# Payment, Mailing and Filing Instructions

**All Surplus Line Brokers and Special Lines Surplus Line Brokers, who held a license during the reporting year, whether or not business was transacted, must complete this form. Complete all items, including the method of tax payment.**

1. **Due on or before March 1, 2024:** File one (1) Annual Statement and Tax Return on or before **March 1, 2024**.
2. Groups: Prepare a separate tax return and check/payment for each surplus line license.
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 and are still required to submit a monthly voucher.
* Pursuant to California Insurance Code Section 1775.8, **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.
* **Every broker whose annual tax liability for the preceding calendar year was twenty thousand dollars ($20,000) or more is required to make monthly prepayments and submit monthly tax payment vouchers to the current calendar year.**
1. File/Mail by (a) or (b):
2. **If the “Net Annual Tax Due” (Line 8) is “Paid by Check”**: mail the Check **(**payable to **“California State Controller’s Office”)** and the Annual Statement and Tax Return to:

California Department of Insurance

Tax Accounting Unit

P.O. Box 1918

Sacramento, CA 95812-1918

1. **If the “Net Annual Tax Due” (Line 8) is “Paid by EFT” Or If The “Net Annual Tax Due” (Line 8) is “Zero (-0-)”**:

Submit a scanned copy of the physically signed Annual Statement and Tax Return **via e-mail to** **PremiumTaxFiling@insurance.ca.gov** **(Preferred method)**

* Send one e-mail per insurer.
* On the Subject line, enter: Surplus Line Broker Name and CA SLB License Number, Tax Return Type 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 Annual Statement and Tax Return and payment must be postmarked/settled on or before March 1 following the end of the calendar year. When the due date falls on a Saturday, Sunday or State or Federal legal holiday, the statement, tax return and payment are considered timely if postmarked on the next business day.

**The tax payment vouchers are available on** the [California Department of Insurance Website](http://www.insurance.ca.gov/). Select “Agents & Brokers”, 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.

**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.

# 2024 Surplus Line Tax Calendar

**Notice to All Surplus Line Brokers Subject to Taxation Pursuant to California Insurance Code Section 1774 Et. Seq.**

Brokers whose preceding year’s tax liability was twenty thousand dollars ($20,000) or more are required to pay the tax on business transacted each month pursuant to California Insurance Code Section 1775.1. If required to pay monthly and no tax is due for a certain month, a zero-tax voucher is still required to be filed. Use the following schedule to file monthly tax payment vouchers and remit taxes due:

| **Business Transacted During the Month of:** | **Is Due on Or Before:** |
| --- | --- |
| January 2024 | April 1, 2024 |
| February 2024 | May 1, 2024 |
| March 2024 | June 1, 2024 |
| April 2024 | July 1, 2024 |
| May 2024 | August 1, 2024 |
| June 2024 | September 1, 2024 |
| July 2024 | October 1, 2024 |
| August 2024 | November 1, 2024 |
| September 2024 | December 1, 2024 |
| October 2024 | January 1, 2025 |
| November 2024 | February 1, 2025 |
| December 2024 | March 1, 2025 |

**The Tax Payment Vouchers are available on** the [California Department of Insurance Web-site](http://www.insurance.ca.gov/). Select “Agents & Brokers”, then “Tax Forms and Instructions/Electronic Funds Transfer (EFT) Payments”, then select “**2023** Tax Forms, Instructions, and Information” to access the tax return, instructions, and vouchers. Or click here for CDI [Tax Forms, Instructions & Information (ca.gov)](https://www.insurance.ca.gov/0250-insurers/0300-insurers/0100-applications/tax-forms-instruct-and-info/index.cfm).

## The Surplus Line Broker’s Monthly Tax Payment Vouchers must be returned to one of the following addresses:

1. **If Monthly Tax Payments are “Paid by Check”:** Mail the **Check** payable to **“California State Controller's Office”** and the monthly Tax Payment Voucher to:

California Department of Insurance

Tax Accounting Unit

P.O. Box 1918

Sacramento, CA 95812-1918

1. **If Monthly Tax Payments are “Paid by EFT” or have a “Net Amount Due Of “0””:**

Submit a scanned copy of the physically signed monthly Tax Payment Voucher **via e-mail to** **PremiumTaxFiling@insurance.ca.gov.**

# Important Information

* **Mandatory Participation**: Commencing January 1, 1995, entities subject to insurance tax, whose annual tax payments is more than twenty thousand dollars ($20,000), are required to participate in the Electronic Funds Transfer (EFT) program.
* Those required to pay or have voluntarily elected to pay by Electronic Funds Transfer (EFT) must use the EFT method of payment and are **still required to submit a monthly voucher (FS-007).**
* If paying by check, include the Surplus Line License Number on the check.

**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.

**The following are line by line instructions for the Surplus Line Broker and Special Lines Surplus Line Broker Annual Statement and Tax Return for the calendar year 2023. Do not write in the column labeled “CDI Use Only”.**

**Complete all required information:** Broker’s Name, Mailing Address, City, State, Zip Code and Telephone Number. Also, provide the Surplus Line License Number, Federal Tax Identification Number, the EFT Taxpayer Identification Number (TIN), and select the appropriate Method of Tax Payment. If Surplus Line Brokers and Special Lines Surplus Line Brokers are doing business under a different name, complete the section titled D.B.A. (Doing Business As).

**Check all boxes that apply:** For brokers writing multi-state risks, please refer to California Insurance Code Section 1775.5 for more information. Any records or documentations for premium allocation of multi-state risks should be made available for examination by the Department. Brokers submitting a final return (license has expired and no further business will be transacted), must indicate the effective date of the final transaction. Brokers submitting an amended return must write the word **“Amended”** at the center space just above the Broker’s name.

**Beginning with the 2023 Tax Period: Record All Amounts in Whole Dollars. 2023 Annual Tax Payment is to Paid in Whole Dollars. 2024 Monthly Tax Payment Are to Be Reported and Paid in Whole Dollars.**

| **Line**  | **Instructions** |
| --- | --- |
| Line 1: | The amount on Line 1 should be the actual California Surplus Line Gross Premiums on **policies transacted\*** from January 1 to December 31 of the tax year (business transacted with non-admitted insurers only) and should reconcile with the total amount of Lines 10, 10A, 10B and 10C**.** See California Insurance Code Section 1775.5. **Note: The Department does not collect surplus lines premium tax on risks located outside the United States.**Gross Premiums as used in the calculation of premium taxes due, is the gross policy premiums plus any fees/charges pertaining to the policy such as policy fee, inspection fee, etc.Example: Policy Premium $10,000Policy Fee 100Inspection Fee 150Total Gross Taxable Premium $10,250\* Pursuant to California Insurance Code Section 1774(c), the date on which the surplus line broker **transacting** a policy prepares a bill or invoice for payment of all or part of the premiums due, shall be considered the date on which that business was done or transacted, subject to subdivision (d). This date shall be shown on the face of the bill or invoice and shall be referred to as the **“invoice date.”** Pursuant to California Insurance Code Section 1774(d)(1), the invoice date shall be no more than 60 days after the policy effective date and no more than 60 days after the insurance was placed with a non-admitted insurer, except as provided in paragraph (2) of Section 1774(d). |
| Line 2: | The amount on Line 2 should be the actual California Surplus Line Premiums that were returned to the policyholder(s) during the period of January 1 to December 31 of the tax year (business transacted with a non-admitted insurer only) and should reconcile with the total amount of Lines 11 and 12. This is required pursuant to California Insurance Code Section 1775.5. |
| Line 3: | The amount on Line 3 is the tax base. This amount is the result of the Gross Premiums (Line 1) less the Returned Premiums (Line 2). |
| Line 4: | Line 4 is the Tax Rate of three percent (3%). |
| Line 5: | This amount is the annual tax liability for the reporting tax year. Multiply the Net Taxable Premiums (Line 3) by the Tax Rate of three percent (3%). If the amount on this line is $20,000 or more, monthly tax payments are required for the **2024** tax year. If the amount on this line is more than $20,000, payment via EFT is required. See California Insurance Code Section 1775.1(a) for monthly tax payments and Section 1775.8 for EFT payments. **Note: Annual Tax Cannot Be Negative.** Tax imposed on surplus line brokers by Section 1775.5 of the Insurance Code is an annual tax to be computed each year according to the statutory formula, with a tax payable on an excess of gross premiums over return premiums for that year. **Carry-over of excess of return premiums over gross premiums from one year to another is not permitted.** To file a claim for refund on returned premiums related to a prior tax year, you may file an amended return **for open tax years only** (Revenue and Taxation Code Sections 12978 and 12980). Please see Instructions below for filing an Amended Tax Return. |
| Line 6: | Deduct Monthly Tax Payments made for **2023** Tax Year. |
| Line 6A: | Report any credit applied toward the January monthly tax payment from the prior year’s annual tax overpayment.Example: **2022** Tax Overpayment credited to January **2023** monthly tax payment is $55.January **2023** monthly tax payment before credit is applied is $155.Amount on Line 6A is $55, and the amount on Line 6B is $100. |
| Line 6B-M: | The amount on each line is the actual tax paid each month. The annual tax payment is in lieu of the December Monthly Tax Payment, pursuant to California Insurance Code Section 1775.3. Do not include any additional assessments, penalties, or negative amounts on these lines. Any annual tax overpayment credited to the January **2023** monthly tax payment should be included on Line 6A. |
| Line 7: | This line is the sum of all monthly tax payments made during the reporting year (the total of Lines 6A through 6M). |
| Line 8: | **Tax Due:** Deduct the total monthly tax payments (Line 7) from the annual tax liability (Line 5). If the amount on Line 5 is **More** than the amount on Line 7, then complete Line 8. Pay This Amount on Or Before **March 1, 2024**. Late payment and/or underpayment of the tax due may be subject to penalty and interest. If paying by check, make the check payable to **California State Controller’s Office.** |
| Line 9, 9A, 9B: | **Tax Overpayment – Refund / Credit:** If the total monthly tax payment (Line 7) is **More** than the Annual Tax Liability (Line 5), then complete Line 9A. The **overpayment** of tax may be allowed as a credit against the succeeding year’s **First Monthly Payment Only**; or be refunded. Note: Effective March 1, 2020, overpayment amount of $10 or less will be automatically applied as Credit towards future tax liabilities. For overpayment amount greater than $10, please check Line 9B “To Be Refunded” or To Be Credited” on the Tax Return. **Failure to indicate a credit or refund will result in a refund being issued**. If **Refunded**, do not apply the amount of the refund toward any other tax liability due. |
| Line 10: | Record all California Gross Premiums **(Single-state policies)** for **Non-admitted Insurers** showing the NAIC # and State of Domicile with whom business was transacted during January 1 through December 31 of the tax year for **California home state insureds.** All returned premiums should be recorded on Line 11. If additional pages are necessary, make a copy of this page. Be sure to include the Surplus Line Brokers and Special Lines Surplus Line Brokers name and Surplus Line License number. If no business was transacted during the calendar year, write “**None**” and go to the next page. **The total of Lines 10, 10A, 10B and 10C should equal Line 1.****Note: Do not report premiums twice. Single-state policies for Lloyd’s Syndicate members are to be reported in Line 10B.**  |
| Line 10A: | Record all California Gross Premiums **(Multi-state policies)** for **Non-admitted Insurers** showing the NAIC # and State of Domicile with whom business was transacted during January 1 through December 31 of the tax year for **California home state insureds.** All returned premiums should be recorded on Line 12.If additional pages are necessary, make a copy of this page. Be sure to include the Surplus Line Brokers and Special Lines Surplus Line Brokers name and Surplus Line License number. If no business was transacted during the calendar year, write “**None**” and go to the next page. **The total of Lines 10, 10A, 10B and 10C should equal Line 1.****Note: Do not report premiums twice. Multi-state policies for Lloyd’s Syndicate members are to be reported in Line 10C.**  |
| Line 10B: | Record all California Gross Premiums **(Single-state policies)** for each **Lloyd’s Syndicate member** (include syndicate number i.e. Lloyd’s Syndicate # 0) with whom business was transacted during January 1 through December 31 of the tax year for **California home state insureds**. All returned premiums should be recorded on Line 11.If additional pages are necessary, make a copy of the page. Be sure to include the Surplus Line Brokers and Special Lines Surplus Line Brokers name and Surplus Line License Number. If no business was transacted during the calendar year, write “**None**” and go to the next page. **The total of Lines 10, 10A, 10B and 10C should equal Line 1.** |
| Line 10C: | Record all California Gross Premiums **(Multi-state policies)** for each **Lloyd’s Syndicate member** (include syndicate number i.e. Lloyd’s Syndicate # 0) with whom business was transacted during January 1 through December 31 of the tax year for **California home state insureds.** All returned premiums should be recorded on Line 12. If additional pages are necessary, make a copy of the page. Be sure to include the Surplus Line Brokers and Special Lines Surplus Line Brokers name and Surplus Line License Number. If no business was transacted during the calendar year, write “**None**” and go to the next page. **The total of Lines 10, 10A, 10B and 10C should equal Line 1.** |
| Line 11: | Record all Returned Premiums (Single-state policies) for Non-admitted Insurers and each Lloyds Syndicate member (include syndicate #) with whom business was transacted during the tax year. **The total of Lines 11 and 12 should equal Line 2.** |
| Line 12: | Record all Returned Premiums (Multi-state policies) for Non-admitted Insurers and each Lloyds Syndicate member (include syndicate #) with whom business was transacted during the tax year. **The total of Lines 11 and 12 should equal Line 2.** |
| Line 13 & 13.1: | This is the Statement of Trust Assets and Liabilities as of **December 31, 2023** for **California** Surplus Line Business only. If using fiscal year basis, state the year-end date on the line provided (month/day/year). This is a quick test of the accumulation totals of the California Surplus Line Trust Fund. See the sample below:* Description of Trust Assets: Cash Trust, Premiums Receivable, and/or Any securities held in this account.
* Description of Trust Liabilities: Premiums Payable, Surplus Line Tax Payable, and/or Stamping Fees Payable.
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| Line 14, 14.1, & 14.2: | This is the Statement of Nontaxable Business written pursuant to California Insurance Code Section 1760.5. All Special Lines Surplus Line Brokers are required to complete this Section even if the business transacted was nontaxable for the tax year. All brokers licensed for Special Surplus Lines and all Special Surplus Line Brokers are required to complete this section pursuant to California Insurance Code Section 1760.5(d).  |
| Line 15: | This Statement of Percentage of Premium is required by California Insurance Code Section 1774(a)(1) and is provided for informational purposes only. All Surplus Line Brokers must complete this section for the calendar year, even if the premium reported for this line is nontaxable. The gross premium and percentages of gross premium to be reported are totals for all surplus lines business placed for California home state insureds for the calendar year. For multi-state policies, the percentages should equal the total premium risk allocated to California and to each other state. If percentages do not equal 100% due to non-U.S. risks or other reasons, or if not all the premium allocation data is available for reporting this calendar year, that should be noted. The gross premium calculation has been added to assist filers in determining the percentages. |
| Line 16: | In lieu of the Zero Premium Tax Return previously filed by **Endorsed surplus line brokers** writing on behalf of a business entity surplus line broker organization, provide a listing of all Endorsed Surplus Line Brokers with an individual license to transact as a surplus line broker and who transact or write business on behalf of the reporting surplus line broker organization*.* |
| Line 17: | All surplus line brokers who have delegated the responsibility for filing the confidential written report that includes all taxable premium to another surplus line broker or brokers pursuant to **California Insurance Code Section 1774 (b)** will no longer be required to file a Zero Premium Tax Return beginning tax year 2013. This statement requires all delegated Surplus Line Brokers to include a list of those licensees who have delegated this reporting function and, on whose behalf, they have reported transacted or business done with their Tax Return. The list shall include the name and license number of the **Delegating Surplus Line Brokers***.* |
| Line 18.1 & 18.2: | Provide the name, title, phone number and e-mail address of the contact person should there be any questions regarding this annual statement and tax return. Provide mailing address if the business street address is different. |
| **Surplus Line Broker’s Certification (Tax Return, Page 11):** | **California Insurance Code Section 1774(a)(1) -** Surplus Line Broker’s Certification is to be **completed by the broker** declaring under penalty of perjury pursuant to the laws of the State of California that the annual statement and tax return, including any accompanying schedules or statements, has been examined by the broker, and is true, correct, and complete. **You must type or write clearly the First Name, Last Name, Title, and E-mail of the signing broker 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 is acceptable.  |

**\*Complete and Return All Pages of the Tax Return**

# Extension of Time

* **Monthly Installment Payments:** California Insurance Code Section 1775.4(g): “The commissioner, upon a showing of good cause, may extend for not to exceed 10 days the time for making a monthly payment. The extension may be granted at any time, provided that a request therefor is filed with the commissioner within or prior to the period for which the extension may be granted. Any surplus line broker to whom an extension is granted shall, in addition to the monthly payment, pay interest at the rate of 1 percent per month, or fraction thereof, from the due date until the annual tax due date”
* **Annual Tax Payment:** California Insurance Code Section 1775.5(c), states in part, “(1)…The commissioner, upon a showing of good cause, may extend for a period 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 therefor is filed with the commissioner within, or prior to, the period for which the extension may be granted. (2) Any surplus line broker to whom an extension is granted shall, in addition to the tax, pay interest at the rate of 1 percent per month or fraction thereof from March 1, until the date of payment. The commissioner may remit the penalty in a case where the commissioner finds, as a result of examination or otherwise, that the failure of or delay in payment arose out of excusable mistake or excusable inadvertence.”
* **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** **(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.
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: BTFDADABInsuranceStaff@cdtfa.ca.gov;
4. Or submit via mail:

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** **(Preferred method);**
3. Or submit via mail:

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 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.**
* 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** **(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