

HOME PROTECTION TAX RETURN

CDI FS-004 (REV 11/2004)

FOR CALENDAR YEAR 2004**PAYMENT, MAILING AND FILING INSTRUCTIONS**

Due Date: File one (1) original and two (2) photocopies of this return with the California Department of Insurance postmarked on or before April 1, 2005. Payments received after April 1 will be subject to interest and penalty deficiency assessment. Express delivery date by company will be accepted as the postmark date.

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

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 2004 Tax Due and/or 2005 1 st Quarter Prepayment are paid by CHECK , then mail the Premium Tax Return, the tax payment voucher, and the CHECK to:	OR	b) If the 2004 Tax Due and/or 2005 1 st Quarter Prepayment are 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:
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State of California
Department of Insurance
Tax Accounting Unit
P.O. Box 1918
Sacramento, CA 95812-1918

First Class or Express Delivery
State of California
Department of Insurance
Tax Accounting 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> under the "Industry" section. Under "Applications, Forms and Filings, click on the link "Tax Forms, Instructions, and Information for 2004" to access the tax forms and vouchers.

For questions concerning the completion of the premium tax return please contact the California Department of Insurance, Tax Audit Bureau - Jean Quijano at 213-346-6186 or Shirley Villalon at 213-346-6493.

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, or write to:

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

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FOR CALENDAR YEAR 2004**IMPORTANT INSTRUCTIONS**

The tax return and payment must be received by the Department of Insurance on or before April 1 following the end of the calendar year. The due dates for filing the quarterly prepayments are April 1st, June 15th, September 15th, and December 15th of each year. When the due date falls on a Saturday, Sunday or State or Federal legal holiday, the tax return or prepayment voucher and payment are considered timely if received on the next business day.

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 2004. 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 2004), Name Change (name was changed during 2004), Final Return (No further business transacted due to withdrawal of the Certificate of Authority or a non-survivor of a merger during 2004), and/or Amended Return. If final return, indicate the effective date of the final transaction or if amended, indicate the date when it was amended.

RECORD ALL AMOUNTS IN WHOLE DOLLARS.

- Line 1: **Total Direct Premiums Written** – Record the amount shown on Schedule T, Line 5, Column 3, "Direct Premiums Written" of the reporting year Annual Statement.
- Line 2: **Tax Rate** - the tax rate of 2.35 %.
- Line 3: **2004 Annual Tax** – Multiply Line 1 by the tax rate on Line 2 to determine the 2004 Annual Tax, Line 3 (If the result of Line 3 is a negative amount, record zero (-0-) tax due). If the 2004 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 2004** - 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 2004 First Quarter Prepayment, as reported on Line 10a of the 2003 tax return, then record the amount applied on Line 6a (for example, if the 2004 First Quarter Prepayment due was \$2,500 and the amount of 2003 Overpayment applied was \$500, then record \$500 on Line 6a).
-OR-
If there was no overpayment applied to the 2004 First Quarter Prepayment, then record zero (-0-) on Line 6a.

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FOR CALENDAR YEAR 2004**Line 6b: First Quarter (Balance Paid) -**

If there was an overpayment applied to the 2004 First Quarter Prepayment, then record the net balance paid on Line 6b (for example, if the 2004 First Quarter Prepayment due was \$2,500 and the amount of 2003 Overpayment applied was \$500, then record \$2,000 on Line 6b).

-OR-

If there was no overpayment applied to the 2004 First Quarter Prepayment, then record the amount paid for the 2004 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: 2004 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 2004 Annual Tax Due, Line 8. Please pay this amount on or before April 1, 2004. If Line 3 is NOT GREATER than Line 7, then please record zero (-0-) on this line and complete Line 9.

Line 9: 2004 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 2004 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: 2005 First Quarter Prepayment - Record the 2005 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: 2004 Tax Overpayment applied to the 1st Quarter Prepayment - Record the amount of the 2004 Tax Overpayment, Line 9, applied to 2005 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 to pay the first quarter prepayment in full, then record zero (-0-) on this line.

Line 10b: 2005 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 2005 First Quarter Prepayment Balance Due. Please pay this amount on or before April 1, 2005.

Line 11: Tax Refund - The Tax Refund is equal to the 2004 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 2nd Quarter Prepayment.

ATTACH A COPY OF 2004 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.

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Line 01: Direct Premiums Written – Record the amount shown on Schedule T, Line 5, Column 3, “Direct Premiums Written”. Premiums are defined pursuant to California Insurance Code Section 12743(j)(3): Premium: shall mean protection contract fee.

Line 02: Record any additional contract fees charged and paid directly by the contract-holder.

Line 03: Record the total of Lines 01 and 02.

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FOR CALENDAR YEAR 2004**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. Check the box on the top section of page one of the return and indicate the date when it was amended. Please send the claim for refund and amended return 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, 14th Floor

Los Angeles, CA 90013-1230

Attention: David Okumura, Supervisor

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 of the amended tax return will remain unchanged from the original amount, which is based on the original tax return as filed and processed by the Department of Insurance. Record the actual amount paid.

AMENDED TAX RETURNS – 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. Check the box on the top section of page one of the return and indicate the date when it was amended. Please send the amended return to:

California Department of Insurance
Premium Tax Audit Bureau
300 South Spring Street, 14th Floor
Los Angeles, CA 90013-1230
Attention: David Okumura, Supervisor

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 of the amended tax return will remain unchanged from the original amount, which is based on the original tax return as filed and processed by the Department of Insurance. Record the actual amount paid.

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."

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FOR CALENDAR YEAR 2004**EXTENSION OF TIME**

Prepayments: Revenue and Taxation Code Section 12255: The commissioner, for good cause shown, may extend for not to exceed 10 days the time for making a prepayment. The extension may be granted at any time, provided that a request therefore is filed with the commissioner within or prior to the period for which the extension may be granted. Interest at the rate prescribed by Section 12631 shall be paid for the period of time for which the extension is granted.

Annual Tax: Revenue and Taxation Code Section 12306: The commissioner, for good cause shown, may extend for not to exceed 30 days the time for filing a tax return or paying any amount required to be paid with the return. The extension may be granted at any time, provided that a request therefore is filed with the commissioner within or prior to the period for which the extension may be granted.

Revenue and Taxation Code Section 12307: Interest on Extension: Any insurer to whom a extension is granted shall pay, in addition to the tax, interest at the modified adjusted rate per month, or fraction thereof, established pursuant to Section 6591.5 from April 1st until the date of payment.