

2013 Nonadmitted Insurance Tax Return

570

Amended []

Select calendar quarter during which the taxable insurance contract(s) took effect or was renewed.

Period ending: [] March 31 [] June 30 [] September 30 [] December 31

Part I Policyholder

Business name [] SSN or ITIN [] FEIN [] CA Corp. no. [] CA SOS file no.

First name [] Initial [] Last name []

DBA (if applicable) []

Address (number and street, PO Box, or PMB no.) [] Apt. no./Ste. no. []

City [] State [] ZIP Code [] Telephone number []

Part II Tax Computation

Table with 15 rows for tax computation: 1 Gross premiums paid or to be paid on risks located entirely within California... 2 Gross premiums paid or to be paid by California home state insured... 3 Total taxable premiums... 4 Total tax... 5 3% of returned premiums... 6 Overpayments from prior quarters... 7 Prepayments... 8 Total premiums returned... 9 Balance... 10 Penalty for late payment... 11 Interest on late payment... 12 Payment due... 13 Overpayment... 14 Overpayment to be applied... 15 Refund.

Check entity type:

[] Corporation [] Partnership [] Limited Liability Company [] Limited Liability Partnership [] Individual [] Other (specify) []

If you are an agent or broker with a valid power of attorney authorizing you to file this return on behalf of the insured, enter the following information:

Table with 3 columns: Business Name, Business Address, Contact Person's Name/Phone

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Please Sign Here

Print or type elected officer or authorized person's name []
Elected officer or authorized person's signature []
Date []
May the FTB discuss this return with the preparer shown below? See instructions [] Yes [] No

Paid Preparer's Use Only

Print or type preparer's name []
Preparer's signature []
Business name (or yours, if self-employed) and address []
Check if self-employed []
Telephone No. []
Date []
PTIN []
FEIN []



Policyholder Name: _____ Policyholder's ID No.: _____

Part III Insurance Contracts – If you have more than 24 policies to report, enter the additional policies on another Side 2 of Form 570. Total each Side 2 on the bottom separately. **Do not** create a schedule to report additional policies. We only accept and process official versions of Side 2 of Form 570.

PRINT CLEARLY

| a Policy Number | b Name of each Nonadmitted Insurance Company | c Type of Insurance Coverage | d Location of Risks | e Total Premium |
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| Total | | | | |

Instructions for Form 570

Nonadmitted Insurance Tax Return

References in these instructions are to the California Revenue and Taxation Code (R&TC) and the California Insurance Code.

What's New

Do Not Round Cents to Dollars – On this form, **do not** round cents to the nearest whole dollar. Enter the amounts with dollars and cents.

General Information

A user of this form may have to file up to four Form 570 tax returns in one year if the user purchases nonadmitted insurance contracts in each calendar quarter.

Assembly Bill (AB) 315, effective July 21, 2011, conforms California law to the Nonadmitted and Reinsurance Reform Act (NRRRA) that is part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, enacted by the federal government and authorizes the collection of tax on 100 percent of the premiums of California home state insured policies. Thus, if a person is determined to be a California home state insured, then all premiums related to all insurance policies obtained from a nonadmitted insurer are subject to tax, as long as the premiums are for policies related to risks within the United States. This is a change from when California only taxed premiums related to California risk. The NRRRA only allows one state to tax a home state insured, so proration of premiums among the states for taxation no longer occurs.

For more information, go to ftb.ca.gov and search for **nonadmitted insurance tax**.

To receive nonadmitted insurance tax information by email, go to ftb.ca.gov and search for **subscription services**.

Definitions:

- **Home state** – the state where the insured maintains its principal place of business, or if individual, the individual's principal residence; if 100% of the insured risk is located in a state outside the insured's principal place of business or principal residence, then it is where the greatest percent of the insured's taxable premium for that insurance contract is allocated.
- **Principal place of business** – the state where the insured maintains its headquarters and where the insured's high-level officers direct, control, and coordinate the business activities; or if the insured's high-level officers direct, control, and coordinate the business activities in more than one state, the state in which the greatest percentage of the insured's taxable premium for that insurance contract is allocated; or if the insured maintains its headquarters or the insured's high-level officers direct, control, and coordinate the business activities outside the U.S., the state to which the greatest percentage of the insured's taxable premium for that insurance contract is allocated.
- **Principal residence** – the state where the insured resides for the greatest number of days during a calendar year; or if the insured's principal residence is located outside the U.S., the state to which the greatest percentage

of the insured's taxable premium for that insurance contract is allocated.

- **Home state insured** – or "home state insured applicant" – a person whose home state is California and who has received a certificate or evidence of coverage as set forth in Section 1764 of the Insurance Code or a policy as issued by an eligible surplus line insurer, or a person who is an applicant.
- **Multistate risk** – means a risk covered by a nonadmitted insurer with insured exposures in more than one state.

The total gross premium paid or to be paid for all nonadmitted insurance placed in a single transaction with one underwriter or group of underwriters, whether in one or more policies, in that calendar quarter during which the taxable insurance contract or contracts took effect or were renewed, is now the entire gross premium charged on all nonadmitted insurance for the California home state insured. Enter only premiums for policies related to risks within the U.S.

Private Mail Box (PMB) – Include the PMB in the address field. Write "PMB" first, then the box number. Example: 111 Main Street PMB 123.

Foreign Address – Enter the information in the following order: City, Country, Province/Region, and Postal Code. Follow the country's practice for entering the postal code. **Do not** abbreviate the country's name.

A Purpose

Use Form 570, Nonadmitted Insurance Tax Return, to determine the tax on premiums paid or to be paid to nonadmitted insurers on contracts covering risks. Also, use Form 570 to file an amended return. See Section E, Amended Returns, for more information.

B Who Must Pay Nonadmitted Insurance Tax

The tax is imposed on a home state insured who independently purchases or renews an insurance contract during the calendar quarter from an insurer, including wholly-owned subsidiaries, not authorized to transact insurance business in California.

If you do not know if the insurer is authorized to conduct business in California, call the FTB Nonadmitted Insurance Desk at 916.845.7448.

The tax will **not** be imposed on any of the following:

- Insurance coverage for which a tax on the gross premium is due or has been paid by surplus line brokers pursuant to Insurance Code Section 1775.5 (surplus lines tax).
- Gross premiums on businesses governed by provisions of Insurance Code Section 1760.5 (reinsurance of the liability of an admitted insurer and marine, aircraft, and interstate railroad insurance).
- Insurance coverage for which a tax on the gross premium is due or has been paid by risk retention groups pursuant to Insurance Code Section 132.

Agents or brokers with a valid power of attorney to file a return on behalf of the insured must enter the requested information in the space below line 15.

C Tax Rate

The tax rate is three percent (.03). This rate is applied to the gross premium paid or to be paid, less premiums returned because of cancellation or reduction of premium on which a tax has been paid. **Do not include a stamping fee.**

D When and Where to File

File Form 570 on or before the first day of the third month following the close of any calendar quarter during which a nonadmitted insurance contract took effect or was renewed:

| <u>Contract effective date</u> | <u>Return due date</u> |
|--------------------------------|------------------------|
| January - March | June 1 |
| April - June | September 1 |
| July - September | December 1 |
| October - December | March 1 |

Mail Form 570 and payment to:

FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0651

E Amended Returns

Use Form 570 to file an amended return. File an amended return to correct an error on the original return or to claim a refund.

Check the "Amended" box at the top of the form. Attach a copy of the original return behind the amended return and write "copy" in red across the face of the original return. When completing line 1 through line 15 of the amended return, use the amounts that should have been reported on the original return.

Amended returns must be filed within four years of the original due date or within one year from the date of the overpayment, whichever period expires later.

Attach copies of all contracts for changes to correct an error on the original return or to claim a refund.

Do not file an amended return to claim returned premiums. See the Specific Line Instructions for line 5.

F Third Party Designee

If the entity wants to allow the FTB to discuss its 2013 return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the "Paid Preparer's Use Only" section of the return. It does not apply to the business, if any, shown in that section.

If the "Yes" box is checked, the entity is authorizing the FTB to call the paid preparer to answer any questions that may arise during the processing of its return. The entity is also authorizing the paid preparer to:

- Give the FTB any information that is missing from the return.
- Call the FTB for information about the processing of the return or the status of any related refund or payments.
- Respond to certain FTB notices about math errors, offsets, and return preparation.
- The entity is not authorizing the paid preparer to receive any refund check, bind the entity to anything (including any additional tax liability), or otherwise represent the entity before the FTB.

The authorization will automatically end one year from the date this tax return was filed. If the entity wants to expand the paid preparer's authorization, get form FTB 3520, Power of Attorney Declaration for the Franchise Tax Board. If the entity wants to revoke the authorization before it ends, notify the FTB in writing or call 800.852.5711.

Specific Instructions

Part I – Policyholder

Enter the business or individual policy holder name, Doing Business As (DBA), if applicable, address, and identification number. Print all information using CAPITAL LETTERS. If completing Form 570 by hand, enter all the information requested using black or blue ink.

Part II – Tax Computation

Do not show net or negative amounts on line 1 through line 4 to account for returned premiums. See line 5 for returned premiums. Only use line 1 through line 4 to report taxable premiums paid or to be paid during the calendar quarter.

Line 1 – Enter all gross premiums paid or to be paid on risks located entirely within California for policies entered into or renewed during the calendar quarter.

Line 2 – Enter all gross premiums paid or to be paid by California home state insured for all policies issued by a nonadmitted insurer for coverage both inside and outside of California which were entered into or renewed during the calendar quarter. **Note:** Enter only premiums for policies related to risks within the U.S.

Line 5 – Enter three percent (.03) of the premiums returned during the calendar quarter because of cancellation or reduction of premiums on which nonadmitted insurance tax was paid.

Enter the quarter that the returned premiums were originally taxed. If the returned premiums are from more than one quarter or policy, attach a schedule showing the amount of returned premiums from each quarter and/or policy.

Returned premiums must be claimed on a return for the calendar quarter during which the returned premiums were received. Refunds resulting from returned premiums must be claimed within four years from the original due date of the return, four years from the date the return was filed or one year from the date of cancellation or reduction of premium, whichever is later.

If you are an agent or broker filing this return on behalf of the insured, the refund will be mailed to you in the name of the insured if a signed Power of Attorney is on file allowing the FTB to do so.

Attach copies of all contracts where there was a reduction of premiums returned or cancellation on which nonadmitted insurance tax was paid.

Line 6 – Enter the amount of overpayment you requested to be applied from a prior quarter that was not applied on a previously filed return. These payments may include amounts from an amended Form 570. Enter the calendar quarter and taxable year as MM-YYYY of the calendar quarter the overpayment occurred. For example, if the calendar quarter and tax year is September 30, 2010, enter 09-2010.

Line 7 – Enter any payments made before filing the return. If the return is being filed after the due date, see the instructions for line 10.

Line 9 – If the amount on line 4 is more than the amount on line 8, subtract line 8 from line 4 and enter the balance on line 9, you have tax due. If the amount on line 8 is more than the amount on line 4, subtract line 4 from line 8 and enter the result in brackets on line 9, your credits exceed your tax.

Line 10 – If you do not pay the tax due by the due date, a penalty of 10% of the amount of tax due will be imposed. Enter 10% of the amount of tax not paid by the due date. (A penalty of 25% of the amount of tax due will be imposed when nonpayment or late payment is due to fraud.)

Line 11 – Interest will be charged on any late payment and penalty from the due date to the date paid. Interest compounds daily and the interest rate is adjusted twice a year. If you do not include interest with your late payment or include only a portion of it, the FTB will compute the interest and bill you for it.

Line 12 – Enter the total amount due. Make your check or money order payable to the "Franchise Tax Board." Write the calendar quarter (March, June, September, or December), the applicable taxable year, Form 570, and your social security number (SSN), individual taxpayer identification number (ITIN), California corporation number, federal employer identification number (FEIN), or California Secretary of State (SOS) file no. on the check or money order. **Check the EFT box if you made your payment by EFT.**

Electronic Funds Transfer (EFT) – To submit your nonadmitted insurance tax payment using EFT, use the following tax type code, EFT code 02020. You must use the correct EFT code to ensure proper credit to your FTB account.

Line 14 – Enter the amount of overpayment to be credited to your next quarter's return.

Part III – Insurance Contracts

Column a – Enter the policy number for each contract. Enter only policies related to risks within the U.S.

Column b – Enter the name of all the Nonadmitted Insurance Companies for each contract.

Column c – Enter the type of insurance coverage provided by the contract.

Column d – Enter the full name or the two letter abbreviation of the state where the risk is located for each contract. If your policy covers more than one state, then use additional lines to list the locations of the risk separately.

Column e – Enter the total premium amount for each contract.

Total – Enter the total of Form 570, Side 2, column e.

Additional Information

If you have questions, contact: FTB Nonadmitted Insurance Desk at 916.845.7448 or call the Withholding Services and Compliance automated number at 888.792.4900.

OR write to:

WITHHOLDING SERVICES AND
COMPLIANCE MS F182
FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0651

You can download, view, and print California tax forms and publications at ftb.ca.gov.

OR to get forms by mail write to:

TAX FORMS REQUEST UNIT MS F284
FRANCHISE TAX BOARD
PO BOX 307
RANCHO CORDOVA CA 95741-0307

For all other questions unrelated to withholding or to access the TTY/TDD numbers, see the information below.

Internet and Telephone Assistance

Website: ftb.ca.gov
Telephone: 800.852.5711 from within the United States
916.845.6500 from outside the United States
TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Asistencia Por Internet y Teléfono

Sitio web: ftb.ca.gov
Teléfono: 800.852.5711 dentro de los Estados Unidos
916.845.6500 fuera de los Estados Unidos
TTY/TDD: 800.822.6268 personas con discapacidades auditivas y del habla