



The Surplus Line  
Association of California

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## **BULLETIN #1441**

### **Re: Timeline and Reminders Regarding the Payment of Taxes**

#### **Annual Tax Reporting Requirements**

Every surplus line broker and special lines surplus line broker must submit an annual state tax return. Reports are due to the Insurance Commissioner on or before March 1<sup>st</sup> of each year. The amount of tax due is 3% of the California taxable surplus line premiums transacted by the broker from January 1<sup>st</sup> to December 31<sup>st</sup> in the previous year. Pursuant to CIC §1774(c), transacted is defined as the date a bill or invoice is prepared (“invoice date”).

Tax returns must be completed by all brokers, regardless of whether business was transacted. Individually licensed and endorsed surplus line brokers who transact solely on behalf of a surplus line organization should be reported on the entity return.

The SLA will be hosting Compliance Connections: Talking Taxes on Wednesday, January 11, 2023, from 10 AM PT to 10:30 AM PT. We will share an overview of the tax form, SLIP reports and filing deadlines. The presentation will be followed by a live Q&A. Please visit our [SLA Learning Center](#) to register. We look forward to seeing you soon!

#### **Monthly Tax Prepayments**

Every surplus line broker whose annual tax for the preceding calendar year was \$20,000 or more is required to make monthly payments for business done during the current calendar year and remit funds via electronic funds transfer (EFT). The monthly payments shall be remitted on or before the first day of the third calendar month that follows the end of the accounting month in which the business is transacted/invoiced. For example, payments for premiums invoiced in January are due by April 1<sup>st</sup>. Installment payments are due monthly on the first day of each month. A monthly tax voucher must also be submitted. If no tax is due, a zero tax voucher is still required.

Failure to remit a state tax payment will result in a penalty of 10% of the amount of payment due, plus an interest rate of 1% per calendar month (or fraction thereof) until the date the payment is received by the Commissioner. Missed monthly payments should be remitted as soon as feasible. A surplus line broker with sufficient cause may apply for relief of the penalty and/or interest upon receipt of a penalty and interest invoice.

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Please see the EFT website for more information regarding the CDI's EFT Program, registration or electronic funds payment transactions. You can also contact the EFT Help Desk at (916) 492-3288 or [eft@insurance.ca.gov](mailto:eft@insurance.ca.gov).

For any questions relating to this bulletin, please contact the Education & Compliance team at (415) 434-4900 or [compliance@slacal.com](mailto:compliance@slacal.com).

