

HAWAII SURPLUS LINES TAX – Year 2023

FREQUENTLY ASKED QUESTIONS (FAQs)

Frequently Asked Questions

- 1) Where do I file the Tax Statements and payments?
- 2) Who should be made payable to?
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Frequently Asked Questions

1). Where do I file the Tax Statements and payments?

Tax statements and payments should be submitted to the Hawaii Insurance Division through OPTins; no manual filings will be accepted.

2). Who should be made payable to?

Payments to DCCA, State of Hawaii must be made electronically through OPTins; no manual checks will be accepted.

3). Who needs to file a Hawaii Surplus Lines Tax?

Every Hawaii Surplus Lines Broker or Independently Procured Individual who transacted business where Hawaii is the Home State during the reporting period as stated in Sections §431:8-205 and §431:8-315.

4). What is a complete Quarterly Tax Filing?

Along with the corresponding payment, a filing consists of the following four forms, return premium supporting documentation if applicable, and payment:

| | |
|-----------|--|
| Form 104 | Coversheet with authorized signature of the SLB |
| Form 104A | Breakdown by states and territories (at various tax rates) |
| Form 104B | Breakdown by Insurance Company names |
| Form 104C | Policy Detail Report – Premium Written per Policy |

Return Premium Supporting Documentation **must** also be included for each of the premium adjustments, including:

- a) Copy of endorsement or invoice provided to the insured
- b) Copy of the Form 104C showing original premium written that was reported prior to the return premium, with the affected policies highlighted.
- c) Supporting information for any policy outside the parameter of the reporting period.

Payment must be made electronically through OPTins.

5). Any guidelines on endorsement / return premium / or audit?

Refer to the following two documents located on each Form 104 under Instruction #5:

- a) Commissioner's Memorandum 2013-1E – Effective January 1, 2013
- b) Email dated January 16, 2014, regarding Additional Requirements, and Clarifications for Surplus Lines Tax Filings – effective January 1, 2014.

Examples of Policy effective date:

Sample # 1

Since a policy's effective date dictates its filing due date, and the effective date of the policy refers to the later of the date bound or when coverage begins, but not invoice date unless it's validated that the policy is bound and billed on the same date. Here's an example: If a policy with coverage beginning March 29, 2013, and a bound date of April 5, 2013, the effective date of the policy is considered to be April 5, 2013, and the filing due date is August 15, 2013.

Sample # 2

For an endorsement, the effective date of the endorsement is considered to be the later of the date bound or when coverage begins, but not invoice date unless it's validated that the policy is bound and billed on the same date. Here's an example: If an endorsement with coverage beginning February 10, 2013, and a bound date of July 8, 2013, the effective date of the endorsement is considered to be July 8, 2013, and the filing due date is November 15, 2013.

Any surplus lines tax paid after the due date will be subject to a late monetary penalty.

Tax Filings without supporting documentation will be considered incomplete and subject to a late filing penalty if the missing supporting documentation is not submitted by the tax due date.

6). What is the Hawaii tax formula for single state and multi-state policies?

For all policies that Hawaii is the home state:

$(\text{Hawaii Gross Premium} - \text{Hawaii Return Premium}) \times 4.68\%$

Gross Premiums means the amount of the policy or coverage premium charged by the insurer in consideration for the insurance contract. Any charges for policy, survey, inspection, service, or similar fees or other charges added by the broker shall not be considered part of gross premiums.

See HRS §431:8-315 – Tax on surplus lines for Surplus Lines Brokers and HRS §431:8-205 for Independently Procured Placement.

For further information on surplus lines, visit the Hawaii website at: www.capitol.hawaii.gov/hrscurrent/vol09_ch0431-0435h/hrs0431, Article 8.

7). When are the Surplus Lines taxes and reports due?

Reporting Period

Due Date

Jan 1 - Mar 31

May 15

Apr 1 – June 30

August 15

July 1 – Sept 30

November 15

Oct 1 – Dec 31

February 15

8. Do I need to file a quarterly tax statement when there is no business transacted in the reporting quarter?

No. A tax statement is not required to be filed if no surplus lines business was transacted in the reporting quarter.

For further questions, contact by e-mail at <mailto:insexamslb@dcca.hawaii.gov>.