



THE SURPLUS LINE ASSOCIATION
OF ARIZONA

BULLETIN

Member Bulletin 2014-01

January 2, 2014

Notice for Arizona Surplus Line Tax Due February 15, 2014

By February 15, 2014, you must report transactions to SLA, and file reports and pay premium tax to the Arizona Department of Insurance, as follows:

1. Only file, report and pay tax on transactions for which Arizona is the “home state.” Arizona Revised Statutes § 20-401(6) defines "**home state**" as meaning one of the following:
 - (a) The state in which an insured maintains its principal place of business or, in the case of an individual, the individual's principal place of residence.
 - (b) If one hundred per cent of the insured risk is located out of the state that would be the insured's home state pursuant to subdivision (a) of this paragraph, the state to which the greatest percentage of the insured's taxable premium is allocated for the insurance contract in question.
 - (c) If more than one insured from an affiliated group are named insured's on a single non-admitted insurance contract, the state as determined pursuant to subdivision (a) of this paragraph of the member of the affiliated group that has the largest percentage of premium attributed to it under the insurance contract.
2. File transactions and download the 2013B report for insurance covering Arizona-only risks procured during the transaction period of July 1 through December 31, 2013; AND, file transactions and download the 2013Q4 report for insurance covering multi-state risks procured during the transaction period of October 1 through December 31, 2013. **If you procured coverage for both, Arizona-only risks and multi-state risks, you must file both reports (2013B and 2013Q4).**
3. Before submitting your tax report to the Department of Insurance, compare the data on the Transaction Report spreadsheet(s) to information in your records to make sure that SLA's record of your transactions is complete. *You may run reports at any time (and at no cost to*

J. Scott Wede, CPCU, ASLI
Executive Director
Surplus Line Association of Arizona
Kierland Business Center 15849 N. 71st Street, Ste. 100 Scottsdale, AZ 85254
www.sla-az.org swede@sla-az.org (602)-279-6344



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you) to help you reconcile your records to SLA data. If you find discrepancies between your records and SLA data, feel free to contact SLA as needed for help.

4. Only file a tax report with the Department of Insurance if you reported surplus lines transactions to SLA during the transaction period.
5. If you believe you are due a **tax refund**, download and complete Form E-173SLB, available from our Forms & Instructions web page, and submit Form E-173SLB to the Department of Insurance with your tax report. The Department of Insurance will review transactions that you reported to SLA against tax payments you have made and will issue a refund to you if one is owed to you.

IMPORTANT!

The tax report transaction period is based on the effective date of the policy; it is not based on when you report the transaction to SLA.

The following applies if you file a tax report with the Department of Insurance and then report additional transactions to SLA:

1. If you report the additional transactions *after* the tax report due date for the applicable transaction period, the SLA system will send email to you containing a Delinquent Tax Report (“DTR”).
 - a. If the DTR shows you owe additional tax and a late-payment penalty, submit the DTR and your tax and penalty payment to the Department of Insurance before the due date shown on the DTR to avoid possible administrative action against your license.
 - b. If the DTR shows a negative tax amount owed, you may request a tax refund.
2. If you report the additional transactions *before* the tax report due date for the applicable transaction period, you must submit the new tax report with a copy of the previously submitted tax report.
 - a. If the new tax report shows a greater amount of tax due, make sure to provide the Department of Insurance your payment for the additional tax due along with the new tax report and copy of the previously submitted tax report.
 - b. If the new tax report shows a lesser amount of tax due, you may request a tax refund.
3. **To avoid re-filing please make sure all transactions are posted prior to reporting the tax.**

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