

NEVADA DEPARTMENT OF TAXATION

<http://tax.state.nv.us>



NEVADA TAX NOTES

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DEPARTMENT OF TAXATION OFFICES:

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Carson City, Nevada 89706
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RENO DISTRICT OFFICE

Kietzke Plaza
4600 Kietzke Lane Building L, Suite 235
Reno, Nevada 89502
Phone: (775) 688-1295
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LAS VEGAS DISTRICT OFFICE

Grant Sawyer Office Building
555 E. Washington Avenue, Suite 1300
Las Vegas, Nevada 89101
Phone: (702) 486-2300
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HENDERSON FIELD OFFICE

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

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ARTICLES INCLUDED IN THIS ISSUE

- **Advisory for Filing Returns**
- **Communicating by Mail**
- **Confidentiality of Department Records**
- **Federal Income Tax**
- **Graduated Penalty on Late-Paid Returns**
- **Electronic Payment Required for Tax Payments of \$10,000 and Over**
- **Registration for Online Tax Filing**
- **Annual Sales Tax Filing**
- **Closing Your Account**
- **"Ask the Advisors" Basic Training**
- **MBT Tax Rate Remains Unchanged**
- **State Licenses Required for Tobacco Retail Dealers, Internet Retailers, and Manufacturers.**
- **Unlawful Shipments of Alcohol into Nevada Subject to Seizure**
- **Holiday Closures**

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.

(Continued on Back Page)

CONFIDENTIALITY OF DEPARTMENT 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 that which 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 to the taxpayer is prohibited without a Governor's order. See NRS 372.750.

Pursuant to NRS 360.795, the records and 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

The Department of Taxation receives an enormous number of inquiries regarding issues relating to **Federal** Income tax. The State of Nevada does not participate in the administration of Federal Income Tax nor does it levy a **State** personal, business or corporate income tax. The Nevada Department of Taxation does not require informational copies of Nevada residents' Federal Income Tax forms. Federal Income Tax inquiries should be directed to the official IRS website at www.irs.gov.

GRADUATED PENALTY ON LATE-PAID RETURNS

One of the added features to the Department of Taxation's newly implemented Unified Tax System is the ability to calculate graduated penalty on late-paid returns.

Taxpayers were able to calculate the graduated penalty beginning with all tax returns filed for the period ending April 30, 2007 (due May 31, 2007). Therefore, effective April 1, 2007, tax return instructions supplied by the Department of Taxation provided information on how to calculate graduated penalty. The amount of penalty due is based on the number of days a payment is late after its due date. *Nevada Administrative Code* (NAC) 360.395 outlines the graduated penalty scale:

Number of days late	Penalty Percentage	Multiply by:
1 - 10	2%	0.02
11 - 15	4%	0.04
16 - 20	6%	0.06
21 - 30	8%	0.08
31 +	10%	0.10

ELECTRONIC PAYMENT REQUIRED FOR TAX PAYMENTS OF \$10,000 AND OVER

Passage of Senate Bill 517 by the 2007 Nevada Legislature amends Chapter 353 of the NRS to require that, effective July 1, 2008, "*all payments of money owed to a state agency for taxes, interest, penalties or any other obligations that, in the aggregate, amount to \$10,000.00 or more must be made by any method of electronic transfer of money allowed by the state agency.*"

Beginning July 1, 2008, all tax payments of \$10,000.00 or more will need to be paid through our Nevada Tax on-line system. You may access Nevada Tax online at <http://www.nevadatax.nv.gov/web/>.

REGISTRATION FOR ON-LINE TAX FILING

First time users of Nevada Tax online system should register no less than 3 days before their payment is due to allow for manual mailing of an account password that must be used to complete the registration process.

If you have questions, please contact your Nevada Department of Taxation district office.

ANNUAL SALES TAX FILING

The Department may now allow annual filing of Sales Tax returns upon verification that a taxpayer meets the criteria set forth in NRS 372.380. The annual reporting period is a calendar year from January 1 thru December 31 the annual return is due no later than January 31 of the next year. A taxpayer must present a request, in writing, to be considered for annual reporting. The request must be received by the Department no later than September 30 of the year preceding the year for which the request is intended; i.e., September 30, 2008, for the year beginning January 1, 2009. Requests for annual filing can not be considered until the taxpayer has reported 4 quarterly returns (or 12 months) to the Department of Taxation.

The Department will review the account to verify taxable sales have not exceeded \$1,500 in the preceding 12 months. Once the account has been reviewed and verified, the Department will update the taxpayer's reporting period to annual beginning January 1 of the following year and will send notification of this change to the taxpayer.

CLOSING YOUR ACCOUNT

If you close or sell your business, you must contact the Department. You can cancel your account by contacting us by phone, written correspondence or visiting us at one of our 5 district offices. Whichever way you choose to contact us, certain information will be required in order to expedite the cancellation of your account and ensure the timely refund of any security deposit or credits to

which you may be entitled. It is important to include complete information when notifying us. The following information must be included:

- Nevada Taxpayer ID Number (TID) of the business to be closed;
- The DBA (doing business as/business name) and location of the business;
- The date the business will be closed or sold;
- The reason you closed the business. If you sold the business, who you sold it to;
- What became of the business assets such as equipment or office furniture, or advise if there are no assets. If the assets were sold, please indicate to whom you sold them and the sales price; and
- What became of any remaining inventory. If there is inventory remaining that you do not intend to resell, you are reminded you must report and pay use tax on the remaining inventory on your final return.

Please include your name, title with the business and a daytime phone number in the event we need to contact you. Finally, please provide a mailing address for any refund of security and/or credit to which you may be entitled.

“ASK THE ADVISORS” BASIC TRAINING

The Department will be presenting basic tax training as well as industry-specific training throughout the year. The free workshops include training on Business License requirements, Sales and Use Tax, Modified Business Tax, Live Entertainment Tax, collection of taxes, resale certificates, exemptions, how to prepare amended tax returns, how to prepare for an audit and your petition rights.

SOUTHERN REGION – The following, future workshops will be held in the Henderson Department of Taxation Office, located at 2550 Paseo Verde Parkway, Suite 180 and will begin at 9:00 a.m. and conclude at 12 noon:

- Tuesday, January 15, 2008 – Topics will include Restaurants and Comps.
- Tuesday, February 12, 2008 – Topics will include Basic Training and Construction/Use Tax
- Tuesday, March 18, 2008 – Topic will be Basic Taxation.

NORTHERN REGION – The following, future workshop will be held in the Reno Department of Taxation Office located at 4600 Kietzke Lane, Bldg. B, Suite 111 and will begin at 9:00 a.m. and conclude at 12 noon:

- Wednesday, February 13, 2008 – Topics will include Restaurants and Comps.

“Ask the Advisors” information may also be accessed from the Department’s Website at <http://tax.state.nv.us> and click on “Ask the Advisors.” At this site you may view a Power Point presentation of the Department of Taxation workshop information or view the schedule for the full year.

Reservations are required, as the classes fill up quickly. Please call (702) 486-2354 for Henderson classes or (775) 688-1740 for Reno classes to reserve seating.

MBT TAX RATE REMAINS UNCHANGED

Chapter 363B.110 of the *Nevada Revised Statutes* (NRS) imposes an excise tax of 0.63 percent of the wages, as defined in NRS 612.190, on each employer with employees working in Nevada. This rate, which applies to general businesses with employees in Nevada, was due to expire on June 30, 2007.

Section 72 of Assembly Bill 628 of the 74th Legislative Session effectively removed the expiration date for the 0.63% tax rate. Therefore, the 0.63% tax rate continues to be in effect after July 1, 2007.

STATE BUSINESS LICENSE REQUIRED FOR TOBACCO RETAIL DEALERS, INTERNET RETAILERS AND MANUFACTURERS

Chapter 370 of the *Nevada Revised Statutes* contains provisions for age verification, licensing, shipment and the levy of cigarette excise taxes. During the 2005 Legislative Session, Assembly Bill (AB) 464 was passed requiring retailers and manufacturers of tobacco products in Nevada to possess a State tobacco license. The retailer’s license authorizes the holder thereof to purchase cigarettes from any wholesale dealer holding a Nevada Cigarette Wholesale Dealer’s license and sell those cigarettes at the location specified within the license. Over the next few months and based on our current records, the Department will be issuing Tobacco Retail Dealer’s licenses to retailers. Therefore, after January 1, 2008, the previous designation on your Sales/Use Tax permit authorizing the sale of tobacco products will no longer be valid. Please contact the Department if you have not received a new Tobacco Retail Dealer’s license by February 1, 2008, so we may issue you a new license.

As sales of cigarettes over the internet increase, persons should be aware that Nevada law prohibits shipping of cigarettes to children under the age of 18 and requires a State Tobacco Retail Dealer’s license and payment of all applicable taxes by persons accepting orders for delivery of tobacco. The cigarette excise tax is levied at 4 cents a stick, or 80 cents per pack of 20. This equates to \$8.00 a carton. In addition, cigarettes delivered to residents of this State are subject to taxation on the “use” thereof. A Nevada consumer of cigarettes purchased on the internet should verify all applicable excise tax and use taxes have been paid prior to contacting the Department to remit these taxes.

UNLAWFUL SHIPMENTS OF ALCOHOL INTO NEVADA SUBJECT TO SEIZURE

Chapter 369 of the *Nevada Revised Statutes* regulates the flow of liquor into this State. All liquor entering Nevada must remain within the “three-tier system.”

Pursuant to NRS 369.388, "A person who holds an importer's license or permit may purchase [a] liquor only from the supplier of that liquor." NRS 369.430 further provides that a supplier may only export alcohol into Nevada to a licensed Nevada Importer/Wholesaler after registering with and obtaining from the Department of Taxation a Certificate of Compliance. Suppliers of liquor are required to renew their Certificate of Compliance permits each fiscal year. The Nevada Importer/Wholesaler license is a privileged license permitting the importer to be first in possession of liquor imported into Nevada (NRS 369.390). An intending importer of alcohol may not legally accept any shipment of liquor except from a holder of a valid Certificate of Compliance (NRS 369.430). Nevada licensed retailers may only purchase and receive liquor from Nevada licensed wholesalers (NRS 369.487). Any shipment of liquor received in violation of these provisions is subject to seizure pursuant to NRS 369.420 and 369.460.

HOLIDAY CLOSURES

The Department of Taxation offices will be closed the following days in the first quarter of 2008:

Tuesday, January 1, 2008 - New Year's Day
Monday, January 21, 2008 - Martin Luther King Day
Monday, February 18, 2008 - Presidents' Day