



The Surplus Line
Association of California

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April 8, 2020

BULLETIN #1383

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 filing. This filing is due to the Insurance Commissioner on or before March 1st of each year. The amount of tax due is 3% of the California taxable surplus line premiums transacted by the broker from January 1st to December 31st in the previous year. This form must be completed by all brokers, regardless of whether business was transacted. Individually licensed and endorsed surplus line brokers who transact or write business solely on behalf of a surplus line organization are no longer required to file an individual Zero Premium Tax Return. Instead, all surplus line organizations are required to include a list of endorsed surplus line brokers who transacted business on their behalf, including each broker's name and license number.

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. For example, payments for premiums invoiced in January are due by April 1st. 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.*

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.

Sincerely,

Jo Ann Del Gatto

Vice President, Education and Compliance
Surplus Line Association of California