



# TaxNewsFlash

## United States

No. 2016-391  
September 1, 2016

### **Rev. Proc. 2016-46: Foreign insurance companies; effectively connected net investment income (2015)**

The IRS released an advance version of Rev. Proc. 2016-46 providing the domestic asset / liability percentages and domestic investment yields needed by foreign life insurance companies and by foreign property and liability insurance companies to compute their minimum effectively connected net investment income under section 842(b) for tax years beginning after December 31, 2014.

Read text of [Rev. Proc. 2016-46](#) [PDF 14 KB]

<b>Domestic asset / liability percentages for 2015 (first tax year beginning after December 31, 2014)</b>	
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127.5%	For foreign life insurance companies
191%	For foreign property and liability insurance companies

<b>Domestic investment yields for 2015 (first tax year beginning after December 31, 2014)</b>	
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4.0%	For foreign life insurance companies
3.5%	For foreign property and liability insurance companies

To compute estimated tax and the installment payments of estimated tax, a foreign insurance company must compute its estimated tax payments by adding to its income (other than net investment income) the greater of:

- Its net investment income as determined under section 842(b)(5), that is actually effectively connected with the conduct of a trade or business within the United States for the relevant period, or

- The minimum effectively connected net investment income under section 842(b) that would result from using the most recently available domestic asset/liability percentage and domestic investment yield.

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