# Payment, Mailing and Filing Instructions

**All Title Insurance 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 the 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.
* **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, 2024 First Quarter Prepayment, and/or the 2023 Retaliatory Tax Due 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, 2024 First Quarter Prepayment, and/or the 2023 Retaliatory Tax Due 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** **(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.

**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

# Important Instructions

**The following are line by line instructions for the Title Insurance Tax Return for the calendar year 2023. 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), 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: | **Gross All Inclusive Title Insurance Premiums** – Record the amount of **Direct Premiums Written** as reported on the Annual Statement Schedule T, Line 5, sum of Columns 3, 4 and 5. |
| Line 1.1: | **Deduct Sum Retained by Underwritten Title Companies** – Record and **Attach documentation** of sum retained by underwritten title companies reported on this line. |
| Line 1.2: | **Net Taxable Insurance Premiums** – Subtract Line 1.1 from Line 1. |
| Line 2: | **All Income Received on Reinsurance Assumed** – Record all income received on reinsurance assumed without deducting for reinsurance ceded.  |
| Line 3: | **All Other Income (and Income from “Investments”)** – Refer to California Revenue and Taxation Code Sections 12231 and 12232 found on page 4 of these instructions to complete this line. Also refer to Annual Statement, Schedule T, Column 6. |
| Line 4: | **Total Taxable Income –** Record the sum of Lines 1.2, 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, Line 6. **If the result of Line 6 is a negative amount, 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. |
| 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, Line 11. 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 and the **2023** Retaliatory tax. 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: | **2023 Retaliatory Tax** – Record the result from Tax Return, Page 3, Schedule A, Part II, Line 7. |
| Line 14a: | **2023 Tax Overpayment applied to the Retaliatory Tax** – This line is an optional field. If there is any remaining balance for the **2023** Tax Overpayment, after it was applied to the **2024** First Quarter Prepayment, then apply the remaining balance to the **2023** Retaliatory Tax. Note: The application of the overpayment is not required. The insurer may pay the retaliatory tax in full and receive a refund of the total amount reported on the tax overpayment, Line 12, less any amount applied to the **2024** First Quarter Prepayment, Line 13a.**-Or-** If there is no tax overpayment or the insurer wishes to pay the retaliatory tax in full, then record zero (“0”) on this line. |
| Line 14b: | **2023 Retaliatory Tax Balance Due** – If Line 14a is equal to or less than Line 14 then subtract Line 14a from Line 14. The result will be the **2023** Retaliatory Tax balance due. Pay this amount on or before **April 1, 2024**. |
| Line 15, 15a, and 15b: | **Tax Refund / Credit**– The Tax Refund is equal to the **2023** Tax Overpayment, Line 12, less the amounts applied to Lines 13a and 14a. 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 15a (Tax Refund),**
* **Or, if the amount is $10 or less, enter the amount on Line 15b (Tax Credit).**

Note: The annual tax overpayment **shall not** be applied toward the Second Quarter Prepayment or any future tax due 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 is acceptable. |

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

## Schedule A – Retaliatory Tax Return (Cal. Const. Art. XIII, § 28(F)(3); Ins. §§ 685; 685.1) (Tax Return, Page 3)

This schedule is to be completed by all foreign and alien insurers.

* The retaliatory portion of the California tax return compares the aggregate burden which would be placed upon your company by the state of California to the aggregate burden which would be placed by your state of domicile upon a hypothetical California company writing the same amount of premium that your company is writing in California.
* Some taxes and obligations imposed in other states may have no corresponding requirement in California; however, this does not relieve the foreign insurer from the obligation of computing and paying the tax. Enter all applicable items that are required of a California insurance company **except** those as specified under California Insurance Code section (CICS) 685.1.
* **Include with the return:** a copy of the State of Domicile’s **Annual** premium tax return, a copy of the assessments, invoices, or tax documents along with the calculations **based off of your California premium amount.**

## Part I. State of Domicile Tax on California Insurer

| **Line** | **Instructions** |
| --- | --- |
| Line 1:  | Record the amount of gross taxable premiums from Page 1, Line 1. |
| Line 2:  | Record allowable deductions of the State of Domicile as disclosed in the NAIC Retaliatory Tax Guidelines. Provide on a separate page the descriptions and/or code reference for the amount(s) deducted, with the total matching to this line item. |
| Line 3:  | Deduct Line 2 from Line 1. |
| Line 4:  | Record tax rate of the State of Domicile. If there is more than one tax rate, attach supporting documentation. |
| Line 5:  | Amount of Tax: Record the result of multiplying Line 3 by Line 4. |
| Line 6: | Record the Fire Department Tax. |
| Line 7: | Record the Fire Marshal Tax. |
| Line 8:  | Record the Annual Statement Fee. |
| Line 9:  | Record the Certificate of Authority Fee. |
| Line 10:  | Record the Certification Fee. |
| Line 11:  | Record Agent License Fee paid by company on behalf of agents. Record the number of CA agents and the State of Domicile fee for each agent. Example: 10 Agents at $50 = $500. |
| Line 12: | Record the Franchise Tax/Municipal Tax. |
| Line 13: | Record the Total of **All** Other taxes, fees, and assessments **except** those specified under CICS 685.1. Include a schedule of these items with the individual amounts, with the total matching to this line item; and provide complete documentation. |
| Line 14:  | Total of Lines 5 through Line 13. |

### Part II: California Tax on Foreign/Alien Insurer

| **Line** | **Instructions** |
| --- | --- |
| Line 1:  | Record the Premium Tax amount from Page 1, Line 6. |
| Line 2: | Record the Annual Statement Fee in the amount of **$462** if paid. Note: Do not include the payment of the Annual Statement Fee with your premium tax. |
| Line 3: | Record the Certificate of Authority Fee in the amount of **$466** if paid. Note: Do not include the payment of the Certificate of Authority Fee with your premium tax. |
| Line 4: | Record Agent License Fee paid by company on behalf of agents. Record the number of agents and amount of fee for each agent. Example: 10 Agents at $50 = $500. |
| Line 5: | Record the Total of **All** Other taxes, fees, and assessments **except** those specified under CICS 685.1. Include a schedule of these items with the individual amounts, with the total matching to this line item; and provide complete documentation. |
| Line 6:  | Total of Lines 1 through 5. |
| Line 7: | If the amount on Part II, Line 6 is greater than the amount on Part I, Line 14, record zero on this line **and** enter zero on the **2023** Retaliatory Tax, Page 1, Line 14.**-Or-** If the amount on Part I, Line 14 is greater than the amount on Part II, Line 6, record the difference between the amounts on Line 7 **and** enter the result on the **2023** Retaliatory Tax, Page 1, Line 14. |

# Revenue and Taxation Code Sections 12231 And 12232

## Article 3. Basis of Tax for Title Insurers

12231. **“Income upon business” as basis of tax.** In the case of an insurer transacting title insurance in this State, the basis of the tax is, in respect to each year, all income upon business done in this State, except:

1. Interest and dividends.
2. Rents from real property.
3. Profits from the sale or other disposition of investments.
4. Income from investments

12232. **“Investments” defined.** “Investments,” as used in Section 12231, includes property acquired by an insurer in the settlement or adjustment of claims against it but excludes investments in title plants and title records. Income derived directly or indirectly from the use of title plants and title records is included in the basis of the tax.

# 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** **(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;
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****(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** **(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