NEVADA DEPARTMENT OF TAXATION
http://tax.state.nv.us

# NEVADA TAX NOTES

*Official Newsletter of the Department of Taxation*

**OCTOBER 2007** (O) 2786 **ISSUE NO. 160**

## DEPARTMENT OF TAXATION OFFICES:

**MAIN OFFICE**
1550 College Parkway, Suite 100
Carson City, Nevada 89706
Mailing: 1550 College Parkway, Suite 115
Carson City, Nevada 89706
**Phone: (775) 684-2000**
**Fax: (775) 684-2020**

**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

**HENDERSON FIELD OFFICE**
2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074
Phone: (702) 486-2300
Fax: (702) 486-3377

**ELKO FIELD OFFICE**
1010 Ruby Vista Drive, Suite 102
Elko, Nevada 89801
Phone: (775) 753-1115
Fax: (775) 778-6814

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**Advisory**: Due to the monthly and quarterly tax filing requirements, our offices are 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.

### 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 a tax return, please use the envelope the Department provided because it is addressed directly to the bank.

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## CONFIDENTIALITY OF DEPARTMENTAL RECORDS

The Department of Taxation is bound by state law to keep most information regarding taxpayers' accounts confidential. For sales/use tax accounts, the only information that is not confidential is what is printed on the actual permit: the permit/certificate number, the business name, the business location and the date of issue.

**All other information (with very limited exceptions) contained in taxpayer records held by the Department of Taxation is strictly confidential.** Disclosure of this information to anyone other than the taxpayer is prohibited without a Governor's order. *See* NRS 372.750.

**Pursuant to NRS 360.795, the records and the files of the Department concerning the state business license are also confidential (with very limited exceptions).** The Department may, however, disclose information concerning whether or not a person conducting a business in Nevada has a state business license. *See* NRS 360.795(2)(g).

## FEDERAL INCOME TAX ON GAMING WINNINGS

Tax withheld from gaming winnings by Nevada casinos is a ***Federal Income Tax issue***. Federal income tax is administered/collected by the Internal Revenue Service ("IRS"), which is part of the **United States Federal Government.** The IRS requires that certain federal income taxes be collected regardless of where the income tax-generating transaction occurs.

**The State of Nevada does not participate in the administration/collection of Federal Income tax**. The Nevada Department of Taxation may only advise those seeking information regarding Federal Income Tax withheld from gaming winnings to contact the Internal Revenue Service and/or the Department of the Treasury for questions involving Federal Income Tax. For more information, see <www.irs.gov>.

## REFUND OF SALES TAX TO OUT-OF-STATE RESIDENTS

Sales tax is levied at the time tangible personal property is sold and delivery taken in the State of Nevada. There are no statutory provisions for the refund of Nevada sales tax based upon the fact that tangible personal property is purchased by a person who is not a resident of Nevada or a citizen of the United States of America.

## ACCOUNT NOTICES

Recently the Department implemented the final phases of its new computer database which will now manage its accounts. Consequently, some businesses may see an additional notice referencing a "Case #." When responding to such notices, please be sure to include the case number on your payments or in your correspondence. The notices associated with case numbers may also duplicate information printed on other notices. The case management phase will enable the Department to better address certain account items as a group, which will provide more efficient service.

## GIFT BASKETS CONTAINING BEER, WINE OR OTHER ALCOHOL

Florists and other sellers of gift baskets that may contain any alcoholic beverage(s) must be licensed by the State of Nevada and generally by the county in which the seller is operating as a liquor retailer. It is unlawful to possess, sell or transport liquor without the required license, permit or certificate. *See* NRS 369.490.

Additionally, retailers may only purchase their liquor from State-licensed wholesalers pursuant NRS 369.487. They may not purchase liquor for resale from another retailer. "Liquor" is defined as beer, wine, gin, whiskey, cordials, ethyl alcohol or rum, and every liquid containing one-half of one percent or more of alcohol by volume and which is used for beverage purposes. *See* NRS 369.040.

## WHITE PINE COUNTY SALES/USE TAX RATE INCREASE

On April 28, 2007, White Pine County's Board of County Commissioners passed an ordinance to increase the Sales Tax rate by 0.25% (¼%) to a total rate of 7 3/8%, effective October 1, 2007. The increase in the tax rate is pledged to Public Safety and Judicial Functions per Senate Bill 74 from the 2007 Session of the Nevada Legislature. (Additional information on Senate Bill 74 maybe found at: <http://leg.state.nv.us>.

All vendors selling in or delivering into White Pine County on or after October 1, 2007, will be required to collect the appropriate new tax. Construction may be exempt from the additional tax rate increase if an exemption letter is obtained from the Department of Taxation. The exemption is only available to contractors with existing construction contracts. It is not available to vendors with purchase agreements or sales contracts. For more information on how to obtain a contractor's exemption letter, please contact the Carson City district office of the Department of Taxation at (775) 684-2000.

## IRS: "e-NEWS FOR SMALL BUSINESSES"

The IRS has asked that the Department help spread the news about its new "e-News for Small Businesses" newsletter. The IRS says "e-News for Small Businesses" will be distributed each Wednesday and will include reminders about upcoming deadlines, highlights of what's new at www.irs.gov, tips on how businesses can remain compliant, news releases and special announcements. Subscribe at <http://www.irs.gov/businesses/small/content/0,,id=154826,00.html> Just type in an e-mail address and hit the 'submit' button.

## PROMOTERS OF TRADESHOWS AND CONVENTIONS

At typical tradeshows and conventions, items of tangible personal property are sold or given away. Most vendors and tradeshow/convention attendees know that *sales tax* is due on the *sale* of tangible personal property. However, some vendors may not be aware that ***"use tax"*** is due on tangible personal property that is given away if the item being given away has a value of more than $100, or effective October 1, 2007 (SB 502), "has a significant value."

Tangible personal property, as defined in statute by NRS 372.085, means personal property which may be seen, weighed, measured, felt or touched, or which is in any other manner perceptible to the senses.

Promoters of tradeshows and conventions should contact the appropriate Department of Taxation office at least 30 days prior to the scheduled tradeshow, convention or event to obtain tax information, tax returns, etc.

## NEW ELKO OFFICE LOCATION AND MAILING ADDRESS

The Department of Taxation field office in Elko is relocating. The relocation is tentatively scheduled for October 1, 2007. The new location ***and mailing address*** will be:

1010 Ruby Vista Drive, Suite 102 Elko, NV 89801

The main phone number for the Elko office remains (775) 753-1115.

## UNLAWFUL ADVERTISING: PAYMENT OF SALES TAX BY RETAILER

In accordance with NRS 372.205, it is unlawful for any retailer to advertise, hold out or state to the public or customer, that the tax or any portion of the tax will be assumed or absorbed by the retailer or that it will not be added to the selling price of the property sold or that if added it or any part will be refunded.

Retailers need to use caution when developing advertising for sales or promotions. Should you have questions about the text or intent of potential advertisements, contact any district office of the Department for guidance.

## SALES TAX PERMITS MUST BE DISPLAYED

Pursuant to NRS 372.135(2), a Nevada Sales Tax Permit **"must at all times be conspicuously displayed at the place for which it is issued."** (Emphasis added.)

## SUMMARY OF 2007 LEGISLATION

In the coming weeks, a full list of the legislation passed by the 2007 Nevada Legislature that impacts the Department and taxpayers will be posted on the Department's website at <http://tax.state.nv.us/>. The following is a brief summary of some of the bills passed by the 2007 Nevada Legislature.

**Senate Bill (SB) 504** standardizes the rate of interest that the Department must pay on refunds or credits of overpayments of certain taxes, fees and assessments collected by the Department and sets that rate at 0.5 percent per month. The taxes impacted by SB 504 include the Net Proceeds of Minerals, the Modified Business Tax (general business and financial institution), Live Entertainment, Intoxicating Liquor, Tobacco, Sales and Use, and the Car Rental and Tire fees.

**Assembly Bill (AB) 236** authorizes the Department to refrain from taking any action to collect any unpaid sales or use taxes due from a person if the cost of that action would exceed the total amount due, including any applicable interest and penalties. AB 236 also allows taxpayers to file returns on an annual basis if the taxpayer had no taxes due for the previous 3 calendar quarters or if the taxable sales did not exceed $1,500 for the previous 4 calendar quarters. This bill also prescribes a proportionate maximum amount of security which may be required from taxpayers who are allowed to file tax returns on an annual basis.

**AB 461** authorizes, among other things, the Nye County Board of Commissioners to impose an additional sales/use tax of up to one-half of one percent for the purposes of recruiting, employing, and equipping additional firefighters, deputy sheriffs, and other public safety personnel, and for constructing, improving, and equipping public safety facilities in Nye County.

**SB 502** revises various provisions governing sales and use taxes to ensure continued compliance with the Streamlined Sales and Use Tax Agreement by clarifying

certain definitions, including out-of-state resale certificates, as required by the Agreement.

**SB 503** extends penalty and interest to the person or governmental entity for failure to pay the State Business License Fee by the operator of a facility where an exhibition is held.

**AB 487** exempts a baseball contest, event or exhibition by a professional minor league baseball team conducted at a stadium from the Live Entertainment Tax.

**AB 586** provides a common definition for tobacco products other than cigarettes, or "other tobacco products," and assists in the enforcement of the tax on any "other tobacco product" by providing for the treatment of and imposition of criminal penalties regarding contraband "other tobacco products" in the same manner as for cigarettes. AB 486 also requires a tobacco retailer to post a notice that the sale of tobacco to minors is prohibited by law and that the retailer may ask for proof of age to comply with this prohibition. This bill also prohibits the retail sale of cigarettes through the use of certain self-service displays and provides for the imposition of a fine for noncompliance with this requirement.

**SB 517** requires all payments of money owed to a State agency for taxes, interest, penalties or any other obligations that, in the aggregate amount of $10,000 or more, must be made by electronic transfer. Please note that SB 517 becomes effective July 1, 2008.

The Department of Taxation offices will be closed the following days in the fourth quarter of 2007:

Friday, October 26, 2007 — Nevada Day
Monday, November 12, 2007 — Veterans' Day
Thursday, November 22, 2007 — Thanksgiving Day
Friday, November 23 — Family Day
Tuesday, December 25, 2007 — Christmas Day