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May 19, 2016

Via email: vashekon@tax.state.nv.us

Nadia Vasheko
Commerce Tax Manager
State of Nevada
Department of Taxation
Grant Sawyer Office Building
555 E. Washington Ave, Suite 1300
Las Vegas, NV 89101

Re: Comments on Commerce Tax Additional Information Form (Revised May 19, 2016)

Dear Ms. Vasheko,

I believe the latest release of forms to be discussed at today's Nevada Department of Taxation public hearing represents a significant improvement in the ability of a Nevada taxpayer to understand and complete the required documentation. However, I wanted to focus attention to the Commerce Tax Additional Information Form (Revised May 19, 2016).

Based on the Commerce Tax Registration Process Informational Chart, the Department is requiring this referenced form for "data *verification* purposes". Because of the scope of secondary information required by Commerce Tax Additional Information Form, there are a number of interpretative and compliance issues with attendant compliance cost that emerge which must be balanced against the true utility of this form.

From my review of the subject form, I have a number of questions in order to assist clients in completing the proposed form:

1. Why is the Department of Taxation requiring the disclosure of each owner, partner, corporate officer, manager, member and authorized agent for data verification purposes? As the Department of Taxation is fully aware, the Nevada Secretary of State requires the names and business addresses of officers, directors, managers, managing members, general partners of limited partnerships, and registered agents in annual lists filed and that information is readily available through the Nevada Secretary of State's office.



2. Is a fully completed form voluntary or is it required in order to fully satisfy the registration process for the Nevada Commerce Tax to be complete?
3. Will this form be required filed and updated annually?
4. Does the term “owners” include “stockholders”, “shareholders”, or “beneficiaries of statutory business trusts”? If not, why is there an apparent discrimination between similarly situated persons?
5. What is the definition of an “authorized agent”?
6. Does the term include “registered agents”?
7. Why is the Department of Taxation requiring the disclosure of certain of those individuals residence address as opposed to business address which is typically the address on file with the Nevada Secretary of State’s office for registered entities?
8. If the person only has a taxpayer identification number and not a social security number, can that person omit completing the social security number box?
9. If a taxpayer has a number of corporate officers, is it required to list and complete the required information on the form for each and every one with their related required information? (Some of our clients have over 100 corporate officers and managers and in some cases, thousands of stockholders or members).
10. What if the taxpayer cannot furnish the required information since in many cases it requires voluntary disclosure by the listed individuals and entities who may rightly refuse to disclose private and confidential information?
11. Why is the Department of Taxation requiring social security numbers of these individuals in the first instance especially corporate officers?
12. What general steps is the Department of Taxation taking to secure this information from cyber attack and hacking in light of recently successful cyber attacks against various federal agencies including the Internal Revenue Service?
13. Why is the Department of Taxation requiring residence telephone and dates of birth? Many persons no longer have residential land lines. If those persons do not have residential phones, can a taxpayer leave that section of the form blank? Entities don’t have dates of birth.
14. Can those entities omit filing out the DOB box?

15. What “data verification” is being conducted by the Department of Taxation which requires this significant disclosure especially when the Department of Taxation is mandated to reasonably limit its documentation requests?

16. Why is this information needed for the Department of Taxation to do its job given the availability of information on the Nevada Secretary of State’s website?

17. Who will the Department of Taxation be sharing all this collected data with and do those parties have substantial systems in place to avoid hacking and cyber attack?

18. How long is the Department of Taxation going to retain this collected information and what additional steps will be undertaken to protect this information over time?

19. Has the Department of Taxation received a legal opinion on its compliance with the Nevada Taxpayer’s Bill of Rights especially NRS 360.291(1)(c) under which the Nevada taxpayer have the rights “**to provide minimum documentation as may be reasonably be required by the Department to carry out its duties**”? Has it made an official finding? If so, is the Department of Taxation willing to share that opinion or finding with the general public?

20. What TID number(s) need to be disclosed? Is it just the business entity who is filing the form, or all the persons on the list? Shouldn’t that information be requested on the actual commerce tax reporting form?

21. Is it fair to ask a person to certify that the information provided is true, correct and complete to the best of a person’s knowledge and belief given the scope and uncertainties associated with the form some of which are identified above?

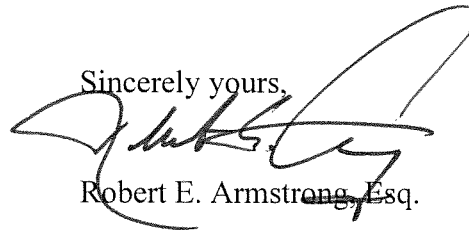
22. Is the Department of Taxation going to redesign the form to allow adequate space to provide the necessary information especially if it is filled out in printed as opposed to electronic form?

If the Department of Taxation requires some further information, we believe a reasonable solution to many of the issues raised is to only require “responsible persons” to be on the list using the definition of “responsible person” of the business entity contained at NRS 360.297[1]. The Department of Taxation has the selective ability through its power to examine and audit to collect this information if an underpayment of commerce tax becomes an issue. I believe the burden and cost of compliance and safeguards on privacy far outweigh the justification for this information.



We appreciate the Department of Taxation and the Nevada Tax Commission consideration of these questions and obtaining a written response thereto. Thank you for your attention in this matter.

Sincerely yours,



Robert E. Armstrong, Esq.

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