

**REVISED PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R006-98

June 3, 1998

EXPLANATION – Matter in *italics* is new; matter in brackets [] is material to be omitted.

AUTHORITY: §§2-12, NRS 360.090, 680B.027 and 680B.050.

Section 1. Chapter 680B of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 12, inclusive, of this regulation.

Sec. 2. *As used in sections 2 to 12, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 6, inclusive, of this regulation have the meanings ascribed to them in those sections.*

Sec. 3. *“Ad valorem credit” means the credit set forth in paragraph (b) of subsection 1 of NRS 680B.050.*

Sec. 4. *“Fifty percent credit” means the credit set forth in paragraph (a) of subsection 1 of NRS 680B.050.*

Sec. 5. *“Executive director” means the executive director of the department of taxation.*

Sec. 6. *“Net direct premiums and net direct considerations written during the preceding calendar quarter” means those net direct premiums and net direct considerations written during the same quarter for which each quarterly report and payment is due pursuant to the provisions of NRS 680B.032.*

Sec. 7. *The following example is given to illustrate the proper application of NRS 680B.032. If an insurer writes \$500,000 of net direct premiums and net direct considerations during the quarter that runs from January 1 to March 31 of a calendar year and the insurer is required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032, the insurer shall file its quarterly report and make its quarterly payment of taxes on that \$500,000 by April 30 of that same calendar year.*

Sec. 8. *1. Except as otherwise provided in section 11 of this regulation, an insurer who has established to the satisfaction of the executive director that it meets all the requirements set forth in NRS 680B.050 and 680B.055 may apply:*

(a) The fifty percent credit; and

(b) The ad valorem credit,

against the tax imposed by NRS 680B.027.

2. Such an insurer shall apply these credits pursuant to the provisions of sections 9 to 12, inclusive, of this regulation.

Sec. 9. *Except as otherwise provided in section 11 of this regulation, an insurer who has established to the satisfaction of the executive director that the insurer meets all the requirements set forth in NRS 680B.050 and 680B.055 and wishes to apply the fifty percent credit shall:*

1. If the insurer is required to file quarterly reports and make quarterly payments pursuant to NRS 680B.032, reduce by 50 percent the amount of the tax required to be paid on net direct premiums and net direct considerations written during the preceding calendar quarter when the insurer files the quarterly reports and makes the quarterly payments pursuant to the provisions of NRS 680B.032.

2. *If the insurer is not required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032, reduce by 50 percent the aggregate amount of the tax required to be paid on net direct premiums and net direct considerations written during the immediately preceding calendar year when the insurer files the annual report and makes the annual payment pursuant to the provisions of NRS 680B.030.*

Sec. 10. *1. Except as otherwise provided in section 11 of this regulation, an insurer who has established to the satisfaction of the executive director that it meets all the requirements set forth in NRS 680B.050 and 680B.055 and wishes to apply the ad valorem credit shall reduce the amount of tax the insurer is required to pay pursuant to NRS 680B.027 by the amount of the ad valorem credit when the insurer files the annual report and makes the annual payment pursuant to the provisions of NRS 680B.030.*

2. *An insurer who is required to file quarterly reports and make quarterly payments pursuant to the provisions of NRS 680B.032 may not reduce the amount of tax the insurer is required to pay pursuant to NRS 680B.027 by the amount of the ad valorem credit or any portion of that amount when the insurer files the quarterly reports and makes the quarterly payments pursuant to the provisions of NRS 680B.032.*

Sec. 11. *1. If an insurer fails to satisfy the requirements of NRS 680B.050 or 680B.055 for the entire year for which the credits for maintaining a home office in this state are claimed, the insurer is not entitled to any credit for that entire calendar year.*

2. *If the Nevada tax commission, the department of taxation or a court of competent jurisdiction determines that an insurer who applied the fifty percent credit when the insurer filed a quarterly report and made a quarterly payment pursuant to the provisions of NRS*

680B.032 has subsequently failed to satisfy the requirements of NRS 680B.050 or 680B.055 during the same calendar year in which the insurer made the quarterly payment, the insurer shall remit to the department of taxation:

(a) The difference between the amount the insurer set forth as the quarterly payment in the quarterly report filed with the department of taxation and the amount the insurer would have owed for the quarterly payment if the insurer had not applied the fifty percent credit and any other amount that the Nevada tax commission, the department of taxation or a court of competent jurisdiction determines to be a deficiency; and

(b) All applicable interest owed for failure to pay the full amount in a timely manner. Such interest must be based on the difference between the amount the insurer set forth as the quarterly payment in the quarterly report filed with the department of taxation and the amount the insurer would have owed for the quarterly payment if the insurer had not applied the fifty percent credit and any other amount that the Nevada tax commission, the department of taxation or a court of competent jurisdiction determines to be a deficiency.

Sec. 12. *If an insurer is not entitled to a certain amount of the fifty percent credit or the ad valorem credit because it would reduce the amount of tax payable to less than 20 percent of the tax otherwise payable for that year pursuant to the provisions of NRS 680B.027, the insurer may not carry forward that amount of either credit for use as a credit against the tax imposed by NRS 680B.027 in a succeeding calendar year.*