

For Calendar Year 2024

All Life Companies including Accident and Health Insurance and Non-CA domiciled Fraternal Benefit Societies must complete and file a *Life Companies Including Accident and Health Insurance (Premium) Tax Return (CDI FS-002)*, whether or not business was transacted during the Calendar Year of **2024**. Complete all items, including the method of tax payment. **Non-CA domiciled Fraternal Benefit Societies are to complete the line items relating to Retaliatory Tax.**

1. **Due on or before April 1, 2025:** File one (1) *Life Companies Including Accident and Health Insurance (Premium) Tax Return (CDI FS-002)* with the California Department of Insurance (CDI). Groups: Prepare a separate Insurance (Premium) Tax Return and tax payment for each member company. No group filings are accepted.

2. **File Online via the CDI Premium Tax Processing System (PTPS) Online portal:**

- a. **Register for the CDI PTPS** – The Executive Officer that filed a **2023** Insurance (Premium) Tax Return with CDI should have received instructions on system registration. If the registration communication was not received, please contact the CDI via e-mail to PremiumTaxFiling@insurance.ca.gov.

3. **Tax Payments and Vouchers:**

a. **Electronic Funds Transfer (EFT) Payment:**

- I. Pursuant to California Insurance Code (CIC) section 12976.5 and California Revenue and Taxation Code (CRTC) section 12602, entities subject to insurance tax whose **2024** Annual Insurance (Premium) Tax was \$20,000 or more are required to participate in the Electronic Funds Transfer (EFT) Program.
- II. **For quarterly payments**, submit the *Insurer Quarterly Insurance (Premium) Tax Prepayment Voucher (CIA-T-4)* via e-mail to PremiumTaxFiling@insurance.ca.gov.
- III. **On e-mail subject line**, include the California Permanent Number (not NAIC Number), the Name of the Insurer, the associated Tax Year, and the Tax form being filed. **Example:** 0000-0 - Any Insurance Company – 2025 Life Tax Payment Voucher Q1.
- IV. Regardless of amount due, **CDI encourages the use of EFT** to ensure timely receipt of payment.

b. **Check Payment:**

- I. Each tax payment type must be made on separate checks payable to “California Department of Insurance”.
- II. Send the check along with a copy of the first page of the completed *Life Companies Including Accident and Health Insurance (Premium) Tax Return (CDI FS-002)* and/or a completed *Insurer Quarterly Insurance (Premium) Tax Prepayment Voucher (CIA-T-4)* to:

California Department of Insurance
P.O. Box 1918
Sacramento, CA 95812-1918

For information regarding the EFT Program, visit [Electronic Funds Transfer \(EFT\) Program for Tax Payments](#) or contact the CDI via e-mail to EFT@insurance.ca.gov.

For questions concerning the completion of the Insurance (Premium) Tax Return, visit the CDI [Tax Forms, Instructions & Information](#) webpage to download the [PTPS Frequently Asked Questions \(FAQs\)](#) or contact the CDI via e-mail to PremiumTaxAudit@insurance.ca.gov.

Note: PTPS calculation error messages are to be used as a guide only. It is to help the filer identify if amounts were entered correctly. All amounts entered should be based on the filer’s books and accounts. Some tax forms require that all information be entered to populate correct calculations for Page 1 items of the Tax Return. A tax return can still be submitted if calculation error message is visible.

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Instructions

The following are line-by-line instructions for the **Life Companies including Accident and Health Insurance (Premium) Tax Return for the calendar year of 2024**. Note: All Non-CA domiciled Fraternal Benefit Societies are required to complete the Retaliatory Tax sections (Page 1); Declaration of Insurer (Page 2); and Schedule D - Retaliatory Tax Return (Page 8).

Complete the following information: Name of Insurer, Mailing Address, City, State, Zip Code, Telephone 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 box(s) for the following information: “New Company” - If admitted during **2024**; “Name Change” - If name was changed during **2024**; “Final Return” - If no further business transacted due to withdrawal of the Certificate of Authority or a non-survivor of a merger during **2024**, enter the effective date of the final transaction; and/or “Amended Return” - If filing to make a correction, enter the date when it was amended.

Record All Amounts in Whole Dollars

Page 1

Line	Instructions
Line 1:	Accident and Health Premiums – Forward the positive or negative amount from Page 3 of the Insurance (Premium) Tax Return, Schedule A, Line 6, to Page 1, Line 1, Column B.
Line 2:	Life Premiums – Forward the positive or negative amount from Page 4 of the Insurance (Premium) Tax Return, Schedule B, Line 10, Columns A and B, to Page 1, Line 2, Columns A and B.
Line 3:	Annuity Premium/Considerations – Forward the positive or negative amount from Page 5 of the Insurance (Premium) Tax Return, Schedule C, Line 9, Columns A and B, to Page 1, Line 3, Columns A and B.
Line 4:	Total Net Taxable Premiums – Add the totals of Lines 2 and 3 of Column A and add the totals of Lines 1, 2, and 3 of Column B (Please indicate the total of the lines for each column, even if the result equals a negative amount).
Line 5:	Tax Rate – Column A, Qualified, has a tax rate of 0.50 % and Column B, Nonqualified, has a tax rate of 2.35 %.
Line 6:	2024 Annual Tax – Multiply Line 4 by the tax rate on Line 5 for columns A and B. Once the lines have been multiplied, take the total in Line 6, Column A and add the total in Line 6, Column B to determine the 2024 Annual Tax , Line 6, Column C (if the result in Column C is a negative amount, record zero (“0”) in the column). If the 2024 Annual Tax is more than \$20,000, then the insurer is required to participate in the EFT Program. Note: CDI encourages the use of EFT for all payments to ensure timely receipt of payment. For questions regarding EFT, contact the CDI via e-mail to EFT@insurance.ca.gov.
Line 7:	Low-Income Housing Tax Credit (LIHTC) – Record any Low-Income Housing Tax Credit for the calendar year of 2024 pursuant to CRTC section 12206. The following must be attached to claim the credit: (1) copy of Certificate of Final Award of California (3521-A) form issued by the California Tax Credit Allocation Committee; (2) copy of the Final Schedule K-1 Partner's Share of Income, Deductions, Credits, etc. (565) form filed with the FTB; (3) copy of Schedule K-1 Partner's Share of Income, Deductions, Credits, etc. (1065) form filed with the IRS; and (4) 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. Note: For taxable years beginning on or after January 1, 2023 , CDI can accept a “taxpayer certification” (CPA letter) if Form 3521-A is not yet available. CDI would still require the Form 3521-A to support LIHTC for taxable years 2022 and prior (active years only). Failure to provide these documents may result in the disallowance of credit and/or delay in processing. Any underpayment of tax is subject to Penalty and/or Interest. The Company's name and California Permanent Number must be shown on all attachments and certificates filed with the CDI.

Line	Instructions
Line 8:	College Access Tax Credit (CATC) – Record any credits claimed for the calendar year of 2024 that was certified by the California Educational Facilities Authority (CEFA) pursuant to CRTC 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 limitations pursuant to CRTC section 12209.
Line 9:	Prepayments Made During the Calendar Year of 2024 (CRTC sections 12251-12260) – Only include those prepayments made or applied to the first quarter during the calendar year of 2024 . Exclude all payments of interest and penalties.
Line 9a:	Overpayment applied from prior year – If there was an overpayment applied to the 2024 First Quarter Prepayment, as reported on Line 13a of the 2023 tax return, then record the amount applied on Line 9a. (For example, if the 2024 First Quarter Prepayment due was \$2,500 and the amount of 2023 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 2024 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 2024 First Quarter Prepayment, then record the net balance paid on Line 9b (for example, if the 2024 First Quarter Prepayment due was \$2,500 and the amount of 2023 Overpayment applied was \$500, then record \$2,000 on Line 9b). -Or- If there was no overpayment applied to the 2024 First Quarter Prepayment, then record the amount paid for the 2024 First Quarter Prepayment Line on 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:	2024 Tax Due – If Line 6, Column C is More than Line 10, then subtract Line 10 from Line 6, Column C. The result will be the balance of the 2024 Annual Tax Due. Pay this amount on or before April 1, 2025 . If Line 6, Column C is LESS than Line 10, record zero ("0") on this line and proceed to Line 12.
Line 12:	2024 Tax Overpayment – If Line 10 is More than Line 6, Column C, then subtract Line 6, Column C from Line 10, and record the result of the overpayment on this line. If Line 10 is Less than Line 6, Column C, record zero ("0") on this line and proceed to Line 13. Note: The tax overpayment (line 12) may be applied to the 2025 First quarter prepayment and the 2024 Retaliatory tax. A Refund Shall Not be applied to the 2025 Second quarter prepayment or any future tax payment unless prior approval has been granted by the CDI Premium Tax Audit Unit.
Line 13:	2025 First Quarter Prepayment – Record the 2025 First Quarter Prepayment on this line. If the Annual Tax, Line 6, Column C, is \$20,000 or more, the insurer is required to make prepayments equal to 25 percent of Line 6, Column C. If the amount on Line 6, Column C is less than \$20,000, then record zero ("0") on this line. (CRTC sections 12251-12260)
Line 13a:	2024 Tax Overpayment applied to the First Quarter Prepayment – Record the amount of the 2024 Tax Overpayment, Line 12 applied to the 2025 First Quarter Prepayment. Note: The application of the overpayment is not required. The insurer may pay the 2025 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 2025 First Quarter Prepayment in full, then record zero ("0") on this line.
Line 13b:	2025 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 2025 First Quarter Prepayment Balance Due. Pay this amount on or before April 1, 2025 .
Line 14:	2024 Retaliatory Tax – Record the result from Insurance (Premium) Tax Return, Page 8, Schedule D, Part II, Line 7.
Line 14a:	2024 Tax Overpayment applied to the Retaliatory Tax – This line is an optional field. If there is any remaining balance for the 2024 Tax Overpayment after it was applied to the 2025 First Quarter Prepayment, then apply the remaining balance to the 2024 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 2025 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.

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Line	Instructions
Line 14b:	2024 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 2024 Retaliatory Tax balance due . Pay this amount on or before April 1, 2025 .
Line 15, 15a, and 15b:	Tax Refund / Credit – The Tax Refund is equal to the 2024 Tax Overpayment , Line 12, less the amounts applied to Lines 13a and 14a. - If there is no tax overpayment, then record zero (“0”) on the following lines. - 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 <i>shall not</i> be applied towards the 2025 Second Quarter Prepayment or any future tax due unless prior approval has been granted by the CDI Premium Tax Audit Unit. Note: Overpayment amounts of \$10 or less will be automatically applied as Credit towards future tax liabilities.
Declaration of Insurer (Tax Return, Page 2):	CRTC 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.” Enter the First Name, Last Name, Title, and E-mail of the signing Insurer’s Executive Officer in the space provided. The Insurance (Premium) Tax Return must be signed.

***Attach a copy of the Annual Statement - Schedule T, California State Page, and all supporting documents for this Insurance (Premium) Tax Return.**

Instructions for Schedules A – D:

Schedule A – Accident and Health Premiums (Insurance (Premium) Tax Return, Page 3)

Line	Instructions
Line 1:	Record the amount of Direct Premiums Written as reported on the Annual Statement, Schedule T, Line 5, Column 4. Any Adjustments to This Amount Must Be Explained in Detail. Failure to provide details may result in a deficiency assessment (CRTC sections 12421 – 12435). For Health blank filers: Record the amount of Direct Premiums Written as reported on the Annual Statement, Schedule T, Line 5, Column 2. Additionally, attach the State Page (Exhibit of Premiums, Enrollment and Utilization) with the Insurance (Premium) Tax Return. For Health blank filers with Direct Premiums Written reported on the Annual Statement, Schedule T, Line 5, Column 8 for Property/Casualty, these are to be included on Insurance (Premium) Tax Return, Schedule A, Line 1.
Line 2.1:	Record finance and service charges not included in premiums on Line 1.
Line 2.2:	Record any administrative, service or policy fees assessed directly to the policyholder during the calendar year of 2024 , other than the amount reported on Line 2.1.
Line 2.3:	Record premiums from foreign states and alien countries where company is not licensed. This is for California domiciled companies Only .
Line 2.4:	Record the amount of claim payments made for employees under “minimum premium” (mini-met) group contracts. Any contributions for employees of affiliated companies are not deductible.
Line 3:	Total of Lines 1 through 2.4.
Line 4.1:	Record the amount from Line 26, Column 3 of the California State Page.
Line 4.2:	Record the Federal Employees Health Benefits Program premiums under Section 8909(f)(1) of Title 5 of the United States Code.
Line 4.3:	Record Medicare Title XVIII premiums that are exempted from state taxes or other fees by Section 1854(g) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003. This includes but is not limited to premiums written under a Medicare Advantage product, a Medicare PPO product, or a stand-alone Medicare Part D product. *Medicare Supplement plans (Medigap) are subject to CA Premium Tax.
Line 5:	Total of Lines 4.1 through 4.3.
Line 6:	Total of Line 3 less Total of Line 5. Record the result on Accident and Health Premiums, Page 1, Line 1, Column B .
Note:	All accident and health premiums are non-qualified and must be taxed at the rate of 2.35%.

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Schedule B – Life Premiums (Insurance (Premium) Tax Return, Page 4)

Qualified premiums must meet the requirements of CRTC section 12202.

Refer to “Other Instructions” for Reduced rate.

For All Qualified premiums reported, Attach List of Policies to include: Policy number, Type of Plan, and Premium amount, with Total premiums to reconcile to this line item.

Line	Instructions
Line 1:	Record Life premiums on this line. Enter the Qualified premiums in Column A and the nonqualified premiums in Column B. The total in Column C should be the same amount reported on the Annual Statement, Schedule T, Line 5, Column 2 pursuant to the NAIC Annual Statement instructions. For Qualified premiums reported, Attach List of Policies to include: Policy number, Type of Plan, and Premium amount, with Total premiums to reconcile to this line item. For Health blank filers: Record the amount of Direct Premiums Written as reported on the Annual Statement, Schedule T, Line 5, Column 7 for Life Premiums. Additionally, attach a break of the premiums for Life, Annuity, and Other Considerations.
Line 2:	Record Orphan Premiums. These are premiums from all foreign states and alien countries where the company is not licensed. To be completed by California domiciled companies only.
Line 3:	Record fees, refunds, etc., not directly paid to the creditor on Credit Life policies.
Line 4:	Record any fees and charges paid directly by the policyholder.
Line 5:	Total of Lines 1 through 4.
Line 6:	Record any waiver premiums.
Line 7:	For Dividend Deductions.
Line 7a:	Record the amount reported on Line 6.1, Column 5 of the Annual Statement California State Page.
Line 7b:	Record the amount reported on Line 6.2, Column 5 of the Annual Statement California State Page.
Line 8:	Record the result of adding Lines 6 through 7b.
Line 9:	Record the result of Line 5 less Line 8. Record the result of Columns A and B on Life Premiums, Page 1, Line 2, Columns A and B.

Schedule C – Annuity Premiums and Other Considerations (Insurance (Premium) Tax Return, Page 5)

Qualified premiums must meet the requirements of CRTC section 12202.

Refer to “Other Instructions” for Reduced rate.

For All Qualified premiums reported, Attach List of Policies to include: Policy number, Type of Plan, and Premium amount, with Total premiums to reconcile to this line item.

Line	Instructions
Line 1:	Front-end Basis – funds received from annuity contracts as “gross premiums received” when originally accepted by the insurer.
Line 1a:	Record funds accepted on a front-end basis. Amount should reconcile with Insurance (Premium) Tax Return, Schedule C - Section I, Line 2a, California Column.
Line 1b:	Record all other fees/charges directly paid by the policyholder. Amount should reconcile with Insurance (Premium) Tax Return, Schedule C -Section I, Line 2b, California Column.
Line 1c:	Record funds received for the purchase of immediate annuities. Immediate annuities must be reported on a front-end basis. Amount should be included in Insurance (Premium) Tax Return, Schedule C - Section I, Line 4c.
Line 1d:	Record Orphan Premiums. These are premiums from foreign states and alien countries where the company is not licensed. To be completed by California domiciled companies only. Taxable amounts include the same items as in Lines 1a, 1b, and 1c.
Line 2:	Back-end Basis – funds received from annuity contracts as “gross premiums received” when funds are applied to the purchase of annuities.

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Line	Instructions
Line 2a:	Record total gross amounts accumulated which annuitized in the calendar year of 2024 . These are the total gross amounts accumulated since inception of the contracts and applied to the purchase of annuities, i.e., deposits plus gross income plus interest. This should reconcile with Section II, Line 4c, California Column of the tax return. See example below and “ <i>Life Companies Tax Return Attachment A</i> ” and “ <i>Life Companies Tax Return Attachment B</i> ” found on the CDI Tax Forms, Instructions & Information webpage. <div style="margin-left: 40px;"> Deposits \$10,000 Interest 20,000 Any additional cash paid either for premium or other charges by the policyholder \$ 1,000 Total to be reported as gross taxable amount \$31,000 </div>
Line 2b:	Record the amount of funds applied to administrative fees, and/or other charges associated to the accounts that annuitized during the calendar year of 2024 .
Line 3:	Record Orphan Premiums. These are premiums from foreign states and alien countries where the company is not licensed. To be completed by California domiciled companies only. Taxable amounts include the same items as in Lines 1a, 1b, and 1c.
Line 4:	Record any taxable unallocated annuity considerations and other unallocated deposits that are not reported in the Annual Statement, Schedule T, Col. 5. (See NAIC Annual Statement Instructions for details.)
Line 5:	Record totals for Columns A, B, and C of Lines 1 through 4 on this line.
Line 6:	Record funds returned prior to annuity commencement date during the calendar year of 2024 , which were taxed in prior period(s) on a Front-end basis. Surrenders of annuity contracts prior to the start of payments to the annuitant are by contract “returned premiums”. These are allowable deductions and are reported on this line. Partial surrenders are allowable deductions but under no circumstances should the amount of this deduction exceed the sum of the annuity considerations received on the contract, nor should such deduction amount include accrued interest. Amounts reported on this line should reconcile with Section I, Line 4a, California Column.
Line 7:	Record the amount from the Annual Statement, California State Page, Line 7.1, Column 5.
Line 8:	Record Total Deductions: Total of Lines 6 and 7. For Funds Returned and Surrenders reported, attach List of Policies to include: Policy number and Premium amount, with Total premiums to reconcile to this line item.
Line 9:	Total of Line 5 less Line 8. Record amounts for Columns A and B on Annuity Premiums/Considerations, Page 1, Line 3, Columns A and B.

Schedule C, Section I – Must Be Completed by Annuity Insurers Filing on a “Front-End” Basis (Insurance (Premium) Tax Return, Page 6)

This schedule is used for audit and Annual Statement cross checking purposes. Therefore, amounts reported may not necessarily affect an insurer’s premium tax base.

All companies reporting Annuity Premiums on the “Front-End” basis must complete Schedule C, Section I.

Line	Instructions
Line 1:	Record Total Funds on Hand as of 12/31/2023 in both the Nationwide and California columns. Record the page number, line number of the Annual Statement, or the separate account statement to reconcile this amount.
Line 2a:	Record total funds accepted during the calendar year of 2024 , i.e., premiums, and all cash payments paid directly by the policyholder. Front-end amount reported plus the back-end amount reported in Section II, Line 2a should correspond to the total of Annual Statement, Schedule T, Columns 3, 5 and 7, as applicable.
Line 2b:	Record all income, interest and dividends accumulated on annuity deposit during the calendar year of 2024 .
Line 2c:	Record any and all fees paid directly by the policyholder not included in the lines above.
Line 3:	Record sum of Lines 1 through 2c in the Nationwide and California columns.
Line 4a:	Record funds returned prior to annuity commencement date; exclude interest applied, and any surrender fees. For California column, amount is carried over to Insurance (Premium) Tax Return, Schedule C, Line 6.
Line 4b:	Record funds returned in excess of original funds accepted, i.e., interest income accumulated on the account.
Line 4c:	Record funds applied to purchase annuities. Single Premium Immediate Annuities are included on this line. For California column, forward amount to Insurance (Premium) Tax Return, Schedule C, Line 1a and 1c as applicable.
Line 4d:	Record funds applied to pay death, disability and other benefits.
Line 4e:	Record funds applied to administrative fees and/or any other related charges. Include amount on Insurance (Premium) Tax Return, Schedule C, Line 1a.

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Line	Instructions
Line 5:	Record sum of Lines 4a through 4e in the Nationwide and California columns.
Line 6:	Record the result of Lines 3 over Line 5. (Total Funds on Hand as of 12/31/2024).

Schedule C – Section II - Must Be Completed by Annuity Insurers Filing on a “Back-End” Basis (Insurance (Premium) Tax Return, Page 7)

This schedule is used for audit and Annual Statement cross checking purposes. Therefore, amounts reported may not necessarily affect an insurer’s premium tax base.

All companies reporting annuity premiums on the “Back-End” basis must complete Schedule C, Section II.

Line	Instructions
Line 1:	Record Total Funds on Hand as of 12/31/2023 in both the Nationwide and California columns. Record the page number, line number of the annual statement, or the separate account statement to reconcile this amount.
Line 2a:	Record total funds accepted during the calendar year of 2024 . Back-end amount plus the front-end amount reported in Section I, Line 2a should correspond to Annual Statement, Schedule T, Columns 3, 5 and 7, as applicable.
Line 2b:	Record gross income, interest and dividends accumulated on annuity deposit during the calendar year of 2024 .
Line 2c:	Record any and all fees paid directly by the policyholder not included in the lines above.
Line 3:	Record sum of Lines 1 through 2c in the Nationwide and California columns.
Line 4a:	Record funds returned prior to annuity commencement date; exclude interest applied, and any surrender fees.
Line 4b:	Record funds returned in excess of original funds accepted, i.e., interest/income accumulated on the account.
Line 4c:	Record funds applied to purchase annuities. Record amount in Insurance (Premium) Tax Return, Schedule C, Line 2a.
Line 4d:	Record funds applied to pay death, disability and any other benefits.
Line 4e:	Record funds applied to administrative fees, and/or any other related charges. Include the amount associated to the annuitized contracts in Insurance (Premium) Tax Return, Schedule C, Line 2a.
Line 5:	Record sum of Lines 4a through Lines 4e in the Nationwide and California columns.
Line 6:	Record the result of Line 3 over Line 5. (Total Funds on Hand as of 12/31/2024 .)

Schedule D – Retaliatory Tax Return (Cal. Const. Art. XIII, § 28(f)(3); Ins. Code §§ 685, 685.1) (Insurance (Premium) Tax Return, Page 8)

This schedule is to be completed by all foreign and alien insurers and Non-CA Domiciled Fraternal Benefit Societies.

- 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 (CIC) section 685.1.
- **Include with the Insurance (Premium) Tax 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 the company’s California premium amount**.

Part I: State of Domicile Imposition

Line	Instructions
Line 1:	Record the direct premiums from the Annual Statement, Schedule T, Line 5 for each type of business.
Line 2:	Record allowable deductions of the State of Domicile as disclosed in the NAIC Retaliatory Tax Guidelines for each column. 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:	Record Line 1 less Line 2.
Line 4:	Record tax rate of the State of Domicile for each column.
Line 5:	Amount of Tax: Multiply Line 3 by Line 4 and extend the sum of each column to the total column.
Line 6:	Record the Annual Statement Fee.
Line 7:	Record the Certificate of Authority Fee.
Line 8:	Record the Certification Fee.

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Line	Instructions
Line 9:	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 10:	Record the Franchise Tax / Municipal Tax.
Line 11:	Record the Fraud Bureau assessment.
Line 12:	Record the Total of All Other taxes, fees, and assessments except those specified under CIC section 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 13:	Record the Total Sum of Line 5 through Line 12.

Part II: California Tax on Foreign/Alien Insurer

Line	Instructions
Line 1:	Record amount from Page 1, Line 6 of Column C . (Fraternal Benefit Societies enter "0" on this line.)
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. Multiply the number of agents by the amount of the California fee for each agent. Example: 5 Agents x \$10 = \$50.
Line 5:	Record the Total of All Other taxes, fees, and assessments qualified for inclusion 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:	Record the Sum of Lines 1 through 5.
Line 7:	If the amount on Part II, Line 6 is greater than the amount on Part I, Line 13, record zero on Line 7 and enter zero on the 2024 Retaliatory Tax, Page 1, Line 14. -Or- If the amount on Part I, Line 13 is greater than the amount on Part II, Line 6, record the difference between the amounts on Line 7 AND enter the amount on the 2024 Retaliatory Tax, Page 1, Line 14.

Other Instructions:

Insurers admitted in California are required to pay Insurance (Premium) taxes for business done in California (CRTC sections 12201 and 12202). The tax statute is based on the Article XIII, Section 28 of the California Constitution.

Retaliatory Tax: If any taxes, licenses and fees, in the aggregate, and any fines, penalties, deposits and other material obligations imposed on California insurers, and their representatives are in excess of the amounts charged similar insurers and their representatives by California, a retaliatory tax shall be imposed. Law does not apply to ad valorem taxes imposed by another state or country, unless allowed as a deduction from premium taxes due. (Cal. Const. Art. XIII, § 28(f)(3); CIC sections 685, 685.1.)

Gross Premiums: Gross premiums consist of all items of cost of the insurance to the insured, including but not limited to, installment charges, finance charges, administration fees and service fees. Do not include premiums received for reinsurance from admitted insurers or administration fees in connection with a self-administered (ASO) or Mini-Met type plans.

Orphan Premiums: Business by a domestic insurer on policyholders in states where the insurer is not licensed to write insurance is to be reported as California premium business unless no part of the transaction occurs in California.

Group Policy Contracts: See NAIC Annual Statement Instructions for Rule of 500.

Deductions NOT allowable: Retrospective or experience rating refunds, or dividends which are not paid directly to the premium payer; excess interest earnings returned to the policyholder and uncollectible agent's balances are not allowable deductions.

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Returned Annuity Considerations: (Front-end Basis) Refer to lump sum payments returned to annuitant *prior to the start of annuitization* but, under no circumstances should the amount of this deduction *exceed* the sum of the annuity consideration received on the contract, nor should such amount of deduction include interest accrued.

Employee Benefit Plan contributions: "...the entire cost of an employee benefit plan, whether paid from the employer's funds or financed by deductions from the salaries of employees, is taxable as gross premiums inuring to the benefit of the insurer." *Metropolitan Life Ins. Co. v. State Bd. of Equalization* (1982) 32 Cal.3d 649, 661-662.

Reduced rate: The reduced rate of CRTC section 12202 applies only to premiums satisfying both requirements of that section: 1) they must be from policies or contracts issued to pension or profit-sharing plans; and 2) those plans must be exempt or qualified under Internal Revenue Code section 401(a), 403(b), 404, 408(b) or 501(a). *Transamerica Occidental Life Ins. Co. v. State Board of Equalization* (1991) 232 Cal.App.3d 1048.

- In order to qualify for the reduced rate under CRTC section 12202, the insurer must provide confirmation that the subject premiums were received from policies issued to pension or profit-sharing plans which were exempt or qualified under the relevant sections of the Internal Revenue Code. Letters from the Internal Revenue Service stating that the form of the insurer's policy would be acceptable to the Internal Revenue Service are not sufficient to confirm that the pension or profit-sharing plans were actually exempt or qualified under the relevant sections of the Internal Revenue Code. (Cal. Dept. of Tax and Fee Admn., Business Taxes Law Guide, Tax on Insurers Annotations, Reduced Rate – CRTC section 12202. 7/21/89 (Am. 2003-3), available at: <https://www.cdtfa.ca.gov/lawguides/annotations/Reduced-Rate-Revenue-Taxation-Code-Section-12202.pdf> (last accessed 09/16/2024).
- The reduced rate does not apply to premiums from policies issued to plans which are exempt under Internal Revenue Code section 501(a) that are not pension or profit-sharing plans. Premiums from policies issued to such plans must be taxed at the full rate. Premiums from policies issued to plans meeting the two requirements of CRTC section 12202 (pension or profit-sharing plans that are exempt or qualified under the relevant Internal Revenue Code sections) qualify for the reduced rate even if the policy is not an annuity. Plans that come within the sections of the Internal Revenue Code listed in CRTC section 12202, other than Internal Revenue Code section 501(a), virtually always qualify for the reduced rate.

Examples of premiums not meeting both tests under CRTC section 12202 are: (i) premiums from policies issued to policyholders organized under Internal Revenue Code section 501(c)(3) and exempt under Internal Revenue Code section 501(a); or, (ii) premiums from policies issued to voluntary employees' beneficiary associations (VEBA) organized under Internal Revenue Code section 501(c)(9) and exempt under Internal Revenue Code section 501(a).

Note: Exemption available per CRTC section 12202 is limited only to those sections of Title 26 of the US Code listed therein. Specifically, it does not include 26 US Code § 408A-Roth IRA.

Extension of Time

- **Prepayments – CRTC 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 – CRTC 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 – CRTC 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,** submit a written request to the CDI for review **prior to the payment due date via e-mail to PremiumTaxAudit@insurance.ca.gov**. The request is not considered granted until notice received from the CDI. Any late and underpayment of tax shall be subject to Interest and/or Penalties assessments.

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Amended Insurance (Premium) Tax Return – Tax Refund

1. **A claim for refund shall be in writing and shall state the specific grounds upon which it is founded. (See CRTC 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 (CDTFA) will not accept a claim for refund from tax years that have expired.
 - It must be indicated that an Amended Insurance (Premium) Tax Return filing is being made with the Amendment Date provided.
 - Do not deduct or credit the requested refund when filing any future Insurance (Premium) Tax Returns or tax repayments due. The amount claimed is not a refund until certified as correct and a Notice of Refund is issued to you. Any late and underpayment of tax shall be subject to Interest and/or Penalties assessments.
 - For Insurers only: The prepayment amount will remain unchanged from the original amount, which is based on the original Insurance (Premium) Tax Return as filed and processed by the CDI.
2. **File the Amended Insurance (Premium) Tax Return with the CDI:**
 - For the **2024** Amended Insurance (Premium) Tax Return, file online via the CDI PTPS at [Tax Forms, Instructions & Information](#) and attach an explanation letter and supporting documentation to reconcile with the total amount of refund being claimed. CDI may request for additional information during the review.
 - For the **2023** Amended Insurance (Premium) Tax Return and prior tax years (active tax years only), file by e-mail to PremiumTaxAudit@insurance.ca.gov.
3. **File the Amended Insurance (Premium) Tax Return with the CDTFA:**
 - 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.)
 - Or submit via e-mail to: BTFDADABInsuranceStaff@cdtfa.ca.gov;
 - 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

Amended Insurance (Premium) Tax Return – Additional Tax Due

1. **To correct and report additional Insurance (Premium) tax, file an Amended Insurance (Premium) Tax Return and attach a letter of explanation.**
 - It must be indicated that an Amended Insurance (Premium) Tax Return filing is being made with the Amendment Date provided.
 - Any additional tax, penalty and interest payments are to be made by Check Payment Only and made **payable to the 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 CRTC 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."
 - For Insurers only: The prepayment amount will remain unchanged from the original amount, which is based on the original Insurance (Premium) Tax Return as filed and processed by the CDI.
2. **File the Amended Insurance (Premium) Tax Return with the CDI:**
 - For the **2024** Amended Insurance (Premium) Tax Return, file online via the CDI PTPS at [Tax Forms, Instructions & Information](#).
 - For **2023** Amended Insurance (Premium) Tax Return and prior tax years, file by e-mail to PremiumTaxAudit@insurance.ca.gov.
3. **Send the Check payable to the State Controller's Office and a copy of the Amended Insurance (Premium) Tax Return (CDI FS Form Only) to:**

(USPS Delivery)

State Controller's Office
Departmental Accounting Office
Insurance Tax Program
P.O. Box 942850
Sacramento, CA 94250-0001

or

(Overnight Delivery)

State Controller's Office
Departmental Accounting Office
300 Capitol Mall, Suite 1500
Sacramento, CA 95814
Attention: Insurance Tax Program