

**PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R195-05**

January 5, 2006

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

AUTHORITY: NRS 360.090 and 363B.060.

A REGULATION relating to the state business tax; repealing certain superseded provisions governing the administration of the tax; and providing other matters properly relating thereto.

**Section 1.** NAC 363B.060 is hereby amended to read as follows:

363B.060 “Health care deduction” means the deduction allowed by ~~[subsection 4 of NRS 363B.110.]~~ *section 28 of chapter 9, Statutes of Nevada 2005, 22nd Special Session, at page 137.*

**Sec. 2.** NAC 363B.120, 363B.140 and 363B.160 are hereby repealed.

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**TEXT OF REPEALED SECTIONS**

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**363B.120 Interpretation of certain statutory terms. (NRS 360.090, 363B.060, 363B.110)**

For the purposes of NRS 363B.110, the Commission interprets the term:

1. “Claims” to mean claims for those categories of health care expenses that are generally deductible by employees on their individual federal income tax returns pursuant to the provisions

of 26 U.S.C. § 213 and any federal regulations relating thereto, if those expenses had been borne directly by those employees.

2. “Direct administrative services costs” to mean, if borne directly by a self-insured employer and reasonably allocated to the direct administration of claims:

(a) Payments for medical or office supplies that will be consumed in the course of the provision of medical care or the direct administration of claims;

(b) Payments to third-party administrators or independent contractors for the provision of medical care or the direct administration of claims;

(c) Rent and utility payments for the maintenance of medical or office space used for the provision of medical care or the direct administration of claims;

(d) Payments for the maintenance, repair and upkeep of medical or office space used for the provision of medical care or the direct administration of claims;

(e) Salaries and wages paid to medical, clerical and administrative staff and other personnel employed to provide medical care or directly to administer claims; and

(f) The depreciation of property other than medical or office supplies, as computed pursuant to NAC 363B.170, used for the provision of medical care or the direct administration of claims.

3. “Employees” to mean employees whose wages are included within the measure of the excise tax imposed upon an employer by NRS 363B.110, and their spouses, children and other dependents who qualify for coverage under the terms of the health insurance or health benefit plan provided by that employer.

4. “Health benefit plan” to mean a health benefit plan that covers only those categories of health care expenses that are generally deductible by employees on their individual federal

income tax returns pursuant to the provisions of 26 U.S.C. § 213 and any federal regulations relating thereto, if those expenses had been borne directly by those employees.

5. “Any amounts paid by an employer to a Taft-Hartley trust formed pursuant to 29 U.S.C. § 186(c)(5) for participation in an employee welfare benefit plan” to mean any amounts which are:

(a) Paid by an employer to a Taft-Hartley trust which:

(1) Is formed pursuant to 29 U.S.C. § 186(c)(5); and

(2) Qualifies as an employee welfare benefit plan, as that term is defined in 29 U.S.C. § 1002; and

(b) Considered by the Internal Revenue Service to be fully tax deductible pursuant to the provisions of the Internal Revenue Code.

**363B.140 Exemption from certain requirements for submission of information. (NRS 360.090, 363B.060, 363B.110)**

1. An employer is not required to file a copy of a report with the Department in the manner provided in subparagraph (2) of paragraph (a) of subsection 3 of NRS 363B.110 if the Department is able to obtain the information contained in the report pursuant to an agreement with the Division. The Department will notify an employer if the Department is unable to obtain that information pursuant to such an agreement.

2. An employer who is in compliance with NAC 363B.110 shall be deemed to have submitted any proof required by subsection 6 of NRS 363B.110.

3. The provisions of this section do not affect any other provision of law requiring an employer to retain or provide any records requested by the Department.

**363B.160 Health care deduction: Limitations. (NRS 360.090, 363B.060, 363B.110)**

The health care deduction does not:

1. Except as otherwise provided in subsection 6 of NRS 363B.110, allow an employer to deduct any sum for any calendar quarter other than the calendar quarter in which the employer paid that sum.
2. Allow an employer to deduct any sum paid by the employer before October 1, 2003.