# PAYMENT, MAILING AND FILING INSTRUCTIONS

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| **Due Date:** | File one (1) original of this return with the California Department of Insurance postmarked on or before April 1, 2017. 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 more than $20,000, 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 twenty thousand dollars ($20,000) or more is required to make quarterly prepayments and submit quarterly tax payment vouchers to the current calendar year. | | |
| **Mail to**  **a or b:** | 1. If the 2016 Tax Due and/or 2017 1st Quarter Prepayment are paid by **CHECK**, then mail the Premium Tax Return, the tax payment voucher, and the CHECK to: | OR | 1. If the 2016 Tax Due and/or 2017 1st 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: |
| 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 14000  Sacramento, CA 95814 |

The tax payment vouchers are available on the California Department of Insurance web-site <http://www.insurance.ca.gov> under the “Insurers” section. Under “Applications, Forms and Filings, click on the link “Tax Forms, Instructions, and Information for 2016” to access the tax forms and vouchers.

For questions concerning the completion of the premium tax return please contact the California Department of Insurance, Premium Tax Audit Bureau by e-mail at [premiumtaxaudit@insurance.ca.gov](mailto:premiumtaxaudit@insurance.ca.gov)

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 Unit

300 Capitol Mall, Suite 14000

Sacramento, CA 95814

##### IMPORTANT INSTRUCTIONS

The tax return and payment must be postmarked on or before April 1 following the end of the calendar year. The due dates for filing the quarterly prepayments are April 1st, June 1st, September 1st, and December 1st 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 postmarked 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 2016. Please use only 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), National Association of Insurance Commissioners Number (NAIC 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 2016), Name Change (name was changed during 2016), Final Return (No further business transacted due to withdrawal of the Certificate of Authority or a non-survivor of a merger during 2016), 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.

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| Line 1. | **Direct Premiums Written.** Record the amount shown on Schedule T, Line 5, Column 3. Premiums are defined pursuant to California Insurance Code §12743(j)(3): Premium: shall mean protection contract fee. **Attached a copy of the 2016 Annual Statement – Schedule T to the premium Tax Return** |
| Line 2. | **Additional Contract Fees**. Record fees that are charged for additional expense incurred in selling insurance on an installment basis such as additional bookkeeping expense and collection expense. Allstate Insurance Co. v State Board of Equalization (1959) 169 Cal.App.2d 165 |
| Line 3. | **Orphan Premiums.** Record premium from foreign states and alien countries where company is not licensed. This is for California domiciled companies ONLY. |
| Line 4. | **Total Net Taxable Premiums**. Total of Lines 1, 2 and 3. |
| Line 5. | **Tax Rate** - the tax rate of 2.35 %. |
| Line 6. | **2016 Annual Tax** – Multiply Line 4 by the tax rate on Line 5 to determine the 2016 Annual Tax. If the result is negative, record zero (-0-) tax due. If the 2016 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](mailto:EFT@insurance.ca.gov) |
| Line 7. | **Low Income Housing Credit** – Record any Low Income Housing Credit for the reporting year. If there is a credit for the reporting year, provide a copy of Form 3521-A (Certificate of Final Award of California) and Final Schedule K-1 (565) (Partner’s Share of Income, Deductions, Credits, etc.). Failure to provide a copy of Form 3521-A and Schedule K-1 (565) will result in the disallowance of a credit. Include the Company’s name and California Permanent Number on the certificates. |
| Line 8. | **CA CDFI Credit (COIN)** – Record any tax credits claimed for the reporting year that were certified by the California Organized Investment Network (COIN) for investments in California Community Development Financial Institutions (CDFIs). Attached a copy of the certification from COIN showing the amount of the credit pursuant to the Revenue and Taxation Code § 12209. Failure to provide a copy of the certificate of credit will result in the disallowance of credit. |
| Line 9. | **Prepayments made during the reporting year of 2016** - Only include those prepayments made or applied to the first quarter during the reporting year. Exclude all payments of interest and penalties. |
| Line 9a. | **Overpayment applied from prior year** -  If there was an overpayment applied to the 2016 First Quarter Prepayment, as reported on Line 13a of the 2015 tax return, then record the amount applied on Line 9a (for example, if the 2016 First Quarter Prepayment due was $2,500 and the amount of 2015 Overpayment applied was $500, then record $500 on Line 9a).  -OR-  If there was no overpayment applied to the 2016 First Quarter Prepayment, then record zero (-0-) on Line 9a. |
| Line 9b. | **First Quarter (Balance Paid)** -  If there was an overpayment applied to the 2016 First Quarter Prepayment, then record the net balance paid on Line 9b (for example, if the 2016 First Quarter Prepayment due was $2,500 and the amount of 2014 Overpayment applied was $500, then record $2,000 on Line 9b).  -OR-  If there was no overpayment applied to the 2016 First Quarter Prepayment, then record the amount paid for the 2016 First Quarter Prepayment on Line 9b. |
| Line 9c. - 9e. | **Second, Third, and Fourth Quarters** – Record the amount paid for each quarter. |
| Line 9f. | **Total Prepayments** –Record the sum of Lines 9a. through 9e. |
| Line 10. | **Total Credits and Prepayments** – Record the sum of Lines 7,8, and 9f. |
| Line 11. | **2016 Tax Due** -If Line 6 is MORE than Line 10, then subtract Line 10 from Line 6. The result will be the balance of the 2016 Annual Tax Due. Pay this amount on or before April 1, 2017. If Line 6 is LESS than Line 10, then record zero (-0-) on this line and proceed to Line 12. |
| Line 12. | **2016 Tax Overpayment** – If Line 10 is MORE than Line 6, then subtract Line 6 from Line 10, and record the result of the overpayment on this line. If Line 10 is LESS than Line 6, record zero (-0-) on this line and proceed to Line 13. |
| Line 13. | **2017 First Quarter Prepayment** - Record the 2017 First Quarter Prepayment on this line. If the Annual Tax, Line 6, is $20,000 or more, the insurer is required to make prepayments equal to 25 percent of Line 6. If the amount on Line 6 is less than $20,000, then record zero (-0-) on this line. |
| Line 13a. | **2016 Tax Overpayment applied to the 1st Quarter Prepayment** - Record the amount of the 2016 Tax Overpayment, Line 12, applied to 2017 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 12.  -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 13b. | **2017 First Quarter Prepayment Balance Due** - If Line 13a is equal to or less than Line 13, then subtract Line 13a from Line 13. The result will be the 2017 First Quarter Prepayment Balance Due. Pay this amount on or before April 1, 2017. |
| Line 14. | **Tax Refund** - The Tax Refund is equal to the 2016 Tax Overpayment, Line 12, less the amount applied to Lines 13a. 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 unless prior approval has been granted. |

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| **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.”  Complete this page with notary's certification. Provide the name and address of the contact person for this tax return if the contact person is other than the signatory. |

##### 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 California Department of Insurance

Appeals and Data Analysis Branch – MIC 33 AND A Premium Tax Audit Bureau

P.O. Box 942879 COPY TO 300 South Spring Street, 13th Floor

Sacramento, CA 94279-0033 Los Angeles, CA 90013-1230

Attention: Petitions and Refunds Group Attention: Amended Tax Return

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

##### **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, 13th Floor

Los Angeles, CA 90013-1230

Attention: Amended Tax Return

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

State Controller’s Office

Attention: Accounting

300 Capitol Mall, Suite 1500

Sacramento, CA 95814

**The prepayment amount will remain unchanged from the original amount, which is based on the original tax return as filed and processed by the Department of Insurance.**

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.”

##### **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 an 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.