entities subject to insurance tax whose Annual Tax is \$20,000 or more are required to participate in the Electronic Funds Transfer (EFT) Program. To register as an EFT taxpayer, contact the California Department of Insurance Tax Accounting/EFT Unit at (916) 492-3288 or e-mail at [EFT@insurance.ca.gov](mailto:EFT@insurance.ca.gov)

Every insurer whose annual tax liability for the preceding calendar year was five thousand dollars (\$5,000) or more is required to make quarterly prepayments and submit quarterly tax payment vouchers to the current calendar year.

**Mail to  
a or b:**

- a) If the 2002 Tax Due and/or 2003 1<sup>st</sup> Quarter Prepayment were paid by **CHECK**, then mail the Premium Tax Return, the tax payment voucher, and the CHECK to:
- OR**
- b) If the 2002 Tax Due and/or 2003 1<sup>st</sup> Quarter Prepayment were paid by **EFT**, or if there is **ZERO** (-0-) balance due, or If there is a **Tax Refund Due**, then mail the Premium Tax Return and the tax payment voucher to:

State of California  
Department of Insurance  
Tax Accounting/EFT Unit  
P.O. Box 1918  
Sacramento, CA 95812-1918

State of California  
Department of Insurance  
Tax Accounting/EFT Unit  
300 Capitol Mall Suite 1400  
Sacramento, CA 95814

The tax payment vouchers are available on the California Department of Insurance web-site <http://www.insurance.ca.gov>. Click on the link "Insurers". Under the section "Financial Oversight", click on the link "Tax Forms, Instructions, and Information" to access these vouchers.

For questions concerning the completion of the premium tax return please contact the California Department of Insurance, Tax Audit Bureau - David Okumura at (213) 346-6097 or Marilyn Freeman at (213) 346-6012.

For questions regarding the Electronic Funds Transfer (EFT) Program, contact the California Department of Insurance, Tax Accounting/EFT Unit at (916) 492-3288, e-mail at [EFT@insurance.ca.gov](mailto:EFT@insurance.ca.gov), or write to:

State of California  
Department of Insurance  
Tax Accounting /EFT Unit  
300 Capitol Mall, Suite 1400  
Sacramento, CA 95814

**HOME PROTECTION TAX RETURN**

CDI FS-004 (REV 12/2002)

**FOR CALENDAR YEAR 2002****IMPORTANT INSTRUCTIONS**

All Home Protection Companies must complete this Tax Return, whether or not business was transacted during the reporting year. Complete all items, including the method of tax payment.

**The following are line by line instructions for the Home Protection Tax Return for the calendar year 2002. Please only use one entry per line and do not write in the column labeled, "CDI use only".**

Complete the following information: Name of Insurer, Mailing Address, City, State, Zip Code, Telephone Number, Fax Number, and State of Domicile. Also provide the Federal Tax Identification Number, California Permanent Number (CA Perm No), EFT Taxpayer Identification Number (TIN), and select the appropriate Method of Tax Payment. In addition, please check the appropriate box: New Company (admitted during 2002), Name Change, and/or Final Return (No further business transacted due to withdraw of certificate of authority, or a non-survivor of a merger).

**RECORD ALL AMOUNTS IN WHOLE DOLLARS.**

- Line 1: **Total Direct Fees Written** – Record the amount shown on Schedule T, Line 5, Column 3, "Direct Fees Written During Year To Date" of the reporting year Annual Statement.
- Line 2: **Tax Rate** - the tax rate of 2.35 %.
- Line 3: **2002 Annual Tax** – Multiply Line 1 by the tax rate on Line 2 to determine the 2002 Annual Tax, Line 3 (If the result of Line 3 is a negative amount, record zero (-0-) tax due). If the 2002 Annual Tax is more than \$20,000, then the insurer is required to participate in the EFT Program. For questions regarding EFT, contact the Tax Accounting/EFT Unit at (916) 492-3288 or e-mail at EFT@insurance.ca.gov.
- Line 4: **Low Income Housing Credit** – Record any Low Income Housing Credit for the reporting year. Include a copy of Form 3521-A, Certificate of Final Award of California, if there is a credit for the reporting year. Failure to provide the documentation will result in the credit being disallowed.
- Line 5: **COIN Credit** – Record any California Organized Investment Network (COIN) credits for the reporting year. Include a copy of the certification from COIN showing the amount of the credit pursuant to Revenue and Taxation Code Section 12209. Failure to provide a copy of the certificate of credit will result in the credit being disallowed.
- Line 6: **Prepayments made during the reporting year of 2002** - Only include those prepayments made or applied to the first quarter during the reporting year. Exclude all payments of interest and penalties.
- Line 6a: **Overpayment applied from prior year** -  
If there was an overpayment applied to the 2002 First Quarter Prepayment, as reported on Line 10a of the 2001 tax return, then record the amount applied on Line 6a (for example, if the 2002 First Quarter Prepayment due was \$2,500 and the amount of 2001 Overpayment applied was \$500, then record \$500 on Line 6a).  
-OR-  
If there was no overpayment applied to the 2002 First Quarter Prepayment, then record zero (-0-) on Line 6a.

**HOME PROTECTION TAX RETURN**

CDI FS-004 (REV 12/2002)

**FOR CALENDAR YEAR 2002****Line 6b: First Quarter (Balance Paid) -**

If there was an overpayment applied to the 2002 First Quarter Prepayment, then record the net balance paid on Line 6b (for example, if the 2002 First Quarter Prepayment due was \$2,500 and the amount of 2001 Overpayment applied was \$500, then record \$2,000 on Line 6b).

-OR-

If there was no overpayment applied to the 2002 First Quarter Prepayment, then record the amount paid for the 2002 First Quarter Prepayment on Line 6b.

**Line 6c - 6e: Second, Third, and Fourth Quarters** – Record the amount paid for each quarter.

**Line 6f: Total Prepayments** – Record the sum of Lines 6a through 6e.

**Line 7: Total Credits and Prepayments** – Record the sum of Lines 4, 5, and 6f.

**Line 8: 2002 Tax Due** - If Line 3 is GREATER than Line 7, then subtract Line 7 from Line 3. The result will be the balance of the 2002 Annual Tax Due, Line 8. Please pay this amount on or before April 1, 2003. If Line 3 is NOT GREATER than Line 7, then please record zero (-0-) on this line and complete Line 9.

**Line 9: 2002 Tax Overpayment** – If Line 7 is GREATER than Line 3, then subtract Line 3 from Line 7, and record the result of the overpayment of the 2002 Annual Tax on Line 9. If Line 7 is NOT GREATER than Line 3, please record zero (-0-) on this line and proceed to Line 10.

**Line 10: 2003 First Quarter Prepayment** - Record the 2003 First Quarter Prepayment on this line. If The Annual Tax, Line 3, is \$5,000 or more, the insurer is required to make prepayments equal to 25 percent of Line 3. If the amount on Line 3 is less than \$5,000, then record zero (-0-) on this line.

**Line 10a: 2002 Tax Overpayment applied to the 1<sup>st</sup> Quarter Prepayment** - Record the amount of the 2002 Tax Overpayment, Line 9, applied to 2003 First Quarter Prepayment. Note: The application of the overpayment is not required. The insurer may pay the First Quarter Prepayment in full and receive a refund of the total amount reported on the tax overpayment, Line 9.

-OR-

If there is no tax overpayment or the insurer wishes pay the first quarter prepayment in full, then record zero (-0-) on this line.

**Line 10b: 2003 First Quarter Prepayment Balance Due** - If Line 10a is equal to or less than Line 10, then subtract Line 10a from Line 10. The result will be the 2003 First Quarter Prepayment Balance Due. Please pay this amount on or before April 1, 2003.

**Line 11: Tax Refund** - The Tax Refund is equal to the 2002 Tax Overpayment, Line 9, less the amount applied to Lines 10a. If there is no tax overpayment, then record zero (-0-) on this line. NOTE: The refund shall not be applied to the 2<sup>nd</sup> Quarter Prepayment.

**ATTACH A COPY OF 2002 ANNUAL STATEMENT SCHEDULE T****Declaration of Insurer:**

California Revenue and Taxation Code Section 12303 states: "Every return required by this article to be filed with the commissioner shall be signed by the insurer or an executive officer of the insurer and shall be made under oath or contain a written declaration that it is made under the penalties of perjury. A return of a foreign insurer may be signed and verified by its manager residing within this State. A return of an alien insurer may be signed and verified by the United States manager of such insurer."

Please complete this page and with notary's certification. Please provide the name and address of the contact person for this tax return if the contact person is different than the signatory.

**HOME PROTECTION TAX RETURN**

CDI FS-004 (REV 12/2002)

**FOR CALENDAR YEAR 2002****AMENDED TAX RETURNS – TAX REFUND**

A claim for refund shall be in writing and shall state the specific grounds upon which it is founded. See Revenue and Taxation Code Section 12978 and 12979. Write the word "Amended" on the top of the amended return.

Please send request to:

State Board of Equalization  
Excise Tax Division – MIC 56  
P.O. Box 942879

Sacramento, CA 94279-0056

Attention: John Eng, Senior Tax Auditor

AND A  
COPY TO

California Department of Insurance

Premium Tax Audit Bureau

300 South Spring Street, 14<sup>th</sup> Floor

Los Angeles, CA 90013-1230

Attention: David Okumura, Senior Examiner

Do not deduct or credit the requested refund when filing any future tax returns or prepayments due. The amount claimed is not a refund until certified as correct and a Notice of Refund is issued to you.

The prepayment amount for the amended tax year is not changed. Record actual prepayment made.

**AMENDED TAX RETURN – ADDITIONAL TAX DUE**

If you amend a tax return to report additional tax due, send the amended tax return showing clearly where the changes were made, and write the word "Amended" on the top of the amended return.

Please send the amended return to:

California Department of Insurance

Premium Tax Audit Bureau

300 South Spring Street, 14<sup>th</sup> Floor

Los Angeles, CA 90013-1230

Attention: David Okumura, Senior Examiner

Send a copy of the amended tax return with the check payable to CONTROLLER - STATE OF CALIFORNIA:

State Controller's Office

Division of Collections

Bureau of Tax Administration

P.O. Box 942850

Sacramento, CA 94250-5880

The prepayment amount for the amended tax year is not changed. Record actual prepayment made.

Please note that EFT should only be used for the annual tax and prepayments. Any additional tax, penalty and interest payments are to be made via check.

All payments made toward additional tax due will be applied pursuant to California Revenue and Taxation Code Section 12636.5: "Every payment on a delinquent tax shall be applied as follows: (a) First, to any interest due on the tax. (b) Second, to any penalty imposed by this part. (c) The balance, if any, to the tax itself."