

PROPOSED REGULATION OF THE NEVADA TAX COMMISSION

JANUARY 16, 1998

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

AUTHORITY: NRS 680B.027, NRS 680B.050 and 360.090

**Section 1.** NAC 680B is hereby amended by adding a new section to read as follows:

*There shall be allowed as a credit against Insurance Premium Tax, as set forth in NRS 680B.027, a home office credit(s). The home office credit(s) shall be an amount equal to the amount determined in accordance with NRS 680B.050*

*1. Home Office Credit(s), for purposes of this regulation, shall mean the credit(s) set forth in NRS 680B.050 which are available to a domestic or foreign insurer who owns, substantially occupies and uses any building in this state as its home office or as a regional home office.*

*2. Ad Valorem Taxes, for purposes of this regulation, shall mean the ad valorem taxes paid by an insurer during the calendar year preceding the filing of the annual report required pursuant to NRS 680B.030 which are attributable to the home office or the regional home office together with the land.*

*3. Home office credit(s) consists of two separate and distinct credits, which may be applied, subject to certain limitations, against the insurance premium tax.*

*(a) First, 50% credit, an amount equal to 50% of an insurers potential tax liability as set forth in NRS 680B.027.*

*(b) Second, ad valorem tax credit, an amount equal to the full amount of ad valorem taxes paid by the insurer during the calendar year next preceding the filing of the annual report required pursuant to NRS 680B.030.*

*4. Eligibility of an insurer to use the home office credit(s) is dependent upon the insurer satisfying all of the requirements set forth in NRS 680B.050-055 for the entire year.*

*(a) Each insurer who establishes to the satisfaction of the executive director its entitlement to the home office credit(s) shall be entitled to take into consideration the 50% credit when filing quarterly reports and making quarterly insurance premium tax payments pursuant to NRS 680B.032.*

*(b) Each insurer who establishes to the satisfaction of the executive director its entitlement to the home office credit(s) shall be entitled to take into consideration the ad valorem tax credit when filing its annual report required pursuant to NRS 680B.030*

*5. Failure by an insurer to satisfy all the home office credit(s) requirements for the entire calendar year shall preclude the insurer from using any home office credit(s) for that calendar year in which the insurer failed to qualify. The foregoing is applicable even though the insurer may have claimed the 50% credit on previous quarterly reports in which the insurer satisfied all of the requirements to establish its entitlement to the home office credit(s).*

*6. An insurer, who has used the 50% credit on its quarterly reports to reduce its tax obligation and has subsequently filed to satisfy the requirements necessary to establish*

*entitlement to the home office credit(s) during the same calendar year, shall remit to the Nevada Department of Taxation all taxes previously reduced by the 50% credit during the same calendar year inclusive of all applicable interest and penalties.*

*7. Quarterly reporting and quarterly payment by insurers and use of the 50% credit.*

*(a) NRS 680B.032 requires certain insurers to file quarterly reports with the Nevada Department of Taxation. The requirements for quarterly reporting also require a payment in an amount equal to the tax required to be paid on net direct premiums and net direct considerations written during the preceding calendar quarter. Insurers who qualify for the 50 % credit may deduct the credit on each quarterly return.*

*(b) The term "preceding calendar quarter" referred to in subsection 7(a) shall mean the actual net direct premiums and net direct considerations written during the quarterly period which the insurer is required to report and pay on or before the last day of the month next succeeding the calendar quarter for which the payment is due.*

*(1) For example, if an insurer writes \$500,000 of net direct premiums and net direct considerations during the time period of January 1, 1998, through March 31, 1998, and the insurer is required to report on a quarterly basis then the insurer must report and pay net premium tax by April 30, 1998 for the calendar quarter ending March 31, 1998.*

*8. Insurers who are required to report and pay insurance premium tax quarterly shall, subject to the restrictions delineated in this regulation, use the 50% credit to reduce its quarterly reporting and payment obligation. Use of the 50% credit by quarterly reporting insurers is subject to the 20% limitation set forth in NRS 680B.050(1). Any home office credit(s) which remain unused as a result of the 20% limitation found in NRS 680B.050(1) shall not be carried forward into a succeeding calendar year to reduce the insurer's tax liability in that succeeding calendar year.*