# **Payment, Mailing and Filing 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.**

1. **Due on or before April 1, 2024:** File one (1) tax return with the California Department of Insurance on or before **April 1, 2024**.
2. Groups: Prepare a separate tax return and check/payment for each member company.
3. Payments:

* If paying by check, make the check payable to **“California State Controller’s Office”**.
* Those required to pay or have voluntarily elected to pay by Electronic Funds Transfer (EFT) must use the EFT method of payment.
* Pursuant to California Insurance Code Section 12976.5, and Revenue and Taxation Code Section 12602, **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 via e-mail to [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.**

1. File/Mail by (a) or (b):
2. **If the 2023 Tax Due and/or 2024 First Quarter Prepayment are “Paid by Check”**: Mail the Premium Tax Return, the Tax Payment Voucher, and the **Check**  **(**payable to **“California State Controller’s Office”)** to:

California Department of Insurance

Tax Accounting Unit

P.O. Box 1918

Sacramento, CA 95812-1918

1. **If the 2023 Tax Due and/or 2024 First Quarter Prepayment are “Paid by EFT”, or if there is Zero (-0-) balance due, or if there is a Tax Refund Due**:

Submit a scanned copy of the physically signed Premium Tax Return and Tax Payment Voucher **Via e-mail to** **[PremiumTaxFiling@insurance.ca.gov](mailto:PremiumTaxFiling@insurance.ca.gov)** **(Preferred method)**

* Send one e-mail per insurer.
* On the Subject line, enter: Company Name, CA Perm. Number (not NAIC), Tax Return Type (PC, Life, Title, HP, SLB) and Associated Tax Year.

Or submit physically signed hardcopy via mail to:

California Department of Insurance

Tax Accounting Unit

300 Capitol Mall, Suite 14000

Sacramento, CA 95814

**The tax return and payment must be postmarked/settled on or before April 1 following the end of the calendar year.**  The due date for filing the tax return is April 1st and the due dates for making 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/settled on the next business day.

**The tax payment vouchers are available on** the [California Department of Insurance Website](http://www.insurance.ca.gov/). Select “Insurers”, then “Tax Forms and Instructions/Electronic Funds Transfer (EFT) Payments”, then “**2023** Tax Forms, Instructions, and Information” to access the tax return, instructions, and vouchers.

**For questions concerning the completion of the premium tax return,** please contact the California Department of Insurance, Premium Tax Audit Unit via e-mail to [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, or via e-mail to [EFT@insurance.ca.gov](mailto:EFT@insurance.ca.gov)

# **Important Instructions**

**The following are line by line instructions for the Home Protection Tax Return for the calendar year 2023. 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.

**Check the appropriate boxes for the following information:** New Company (if admitted during **2023**); Name Change (if name was changed during **2023**); Final Return (if no further business transacted due to withdrawal of the Certificate of Authority or a non-survivor of a merger during **2023**); 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**

**Page 1**

| **Line** | **Instructions** |
| --- | --- |
| Line 1: | **Direct Premiums Written.** Record the amount shown on the Annual Statement, Schedule T, Line 5, Column for “Direct Premiums Written”. Premiums are defined pursuant to California Insurance Code Section 12743(j)(3): “Premium” shall mean protection contract fee. |
| Line 2: | **Additional Contract Fees**. Record fees that are charged for additional expenses incurred in selling insurance on an installment basis such as additional bookkeeping expense or 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: | **2023 Annual Tax** – Multiply Line 4 by the tax rate on Line 5 to determine the **2023** Annual Tax. If the result is negative, record zero (-0-) tax due. If the **2023** 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 via e-mail to [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 pursuant to Revenue and Taxation Code Section 12206.  The following must be attached to claim the credit: copy of **Form 3521-A (Certificate of Final Award of California)** issued by the California Tax Credit Allocation Committee; copy of the Final **Schedule K-1 (565) (Partner’s Share of Income, Deductions, Credits, etc.)** filed with the FTB; copy of **Schedule K-1 (Form 1065) (Partner's Share of Income, Deductions, Credits, etc.)** filed with the IRS; and a **spreadsheet** showing details on how the credit amount was determined and must clearly indicate the carry-forward credit amount claims over a minimum of four years based on allowable periods to claim. **Failure to provide these documents may result in the disallowance of credit and/or delay in processing.** The Company’s name and California Permanent Number should be shown on all attachments and certificates. |
| Line 8a: | **(Reserved – Leave Blank)** |
| Line 8b: | **College Access Tax Credit (CATC)** - Record any credits claimed for the reporting year that was certified by the California Educational Facilities Authority (CEFA) pursuant to Revenue and Taxation Code Section 12207. Attach a copy of the CATC Certification from CEFA showing the amount of the credit. Failure to provide a copy of the certificate of credit will result in the credit being disallowed. **(For Taxable Years 2017-2027.)** Subject to Revenue and Taxation Code Section 12209 limitations. |
| Line 9: | **Prepayments made during the reporting year of 2023** (Revenue and Taxation Code Sections 12251-12260) - 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 **2023** First Quarter Prepayment, as reported on Line 13a of the **2022** tax return, then record the amount applied on Line 9a (for example, if the **2023** First Quarter Prepayment due was $2,500 and the amount of **2022** Overpayment applied was $500, then record $500 on Line 9a). Include prior year overpayment amount of $10 or less applied as Credit towards future tax liabilities.  **-OR-** If there was no overpayment applied to the **2023** First Quarter Prepayment and no prior year overpayment amount of $10 or less, then record zero (“0”) on Line 9a. |
| Line 9b: | **First Quarter (Balance Paid)** - If there was an overpayment applied to the **2023** First Quarter Prepayment, then record the net balance paid on Line 9b (for example, if the **2023** First Quarter Prepayment due was $2,500 and the amount of **2022** Overpayment applied was $500, then record $2,000 on Line 9b).  **-OR-** If there was no overpayment applied to the **2023** First Quarter Prepayment, then record the amount paid for the **2023** 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, 8b, and 9f. |
| Line 11: | **2023 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 **2023** Annual Tax Due. Pay this amount on or before **April 1, 2024**. If Line 6 is LESS than Line 10, then record zero (“0”) on this line and proceed to Line 12. |
| Line 12: | **2023 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. Note: The tax overpayment (line 12) may be applied to the **2024** First quarter prepayment (line 13). A Refund **Shall Not** be applied to the **2024** Second quarter prepayment or any future tax payment unless prior approval has been granted by the California Department of Insurance, Premium Tax Audit Unit. |
| Line 13: | **2024 First Quarter Prepayment** - Record the **2024** 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. (Revenue and Taxation Code Sections 12251-12260) |
| Line 13a: | **2023 Tax Overpayment applied to the First Quarter Prepayment** - Record the amount of the **2023** Tax Overpayment, Line 12, applied to **2024** First Quarter Prepayment. Note: The application of the overpayment is not required. The insurer may pay the **2024** 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 **2024** First Quarter Prepayment in full, then record zero (“0”) on this line. |
| Line 13b: | **2024 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 **2024** First Quarter Prepayment Balance Due. Pay this amount on or before **April 1, 2024.** |
| Line 14,14a, and 14b: | **Tax Refund / Credit -** The Tax Refund is equal to the **2023** Tax Overpayment, Line 12, less the amount applied to Lines 13a. If there is no tax overpayment, then record zero (“0”) on this line.   * **If the amount is greater than $10, enter the amount on Line 14a (Tax Refund),** * **Or, if the amount is $10 or less, enter the amount on Line 14b (Tax Credit).**   Note: The refund **shall not** be applied to the Second Quarter Prepayment unless prior approval has been granted by the California Department of Insurance, Premium Tax Audit Unit. Effective March 1, 2020, overpayment amount of $10 or less will be automatically applied as Credit towards future tax liabilities. |
| **Declaration of Insurer (Tax Return, Page 2):** | **California Revenue and Taxation Code Section 12303(a) 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 penalty 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 the insurer.” **You must type or write clearly the First Name, Last Name, Title, and E-mail of the signing officer in the space provided.** Tax return must be physically signed. A scanned copy of the physically signed tax return filed by e-mail to [PremiumTaxFiling@insurance.ca.gov](mailto:PremiumTaxFiling@insurance.ca.gov) is acceptable. |

**\*Attach a copy of the Annual Statement - Schedule T** **and all supporting documents for this tax return.**

# **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.
* **Interest on Extension - Revenue and Taxation Code Section 12307:** 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.
* **To request for extension of time, s**ubmit your written request to the California Department of Insurance, Premium Tax Audit Unit for review ***prior to the payment due date:***

1. **Via e-mail to** [**PremiumTaxAudit@insurance.ca.gov**](mailto:premiumtaxaudit@insurance.ca.gov) **(Preferred method);**
2. or Via mail to:

California Department of Insurance

Premium Tax Audit Unit

300 South Spring Street, 9th Floor

Los Angeles, CA 90013

Your request is not considered granted until you have received a notice from the Department stating so. Late payment shall be subject to penalty and interest assessments.

**Amended Tax Returns –Tax Refund**

1. **A claim for refund shall be in writing and shall state the specific grounds upon which it is founded. (*See* Revenue and Taxation Code Sections 12978 and 12979, and Section 12432 for statute of limitations for notice of deficiency assessment.) Note: The California Department of Tax and Fee Administration will not accept a claim for refund from tax years that have expired.**

* **Check the box on the top section of page one of the tax return and indicate the date when it was amended.**
* 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.

1. **Send the claim for refund and amended tax return to the California Department of Tax and Fee Administration (CDTFA):**
2. Submit your request online: Go to <https://onlineservices.cdtfa.ca.gov/_/> and login with username and password if you have an account with the CDTFA, otherwise select "Claim a Refund or Request Relief for Insurance" under Limited Access Functions. (For questions or assistance, call CDTFA at 1-800-400-7115.)
3. Or submit via e-mail to: [BTFDADABInsuranceStaff@cdtfa.ca.gov](mailto:BTFDADABInsuranceStaff@cdtfa.ca.gov);
4. Or submit via mail to:

California Department of Tax and Fee Administration

Appeals and Data Analysis Branch MIC: 33

P.O. Box 942879

Sacramento, CA 94279-0033

1. **Send a copy to the California Department of Insurance (CDI):**
2. **Submit via e-mail to:** [**PremiumTaxAudit@insurance.ca.gov**](mailto:PremiumTaxAudit@insurance.ca.gov)**(Preferred method);**
3. Or submit via mail to:

California Department of Insurance

Premium Tax Audit Unit

300 South Spring Street, 9th Floor

Los Angeles, CA 90013-1230

**Amended Tax Returns – Additional Tax Due**

1. **If you amend a tax return to report additional tax due, send the amended tax return showing clearly where the changes were made** **and/or attach a letter of explanation. Check the box on the top section of page one of the tax return and indicate the date when it was amended.**

* 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.
* Any **additional** tax, penalty and interest payments are to be made by **Check Payment Only** and made **payable to “California State Controller's Office”**. Please note that EFT should only be used for the **original** annual tax and prepayments.
* 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.”

1. **Send the amended tax return to the California Department of Insurance (CDI):**
2. **Submit via e-mail to:** [**PremiumTaxAudit@insurance.ca.gov**](mailto:PremiumTaxAudit@insurance.ca.gov) **(Preferred method);**
3. Or submit via mail to:

California Department of Insurance

Premium Tax Audit Unit

300 South Spring Street, 9th Floor

Los Angeles, CA 90013-1230

1. **Send the Check payable to “California State Controller's Office” and a copy of the amended tax return (CDI FS Form Only) to:**

State Controller’s Office or State Controller’s Office

Departmental Accounting Office Departmental Accounting Office

Insurance Tax Program 300 Capitol Mall, Suite 1500

P.O. Box 942850 Sacramento, CA 95814

Sacramento, CA 94250-0001 Attention: Insurance Tax Program