

2022 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.

General Information

California conforms to the Nonadmitted and Reinsurance Reform Act (NRRA) which authorizes the collection of tax on 100% 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.

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**.

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(s) 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.

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.

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 General Information F, Amended Returns, for more information.

A policyholder may need to file up to four Form 570 returns in one year if the policyholder purchases nonadmitted insurance contracts in each calendar quarter.

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 Franchise Tax Board (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 Form 570 on behalf of the insured must enter the requested information in the space below line 15 on Side 1 of Form 570.

C Tax Rate

The tax rate is 3%. 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 Interest and Penalties

Interest – Interest will be assessed on late filing and payment and is computed from the due date to the date paid. Interest compounds daily and the interest rate is adjusted twice a year.

Penalties – 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. A penalty of 25% of the amount of tax due will be imposed when nonpayment or late payment is due to fraud.

E 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:

Contract effective date	Return due date
January - March	June 1
April - June	September 1
July - September	December 1
October - December	March 1

When the due date falls on a weekend or holiday, the deadline to file and pay without penalty is extended to the next business day.

Mail Form 570 and payment to:

**NONADMITTED INSURANCE TAX MS F182
FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0651**

F Amended Returns

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

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 black or blue ink 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.

G Third Party Designee

If the entity wants to allow the FTB to discuss its 2022 Form 570 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 revoke the authorization before it ends, notify the FTB in writing or call 800.852.5711. If the entity wants to expand or change the paid preparer's authorization, go to ftb.ca.gov/poa for more information.

Specific Instructions

Part I – Policyholder

If completing Form 570 by hand, enter all the information requested using black or blue ink and print using CAPITAL LETTERS. Enter the business or individual policyholder name, Doing Business As (DBA), if applicable, address, and a valid taxpayer identification number (TIN). The following are acceptable TINs: social security number (SSN); individual taxpayer identification number (ITIN); federal employer identification number (FEIN); California corporation number (CA Corp no.); or California Secretary of State (CA SOS) file number.

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 – Follow the country's practice for entering the city, county, province, state, country, and postal code, as applicable, in the appropriate boxes. **Do not** abbreviate the country name.

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 3% of the premiums returned during the calendar quarter because of cancellation or reduction of premiums on which nonadmitted insurance tax was paid.

Enter the total premiums returned, quarter/year taxed, and the policy number from the time the returned premiums were originally taxed, on the lines provided on Form 570. 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 the overpayment occurred.

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 – Enter 10% of the amount of tax not paid by the due date.

Line 11 – Enter the amount of interest. If you do not include interest with your late payment or include only a portion of it, the FTB will compute the interest and send you a bill.

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 SSN, ITIN, FEIN, CA Corp no., or CA SOS file no. on the check or money order.

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

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

MyFTB offers secure online tax account information and services. For more information, go to ftb.ca.gov and login or register for MyFTB.

Telephone: 888.792.4900, Withholding Services and Compliance phone service or FTB Nonadmitted Insurance Desk at 916.845.7448.

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

For questions unrelated to withholding, or to download, view, and print California tax forms and publications, or to access the California Relay Service, 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

California Relay Service:

711 or 800.735.2929 for persons with hearing or speaking limitations.

Consistency # 8

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

Servicio de Retransmisión de California:

711 o 800.735.2929 para personas con limitaciones auditivas o del habla.