

2011 TAX FORM FAQ

Q. Where can I find the 2011 Tax Forms & Instructions?

A. They are on the SLA home page, Tax Forms: <http://www.insurance.ca.gov/0250-insurers/0300-insurers/0100-applications/tax-forms-instruct-and-info/2011/index.cfm>

Q. If no business was transacted to the license, what Tax Form should be used?

A. [Zero Tax Return Surplus Line Broker and Special Lines Surplus Line Broker Form](#)

Q. Are the 2011 forms different from the 2010 forms?

A. The 2011 Surplus Line Broker and Special Lines Surplus Line Broker Annual Statement and Tax Return has a number of changes from the 2010 form, as listed below. Please refer to [Surplus Line Broker and Special Lines Surplus Line Broker Tax Return Instructions](#) for complete details.

Q. What transaction date does a surplus line broker use to pay surplus line tax?

A. The due date for surplus line taxes is to be calculated from the surplus line broker's "invoice date" rather than policy effective date. The invoice may not be more than 60 days following the policy effective date. Note that the effective date of the policy is used for purposes of determining the basis for the tax (whether to apply the prior law that taxed only the California portion of the premium or the law effective 7/21/11 which taxes the entire premium for California home state placements). . **Refer to California Insurance Code Section 1774(d)(3).**

Q. What are the transition rules that apply to address the July 21, 2011 effective date of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Public Law 111-203)?
[**Please Note: These transition rules shall remain in effect until October 18, 2012**]

A. The transition rules are as follows:

- If a **new or renewal policy** has an effective date between January 1, 2011 to July 20, 2011 inclusive, and is **placed before July 2011**, then the policy shall be considered to be business done by the surplus line broker **as of the effective date**.
- **Cancellations or endorsements** shall be business done on the same date as the policy that is being cancelled or endorsed, if that **policy effective date is on or before July 20, 2011**.
- **Installment premiums** shall be business done on the **date of the most recent invoice issued on or before July 20, 2011, if the invoice included premium tax charges**.

Q. What are the new premium reporting requirements for 2011?

A. Premiums must be reported as follows:

- Single-State Gross Premiums by Insurer
- Multi-State Gross Premiums by Insurer
- Single-State Gross Premiums by Lloyd's Syndicates
- Multi-State Gross Premiums by Lloyd's Syndicates

- Returned Premiums (Single-State Policies) Nonadmitted Insurers + Lloyd's Syndicates
- Returned Premiums (Multi-State Policies) Nonadmitted Insurers + Lloyd's Syndicates

Q. How do I complete Line 15 of the 2011 Annual Statement and Tax Return? This information has not previously been requested.

A. Line 15 is for Calendar Year 2011 (for both pre and post 7/21/11) - even if the premium reported is nontaxable -and is for informational purposes only. The amounts reported may not necessarily reconcile with the other lines. However, the reasons for the differences should be noted on the return.

- Line A: total amount of taxable and non-taxable Gross Premium (i.e., not including returned premiums) pre and post 7/21/11, for California Home State Insureds
- Line B: Single State risks in CA and for the most part reconciles with Line 10 (single state gross premiums). Note any differences.
- Line C: Multi-State risks - the percentages should equal 100% of the total premium risk allocated to California and to each other state for the entire year. If percentages do not equal 100% due to non U.S. risks or other reasons, please note in your tax return filing.