

NEVADA DEPARTMENT OF TAXATION



NEVADA TAX NOTES

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**ACTIVE DUTY MEMBERS OF THE NEVADA NATIONAL
GUARD AND THEIR DEPENDENTS
ELIGIBLE FOR SALES TAX EXEMPTION**

Effective July 1, 2005, [NRS 372.7282](#) provides an exemption from Nevada sales tax on sales of tangible personal property to certain Nevada National Guard members who have been called to active duty and their qualifying dependents living at the same physical address in Nevada. The period of tax-exempt status is based on the start and end dates of active duty mobilization orders which occurred July 1, 2005 and after. The effective dates will be specified on the individual's Letter of Exemption issued by the Department of Taxation. Certain Nevada National Guard members, either Air Guard or Army Guard, who are engaged in full-time National Guard duty, as defined in 10 U.S.C. Section 101 (d) (5) and have been called into active duty are eligible for the exemption. Qualifying dependents are relatives of the Nevada National Guard member eligible for the exemption who (a) reside at the same home or dwelling in Nevada as the member; and (b) are related by blood, adoption or marriage to the member within the first degree of consanguinity or affinity to the member (spouse and children). Vendors selling tangible personal property to eligible members and their qualifying dependents are authorized to sell to them tax exempt. The vendor shall account for the exempt sale on its Sales/Use Tax return under 'Exemptions'. For audit purposes, the vendor must retain a copy of the individual's Letter of Exemption to document the transaction as tax exempt. This exemption only applies to Nevada Sales/Use Tax and does not provide exemption from any other tax. Any vendor having questions concerning the Letter of Exemption should contact the Department of Taxation.

**NEVADA SECRETARY OF STATE ROSS MILLER
TO ADMINISTER STATE BUSINESS LICENSE BEGINNING OCTOBER 1, 2009**

**ALL Nevada businesses will receive their annual State Business License
from the Secretary of State**

Effective October 1, 2009, Nevada Secretary of State, Ross Miller's office will be responsible for issuing the State Business License. The business license is required of all entities who are conducting business in this State.

The 2009 Legislature approved AB 146, which transfers the authority to issue and collect the annual Business Licenses and Fees, from the Department of Taxation to the Secretary of State. The legislation also provided for the development of a new business portal in the Secretary of State's office. The portal will eventually provide a more comprehensive "One-Stop Shop" for businesses incorporated in Nevada.

Secretary of State Ross Miller says his goal is to make Nevada the gold standard for business services in the country. "The consolidation of the Business License program with the other services my office provides is the first step toward creating an online service like no other state offers," he said. "We will be reaching out far and wide into the business community to let them know of these improvements. We look forward to better serving Nevada businesses."

The change in the administration of the State Business License will re-direct businesses to apply, pay the license fee, and be issued a State Business License online at www.nvsos.gov. Online payment options will be expanded to include debit card, e-check, credit card or a trust account.

Business entities formed under Title 7 of the Nevada Revised Statutes that are required to file an initial or annual list of officers will file for their annual Business License at the time the annual list is filed. The business' annual \$200 Business License Fee may be prorated based on when their current State Business License expires. Other businesses, such as sole proprietorships and partnerships, will file with the Secretary of State for a renewal of their existing license not later than the date of expiration or apply for a license when they begin conducting business in Nevada.

All businesses are encouraged to visit www.nvsos.gov and click on the State Business License Information button under the Licensing Center to learn more about the new process and find answers to questions about the State Business License requirements. While at the site, businesses should also click on "whynevada.com" to learn more about why Nevada is such a great State to start and conduct a business.

**TAXPAYER'S INFORMATION SOURCE
FOR TAX LAW**

It's been the Department's experience through various audits that some taxpayers rely on information obtained from other taxpayers for guidance on tax issues. To avoid being assessed for tax liabilities when audited, the Department strongly recommends that taxpayers obtain such information only from the Department and not from other taxpayers.

IMPORTANT NOTICE
LEGISLATIVE CHANGES AFFECTING TAXES

The State of Nevada has enacted new legislation affecting the collection of various taxes. The previously enacted reduction in the Collection Allowance to .25% for Sales and Use Tax, Liquor Excise Tax on Sales to Consumers, Liquor Excise Tax, Other Tobacco Products and the Cigarette Tax will remain in effect for all future returns. In addition, the Local School Support Tax portion of the Nevada Sales and Use Tax will be increased from 2.25% to 2.60% effective July 1, 2009.

Based on this increase, the new Sales and Use Tax rate in each county will be as follows:

Churchill	7.600%	Humboldt	6.850%	Carson City	7.475%
Clark	8.100%	Lander	7.100%	Pershing	7.100%
Douglas	7.100%	Lincoln	7.100%	Storey	7.600%
Elko	6.850%	Lyon	7.100%	Washoe	7.725%
Esmeralda	6.850%	Mineral	6.850%	White Pine	7.475%
Eureka	6.850%	Nye	7.100%		

The new legislation has also made changes to the General Business Rate for the Modified Business Tax (MBT-GB). Effective July 1, 2009, the rate for MBT-GB will be changed to 0.5% of the taxable wages amount up to \$62,500 per calendar quarter, plus 1.17% of the taxable wages amount in excess of \$62,500 per calendar quarter.

Effective July 1, 2009, the Business License Fee will increase to \$200 for new business registrations and for the annual renewal fee for businesses with an anniversary date on or after July 1, 2009.

Effective October 1, 2009, the Business License Fee will be administered and collected by the Secretary of State's office.

ADMINISTRATIVE HEARINGS INFORMATION
AVAILABLE ON THE DEPARTMENT WEBSITE

In an effort to inform and prepare taxpayers who are using the administrative hearing process of the Department of Taxation, or who may want information about the most common types of hearings the Department conducts, information is now available on the Department's website. You can access this information by clicking on the "Hearings" tab. In the "Hearings" section you will find helpful information regarding the hearing process, what you can expect at a hearing, how to prepare for a hearing, and answers to other commonly asked questions. If you have filed a dispute regarding an audit determination or have received a letter from the Department instructing you to appear before a Hearing Officer, the information available on the website will help you to better understand your role in the hearing process. This resource is intended to assist taxpayers without representation and taxpayer representatives such as accountants and attorneys.

STREAMLINED SALES TAX –
NEW TAXABILITY MATRIX

The Department would like all taxpayers to note the changes made to the Streamlined Sales Tax (SST) —Taxability Matrix posted on the Department's website located at http://tax.state.nv.us/streamline_sales.htm. The SST Taxability Matrix is part of Nevada's compliance with the Streamlined Sales and Use Tax Agreement (SSUTA) which allows Nevada to remain a full member of the Streamlined Sales Tax Organization. There were recent changes in all areas of the Matrix from delivery charges to durable medical equipment. Some changes were more extensive than others, giving greater detail and making all areas more self-explanatory. The Department encourages all taxpayers and businesses to take a moment to familiarize themselves again with the Matrix as a whole and specifically with the changes in each area. Nevada Revised Statutes (NRS) and Nevada Administrative Code (NAC) cites listed within the Matrix should give a clearer definition and greater understanding of each area listed. The NRSs and NACs related to Sales and Use Tax can be found at http://tax.state.nv.us/nrs_nac_link_page.htm. For questions regarding Streamlined Sales Tax please visit <http://www.streamlinedsalestax.org>.

CLAIMING A CREDIT

If you made an error on a Sales Tax, Use Tax or Modified Business Tax return and have a credit coming to you, **do not** take the credit until you have received **written notification** from the Department, and verified the credit. The credit can be verified through your online account or through a review of your own records. If you need instructions on how to amend a return, please go to the FAQ's Tab on our website.

TIRE TAX EXEMPTION ADVISORY

An advisory regarding the applicability of the Tire Surcharge Fee on retail transactions to “sales tax exempt purchasers” was recently obtained from the Nevada Attorney General’s Office. The advisory clarified the Tire Surcharge Fee must be collected on all retail tire purchases regardless of who the tire is sold to.

[NRS 444A.090](#) states: “A person who sells a new tire for a vehicle to a customer for any purpose other than for resale by the customer in the ordinary course of business shall collect from the purchaser at the time he collects the applicable sales taxes for the sale a fee of \$1 per tire.” There has been confusion with the language, “at the same time he collects the applicable sales taxes for the sale” which might be read to exclude all NRS Chapter 372 exempt entities such as government agencies or charitable organizations, from the requirement to pay the Tire Surcharge Fee, which is why the advisory was requested.

GOING PAPERLESS WITH TAX RETURNS

Want to receive less paper? Help the environment? On this Website click on “Go Paperless” under Quick Links. You can request that we no longer mail your tax returns for Sales/Use Tax, Use Tax, and Modified Business Tax. You can also file online at www.nevadatax.nv.gov or download the forms from this Website by clicking on the “Common Forms” Tab.

RESALE CERTIFICATES VS. SALES TAX PERMITS

The Department of Taxation would like to clarify the ***difference*** between a Resale Certificate and a Sales Tax Permit. The Department is receiving an increasing number of phone calls from Nevada sellers/retailers, stating that many vendors/wholesalers from whom they purchase inventory for resale, are requesting copies of purchasers’ Sales Tax Permits; not copies of purchasers’ Resale Certificates. **This is not correct as Sales Tax Permits are not interchangeable with, and may not be used in lieu of, Resale Certificates.**

Nevada vendors/wholesalers selling tangible personal property for resale in this State must take care when obtaining Resale Certificates from customers claiming to be exempt from paying sales tax because the purchaser must re-sell the merchandise/property on which sales tax is not paid.

Blank Resale Certificate forms may be downloaded from this website by going to the Common Forms Link. Blank Resale Certificate forms/cards may also be purchased at most office supply or stationery stores.

ATTENDING OR PROMOTING A ONE-TIME EVENT, TRADESHOW OR CONVENTION

If you are a **VENDOR** attending a one-time event, tradeshow or convention in Nevada, please contact your event promoter to obtain your **“One-Time Permit”** to make sales in Nevada. You will be required to remit whatever sales tax is collected, to the promoter at the end of the event. All checks should be made payable to the Nevada Department of Taxation.

PROMOTERS/ORGANIZERS of one-time events, tradeshows and conventions should contact the appropriate Department of Taxation office at least two weeks prior to the scheduled event to obtain [promoter instructions](#), [related tax statutes](#), and the necessary number of **“One-Time Permits”**. ([NAC 372.180](#))

Please note that [liquor](#), [cigarettes and other tobacco products](#) are subject to special laws and regulations in addition to sales and use tax. Please contact the Carson City Taxation office if there will be liquor, cigarettes or other tobacco products sold or given away at the tradeshow or convention.

Items of tangible personal property are sometimes given away at one-time events, tradeshows, and conventions. Most 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 without charge **and** has significant value ([NRS 372.7275](#)). 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.

PHOTOGRAPHERS

Photographers are consumers of materials, supplies and equipment used in rendering their services and must pay the sales tax on the property at the time of purchase. If sales tax is **not** paid at the time of purchase, the photographer must self-assess **use tax** on the purchase. Use tax must be remitted to the Department by the end of the month following the period in which the untaxed tangible personal property entered the State.

The services performed by a photographer in the creation of a visual image are exempt from taxation. Such professional services include: consultation, set-up, processing, **and** the initial rendering of a visual image. This initial rendering can be in the form of the original proof, compact disc, flash drive or an electronic transfer furnished by a photographer to a customer.

Photographers that sell duplications or enlargements of photographs ***will be considered a retailer*** and ***must collect sales tax*** on the gross receipts from those sales. ([NRS 372.250](#), [NRS 372.729](#) and [NAC 372.330](#))

BAD DEBTS

Retailers unable to collect all or part of the sales price of any sale of tangible personal property may claim a credit against the amount of sales tax previously paid to the State of Nevada by taking the deduction on the return that covers the period during which the bad debt is written off. The sales must have been included in the gross receipts reported for a previous sales tax reporting period(s) and must be eligible to be claimed as a deduction pursuant to 26 U.S.C. § 166 or, if the retailer is not required to file a Federal Income Tax Return, they would be eligible to be claimed as a deduction pursuant to 26 U.S.C. § 166. Please note that a claim for bad debt is available to retailers only.

COPYING OLD TAX RETURNS FOR CURRENT FILING PERIODS

Making copies of old tax returns to report current tax liabilities may create duplicate returns on the Department's computer system for the periods of the copied returns. Because the return's barcode contains the prior date it will post as a duplicate to the prior period, and may cause a taxpayer not to get credit for having filed current taxes in a timely manner. Also, a prior period's tax return may not have the most up-to-date tax rates which could result in a penalty and/or interest assessment if it is short paid. A current tax return can be downloaded from this website or may be obtained by calling or visiting your local Department of Taxation office.

DIRECT MAIL ADVERTISING

Businesses engaged in direct mail advertising including the transfer of printed advertising materials (i.e. coupons, flyers, post cards, ads, etc.), are considered to be selling tangible property under [NRS 372.060](#), and are liable to impose and collect sales tax on the gross receipts of the transactions. Non-taxable services, if stated separately on the invoice, and are not directly connected to the sale may be exempt from the tax ([NRS 372.025](#)). These services may include graphic art design fees, artwork, die cutting, embossing, folding, stuffing, binding, addressing, inserting or collating, printing addresses, postage, etc. These businesses may also be liable for Use Tax under [NRS 372.185](#) on materials consumed incidental to the service and upon which sales tax has not been paid. Such materials include computers used for creating graphic art, paper used to generate original graphics, machines used for inserting or collating, etc.

For direct mail companies providing pure services wherein the coupons, flyers, post card ads, etc. are customer provided, the act of mailing is a non-taxable transaction. In this case, direct mailers may still be liable for Use Tax on incidental materials consumed as described above.

SUCCESSOR'S LIABILITY

Taxpayers purchasing existing businesses are reminded to be aware of Successor's Liability ([NRS 360.525](#)). Be sure to request a "Certificate of Amount Due" for the business being purchased for any tax or fee administered by the Department. If you don't take this action, you may become personally liable for the payment of any unpaid taxes from the prior owner up to the extent of the consideration paid for the business or any stock of goods, valued in money.

CHARGES FOR TRANSPORTATION, SHIPPING AND POSTAGE NOT TAXABLE

Pursuant to and in accordance with the directives of Assembly Bill 403, from the 75th Session of the Nevada State Legislature, effective May 22, 2009; if ***separately stated, charges for transportation, shipping and postage are not taxable***. Sections 290, 425 and 480 of Chapter 360B, of the Nevada Revised Statutes will be amended to incorporate these Legislative changes into the Chapter.

Note – Charges for handling, crating and packaging are taxable regardless of whether they are separately stated.

REGISTERING ONLINE WITH "NEVADATAX"

The Nevada Department of Taxation currently has an online website where you can safely and securely register, file a return and pay an outstanding liability. Registering to file online is simple; you will need to have your current 10 digit

taxpayer's identification number (TID); a recent payment amount; and general knowledge of your business. Go to the NevadaTax website www.nevadatax.nv.gov or click on the quick link on the Department's website www.tax.state.nv.us and select "Enroll Nevada Tax". Follow the steps to enter your user and business information; verify the business TID and a recent payment amount. Once the information is verified, you will be sent two e-mails. One email confirming your chosen user name and the second with a temporary password. You will then return to www.nevadatax.nv.gov and click on "Returning User", type in your chosen user name and the temporary password you received in the e-mail. The system will prompt you to retype the temporary password for verification and ask you to choose a new password. Once you do this, you will be registered to use the Department's online filing system.

ADVISORY FOR FILING RETURNS

Due to the monthly and quarterly tax filing requirements, our offices are extremely busy the last few days of the 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.

"ASK THE ADVISORS" TRAINING WORKSHOPS

The Department will be presenting Basic Tax Training as well as industry-specific training throughout the year. The free workshops include training on 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, your petition rights, etc.

SOUTHERN REGION – The following 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, October 20, 2009 — Basic Tax Training](#)

NORTHERN REGION – The following workshops 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, October 14, 2009 — Basic Tax Training & Restaurants and Bars](#)

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

For those not able to attend "Ask the Advisors" training, you may access the Workshop Power Point presentations at the Department's website <http://tax.state.nv.us> by clicking on "Ask the Advisors." At this site you may also view the workshops scheduled for the next year.

HOLIDAY CLOSURES

The Department of Taxation offices will be closed the following days in the upcoming months:

- Friday • October 30, 2009 • Nevada Day
- Wednesday • November 11, 2009 • Veterans Day
- Thursday • November 26, 2009 • Thanksgiving Day
- Friday • November 27, 2009 • Family Day
- Friday • December 25, 2009 • Christmas Day
- Friday • January 1, 2010 • New Years Day

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