

NEVADA DEPARTMENT OF TAXATION

HTTP://TAX.STATE.NV.US



NEVADA TAX NOTES

Official newsletter of the Department of Taxation

July 2004

ISSUE NO. 147

DEPARTMENT OF TAXATION OFFICES

MAIN OFFICE

1550 E. College Parkway, Suite 100
Carson City, Nevada 89706

Mailing: 1550 E. College Parkway, Suite 115
Carson City, Nevada 89706

Phone: **(775) 684-2000 (New number - Switchboard)**
1-800-992-0900 (In-State Toll Free)

Fax: **(775) 684-2020 (New fax number for Carson)**

RENO DISTRICT OFFICE

Kietzke Plaza
4600 Kietzke Lane **Building L, Suite 235**
Reno, Nevada 89502

Phone: (775) 688-1295
Fax: (775) 688-1303

LAS VEGAS DISTRICT OFFICE

Grant Sawyer Office Building
555 E. Washington Avenue, Suite 1300
Las Vegas, Nevada 89101

Phone: (702) 486-2300
Fax: (702) 486-2373

Advisory: Due to the monthly and quarterly tax filing requirements, the Las Vegas Office is extremely busy the last few days of any month with people filing their tax returns. It is recommended, whenever possible, that you time your visits to the office for other than the last few days of the month to avoid a long wait. Or, you may want to visit our new Henderson satellite office listed below.

HENDERSON SATELLITE OFFICE

2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074

Phone: (702) 486-2300
Fax: (702) 486-3377

ELKO FIELD OFFICE

850 Elm Street
Elko, Nevada 89801
Phone: (775) 753-1115
Fax: (775) 778-6814

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COMMUNICATING BY MAIL WITH THE DEPARTMENT

If you are writing or sending information to one of the Department's Revenue Officers, Tax Examiners, or other staff, please use the **mailing address** of the appropriate office. If you are filing your sales and use tax return or your modified business tax return, please use the envelope the Department provided because it is addressed directly to the bank.

NEW TAX RATE FOR MODIFIED BUSINESS TAX FOR GENERAL BUSINESSES

Effective July 1, 2004, the modified business tax rate for general businesses will decrease from 0.7% to 0.65%. This rate decrease is for general businesses only. The rate for financial institutions remains at 2%. If you have questions, please contact your nearest District Office.

FILING WITH THE DEPARTMENT OF TAXATION

The Department is working to provide on-line registration, filing and payment of taxes within the next year. Until then, you must still send tax returns by mail for each particular tax type. It is extremely important to use and send back the actual return that is mailed since each return has coding individualized specifically for each taxpayer. Also, we use an out-of-state address only for initial processing. There has been some consternation about using an out-of-state address. The Nevada State Treasurer's Office and the Department of

Taxation made a valiant effort, to no avail, to secure a contract with an in-state contractor for initial processing. A full explanation of this process and the issues surrounding selecting an out-of – state vendor is available on the Department of Taxation’s website.

Implementing requirements for new taxes, no doubt, are complex and confusing. More detailed information is available through the Department’s website <http://tax.state.nv.us> or by contacting one of our offices at the addresses and telephone numbers listed on the first page.

ATTENTION TAX PREPARERS!

You may have noticed that we added a barcode at the bottom of most of the forms used by the Department, including our tax return forms. This barcode is designed to streamline the processing of your tax returns, and will allow us to electronically store the information you furnish us with limited human intervention.

This means that each tax return mailed to taxpayers by the Department contains coded information such as the period covered by that return and the account number of the taxpayer whose name appears at the top of the form.

If you are a tax preparer for more than one company, it is important that you NOT use a tax return directed to another taxpayer. In the past you may have made a copy of an old return, or perhaps another company’s return, changed the name and account number, filled in your current information and mailed it to us. Now, however, with the Department’s reliance on the barcode for entering certain information from the return, such a copy could result in misfiled returns, and deficiency notices even though you filed a timely return.

Should you need a tax form, please visit our website (<http://tax.state.nv.us>) where you will find blank tax returns in both Adobe’s “PDF” and/or Microsoft’s “Word” formats. By using these forms, inappropriate deficiency notices can be prevented.

NEW CIGARETTE STAMPS

An important item for all retailers, wholesalers and consumers of cigarettes is the change in color of the Nevada cigarette revenue tax stamps and tribal stamps. When the cigarette tax rate increased in July 2003, the Department changed the Nevada cigarette stamps from black and red to light blue and tan. The tribal stamps were also changed from blue to orange. Retailers are responsible for

insuring that each package of cigarettes sold or displayed in their place of business has a Nevada cigarette revenue stamp affixed.

CIGARETTE RETAILERS AND WHOLESALERS

A reminder to cigarette retailers, all cigarettes must be purchased through a Nevada licensed cigarette wholesaler. Wholesalers and retailers are required to maintain records of all cigarettes received, sold or distributed for a period not less than 4 years. These records must be available at the wholesaler’s or retailer’s place of business. Unstamped cigarettes and/or cigarettes purchased from any source other than a Nevada licensed cigarette wholesaler are considered contraband and are subject to seizure. A current list of Nevada licensed cigarette wholesalers is available on our website.

GOVERNMENTAL SALES/USE TAX EXEMPTIONS

Pursuant to NRS 372.325 sales to the United States, its unincorporated agencies and instrumentalities, the State of Nevada, its unincorporated agencies and instrumentalities, any county, city or district or other political subdivision of this state are granted exemption from sales and use taxes for purchases or sales. An exemption letter from the Nevada Department of Taxation is not required for a governmental organization to be exempt.

A governmental organization that purchases personal tangible property with a governmental credit card is exempt. The retailer should make a copy of the credit card for its records in the event of an audit by the Department

This exemption applies only to direct sales to governmental organizations; Tangible personal property sold to or used by a government contractor is subject to the sales/use tax unless the contractor is a constituent part of the governmental entity. For example, if a government contractor purchases building materials for use on a public works project, the government contractor must pay sales/use tax on those materials.

This exemption does not apply to room/lodging tax. Room/lodging taxes are administered by each individual county.

States other than Nevada purchasing tangible personal property in Nevada are not exempt.

CANCELLING STATE BUSINESS LICENSE ACCOUNTS

**ACKNOWLEDGMENT OF LESSEE
CONCERNING SHORT-TERM LEASE OF
REPLACEMENT VEHICLE**

The Department is unable to cancel accounts for businesses that remain active with the Nevada Secretary of State. Businesses are required to maintain a State Business License with the Department in accordance with NRS 360.780 unless the entity is dissolved or revoked with the Nevada Secretary of State. If you request to cancel your account with the Department and the entity is not showing as dissolved or revoked in the Nevada Secretary of State records, you must submit your filed copy of the Articles of Dissolution to the Department.

**WAIVER OF SECURITY FOR SALES TAX
ACCOUNTS**

Sales tax security deposits may be waived by the Nevada Tax Commission after a taxpayer has established a three year perfect payment record.

This policy applies to all non-corporate taxpayers. In the case where ownership of a business is a corporation, two corporate officers must each sign a personal guarantee in an amount equal to the required security. If corporate officers change, new personal guarantees are required.

If you meet the three year perfect reporting requirement and desire a waiver of security, please submit a written request to the Nevada Department of Taxation. If the security waiver request is approved, you will be notified and any refundable security will be returned.

Any taxpayer whose security has been waived and who subsequently becomes delinquent, files a late return or has a returned check will be required to again submit applicable security.

**NEW PERMANENT REGULATION FOR
GOVERNMENTAL SERVICES FEES IMPOSED
ON THE SHORT-TERM LEASE OF PASSENGER
CARS**

**LCB File No. R033-04
Effective May 12, 2004**

This regulation currently applies to the short-term lease of passenger cars in Washoe County.

Section 1. Chapter 482 of NAC is hereby amended by adding thereto a new section to read as follows:

1. In a county where a fee is imposed pursuant to NRS 244A.810 or 244A.860 upon the lease of a passenger car by a short-term lessor, a short-term lessor may include in such a lease an acknowledgment in substantially the following form:

I understand and acknowledge that if I am renting this vehicle for the purpose of using it in place of a motor vehicle I own that is unavailable for use because of mechanical breakdown, repair, service, damage or loss as defined in my policy of liability insurance for that unavailable motor vehicle, I may claim an exemption from the county fee imposed pursuant to chapter 244A of the Nevada Revised Statutes upon the short-term lease of a passenger vehicle.

I understand and acknowledge that by placing my initials below, I am affirming that I am in fact renting this vehicle for the purpose of using it in place of a motor vehicle I own that is unavailable for use as described above.

I further understand and acknowledge that if I place my initials below and I am not in fact renting this vehicle for the purpose of using it in place of a motor vehicle I own that is unavailable for use as described above, I may be held liable for any fee that is waived or refunded to me by virtue of my having placed my initials below.

_____ (initials)

2. The Department of Taxation shall make available at its office and on its Internet website acknowledgments in substantially the form prescribed in subsection 1.

3. A short-term lessor who obtains the initials of a short-term lessee on an acknowledgment in substantially the form prescribed in subsection 1:

(a) Is not required to collect from the short-term lessee any fee imposed by a county pursuant to NRS 244A.810 or 244A.860 upon any lease to which the acknowledgment applies, unless the short-term lessor obtains those initials with intent to defraud the Department of Taxation or to evade the payment of the fee.

(b) Shall file the initialed acknowledgment with his records and make the acknowledgment available to the Department of Taxation for inspection upon request.

4. This section does not require a short-term lessor to inform a short-term lessee of the potential availability of any exemption from a fee imposed by a county pursuant to NRS 244A.810 or 244A.860 upon the lease of a passenger car by a short-term lessor.

5. As used in this section, the words and terms defined in NRS 482.053 and 482.087 have the meanings ascribed to them in those sections.

**NEW PERMANENT REGULATION FOR BALING
WIRE/TWINE
LCB File No. R032-04
Effective May 12, 2004**

AUTHORITY: §1, NRS 360.090, 372.290, 372.725, 374.295 and 374.725.

A REGULATION relating to taxation; providing for the administration of certain exemptions from sales and use taxes for qualified sales of baling wire and twine; and providing other matters properly relating thereto.

Section 1. Chapter 372 of NAC is hereby amended by adding thereto a new section to read as follows:

1. If a retailer does not collect the taxes imposed by chapters 372 and 374 of NRS on a sale of baling wire or twine, the retailer shall obtain from the purchaser of that baling wire or twine a sworn statement, on a form prescribed by the Department, stating that the baling wire or twine will be resold as a nonreturnable container with contents. One sworn statement obtained by a retailer from a purchaser pursuant to this subsection may apply to *all* purchases of baling wire and twine by the purchaser from the retailer during the calendar year in which the purchaser signs the sworn statement.

2. The Department shall make the form required by subsection 1 available at its office and on its Internet website.

3. A retailer who obtains from a purchaser the sworn statement described in subsection 1:

(a) Is not required to collect any taxes from the purchaser pursuant to chapters 372 and 374 of NRS on any sale of baling wire or twine to which the sworn statement applies, unless the retailer obtains the sworn statement with intent to defraud the Department or to evade the payment of those taxes.

(b) Shall file the sworn statement with his records and make the statement available to the Department for inspection upon request.

**SWORN STATEMENT OF PURCHASER OF
BALING WIRE/TWINE**

**NEVADA DEPARTMENT OF TAXATION
STATEMENT OF PURCHASER OF BALING
WIRE OR TWINE**

I, _____, swear and affirm, under penalty of perjury, that the following is true and correct:

1. I make this statement for the purpose of avoiding the tax imposed by Chapters

372 and 374 of the NRS upon the sale or use of baling wire or twine.

2. I am purchasing the baling wire or twine for the purpose of reselling it as a non-returnable container with contents. In other words, I am purchasing the baling wire or twine in order to bind hay, feed or other contents that I will later sell together with the baling wire or twine.
3. I understand and acknowledge that if I purchase or use the baling wire or twine for a purpose other than as described in this sworn statement, I may be held responsible for sales or use tax that was not collected by virtue of my having made this sworn statement.

Signature of Purchaser

Name of Purchaser

Address

Telephone Number

Date

NOTE: Retailer must retain the original copy of this statement.

**NEW COMPLIANCE AUDIT INVESTIGATORS ON
BOARD**

The Department has recently hired some compliance audit investigators. They will be concentrating on liquor and tobacco compliance. They are currently establishing a new program to ensure compliance with Nevada liquor and tobacco laws. You will soon see them in the field as they will be introducing themselves. We solicit your cooperation.

HOLIDAY CLOSURES

The Department of Taxation offices will be closed the following days in the third quarter of 2004:

Monday, July 5, 2004 – Independence Day
Monday, Sept 6, 2004 – Labor Day