

**DEPARTMENT OF INSURANCE**

ADMINISTRATION AND LICENSING SERVICES BRANCH  
300 CAPITOL MALL, SUITE 1600  
SACRAMENTO, CA 95814  
www.insurance.ca.gov



January 8, 2007

**NOTICE**

**TO: All Admitted Insurers, Surplus Line Brokers, and Other Interested Parties**

**SUBJECT: 2006 Tax Return Information**

The 2006 tax filing for Surplus Line Brokers is due to the California Department of Insurance (CDI) on **March 1, 2007** and the annual tax filing for Insurers is due on **April 1, 2007** except for the ocean marine insurance tax filing, which is due on **June 15, 2007**. Key tax filing information is as follows:

- Each insurer or surplus line broker is required to file a tax return of all business transacted during the preceding calendar year. Please note that if you had no business transacted in 2006 or you started your business in 2006, you are still required to file the tax return by the appropriate required due date. (California Revenue and Taxation Code Section 12302 and California Insurance Code Section 1774)
- Each insurer or surplus line broker whose annual tax for the preceding calendar year was five thousand dollars (\$5,000) or more is required to make quarterly prepayments or monthly installment payments for the current calendar year. Specifically, if your 2006 tax liability was \$5,000 or more, you are required to make the quarterly prepayments or monthly installment payments for 2007. Please refer to the CDI Web site at [www.insurance.ca.gov](http://www.insurance.ca.gov) for the tax due dates. (California Revenue and Taxation Code Section 12251 and California Insurance Code Section 1775.1)
- Each insurer or surplus line broker whose preceding annual taxes exceed twenty thousand dollars (\$20,000) is required to make payment by Electronic Funds Transfer (EFT). Specifically, if your 2006 tax liability exceeded \$20,000.00, you are required to make all 2007 tax payments (monthly, quarterly, and annual) by EFT. To avoid delay in processing your EFT payments, it is critical to ensure that you provide the correct TIN, tax type code, and tax due date in your EFT transaction. If you need assistance with establishing an EFT account or experience any problems with making your EFT payment or meeting the timelines requirement, please contact us at (916) 492-3288 **prior** to the payment due date to avoid any potential penalty assessment. (California Revenue and Taxation Code Section 12602 and California Insurance Code Sections 12976.5 and 1775.8)
- Please provide your contact person's e-mail address on your tax return to ensure that CDI can provide your company with the latest tax updates.

**Tax Forms**

All 2006 tax return forms and instructions are available for your convenience at the CDI Web site located at <http://www.insurance.ca.gov>. For example, once you log on to this Web site, click on "Insurers", then click on "Insurer Information", and please select the "Applications, Forms & Filings". Once you have accessed "Applications, Forms, & Filings", then please select the appropriate tax return forms and related payment vouchers. To obtain the "California Tax on Insurers" Guide, please refer to [www.boetaxes.ca.gov](http://www.boetaxes.ca.gov).

If you are unable to access the CDI Web site and/or prefer to obtain a hard copy of a tax form or have questions regarding any tax payment, please contact us at (916) 492-3288 at your convenience.

**DEPUTY INSURANCE COMMISSIONER**  
**ADMINISTRATION & LICENSING SERVICES BRANCH**