



TAX BULLETIN 14-3

Virginia Department of Taxation

May 29, 2014

Late Filing Penalty for Surplus Lines Brokers

Surplus lines brokers are required to file the Virginia Surplus Lines Broker's Annual Reconciliation Tax Report, Form 802, with the Department of Taxation ("the Department") by March 1 of each year. If a surplus lines broker fails to file such report by March 1, it is generally subject to a \$50 fine for each day that the report is late. See *Va. Code* § 38.2-4809 A3.

During the 2011 Session, the General Assembly transferred the administration of the Insurance Premiums License Tax from the State Corporation Commission ("SCC") to the Department for taxable years beginning on or after January 1, 2013. Prior to the transfer, the SCC administratively capped the late filing penalty on surplus lines brokers at \$250 for a first offense and \$500 for a second offense. For any subsequent offenses, the SCC imposed the full late filing penalty on surplus lines brokers.

In order to maintain consistency with the SCC's policy of capping the late filing penalty on surplus lines brokers, the Department will also cap the late filing penalty at \$250 for a first offense and \$500 for a second offense. For any subsequent offenses, the Department will impose the full late filing penalty on surplus lines brokers pursuant to *Va. Code* § 38.2-4809 A3.

If you have additional questions, please visit the Department's website at <http://www.tax.virginia.gov>, or contact the Department at (804) 404-4163.