

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R046-24

April 11, 2024

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

AUTHORITY: § 1, NRS 360.090, 680B.027.

A REGULATION relating to taxation; repealing provisions relating to certain credits against an insurer's liability for the general tax on insurance premiums which have been eliminated; repealing a provision illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law requires each insurer to pay to the Department of Taxation a tax upon net direct premiums and net direct considerations written at the rate of 3.5 percent. (NRS 680B.027) Before the enactment of Assembly Bill No. 3 (A.B. 3) of the 28th Special Session of the Nevada Legislature, the provisions of former NRS 680B.050 authorized a domestic or foreign insurer which owned and substantially occupied and used any building in this State as its home office or as a regional home office to take a credit against the general tax on insurance premiums. A.B. 3 repealed NRS 680B.050, effective on January 1, 2021, which had the effect of eliminating this credit beginning January 1, 2021. (Section 3 of Assembly Bill No. 3, chapter 1, Statutes of Nevada 2014, 28th Special Session, at p. 3) This regulation repeals provisions of the Nevada Administrative Code related to the eliminated credit. This regulation also repeals a provision of the Nevada Administrative Code illustrating the application of existing law requiring certain insurers to report and pay the tax on a quarterly basis. (NRS 680B.032; NAC 680B.220)

Section 1. NAC 680B.150, 680B.160, 680B.170, 680B.180, 680B.190, 680B.200, 680B.210, 680B.220, 680B.230, 680B.240 and 680B.250 are hereby repealed.

TEXT OF REPEALED SECTIONS

NAC 680B.150 Definitions. (NRS 360.090, 680B.027) As used in NAC 680B.150 to 680B.250, inclusive, unless the context otherwise requires, the words and terms defined in NAC 680B.160 to 680B.190, inclusive, have the meanings ascribed to them in those sections.

NAC 680B.160 “Ad valorem credit” defined. (NRS 360.090, 680B.027) “Ad valorem credit” means the credit set forth in paragraph (b) of subsection 1 of NRS 680B.050.

NAC 680B.170 “Executive Director” defined. (NRS 360.090, 680B.027) “Executive Director” means the Executive Director of the Department of Taxation.

NAC 680B.180 “Fifty percent credit” defined. (NRS 360.090, 680B.027) “Fifty percent credit” means the credit set forth in paragraph (a) of subsection 1 of NRS 680B.050.

NAC 680B.190 “Net direct premiums and net direct considerations written during the preceding calendar quarter” defined. (NRS 360.090, 680B.027) “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.

NAC 680B.200 Illustration of proper application of NRS 680B.032. (NRS 360.090, 680B.027, 680B.032) 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.

NAC 680B.210 Application of fifty percent credit and ad valorem credit against tax imposed for privilege of transacting business in this State. (NRS 360.090, 680B.027, 680B.050)

1. Except as otherwise provided in NAC 680B.240, 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 NAC 680B.220 to 680B.250, inclusive.

NAC 680B.220 Application of fifty percent credit if home office or regional home office in Nevada. (NRS 360.090, 680B.027, 680B.050) Except as otherwise provided in NAC 680B.240, 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.

NAC 680B.230 Application of ad valorem credit if home office or regional home office in Nevada. (NRS 360.090, 680B.027, 680B.050)

1. Except as otherwise provided in NAC 680B.240, 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.

NAC 680B.240 Failure to satisfy requirements for credits for maintaining home office; payment of deficiency and interest. (NRS 360.090, 680B.027, 680B.050)

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.

NAC 680B.250 Credit against tax imposed in succeeding calendar year. (NRS 360.090, 680B.027, 680B.050) 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.