

# NEVADA DEPARTMENT OF TAXATION



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**AUTOMOTIVE**

# **AUTOMOBILE INDUSTRY – Statue and Regulation Guidance**

- **The Department of Taxation administers NRS & NAC Chapters 360, 360B, 372, 374 for guidance in making determinations of taxability**
- **Department of Motor Vehicles (DMV) administers laws and regulations governing the licensing, selling, titling and other related issues (NRS & NAC 482)**

# AUTOMOBILE INDUSTRY

## Information Sites:

Department of Taxation: <http://www.tax.nv.gov>

DMV main website: <http://dmv.nv.com/>

DMV Registration/Title Guide:

<http://www.dmv.nv.com/pdfforms/regtitle.pdf>

Statutes and Nevada Administrative Code:

<http://www.leg.state.nv.us/law1.cfm>

**SALES**

# SALES TAX

- **Sales tax is due on the retail sale of all Tangible Personal Property unless the transaction is specifically exempted by statute**
- **Sales tax is held in-trust by the dealership and must be remitted to the Department monthly/quarterly**
- **Applicable sale tax rate is charged based upon the county where the actual sale occurs not where the purchaser resides**

# SALES

## Included

**Total amount of consideration for property sold**  
**Charges necessary to complete the sale**

## Excluded

- **Discounts offered by the seller**
- **Unwinds—Purchaser is made whole all funds returned**
- **Labor charges when separately stated**
- **Trade-in of used vehicle / vessel (allowable sales tax credit)**

# SALES

- **Maintenance Contracts (warranty) separate from any manufactures warranty if negotiated for a price at the time of the sale are considered part of the sale and are subject to sales tax**
- **Optional Maintenance contracts (warranty) are not taxable; however any parts covered by the warranty at the time of repair are subject to sales or use tax**

# SALES

- **After-Market Warranty:** The parts used for these repairs are subject to use tax. If the parts are shown separately, then only those tangible parts are subject to sales or use tax.
- **Repair labor is not taxable**
- **If the parts are not shown separately, the transaction is considered 'bundled' and the entire transaction is subject to the tax. (NAC 372.045)**




# SALES

Vehicle sales to **Military** personnel are generally subject to sales tax.

Occasionally a dealer may get this Active Duty Military Governmental Services Tax Exemption Affidavit. →

**THIS FORM DOES NOT EXEMPT THE PURCHASE FROM SALES TAX.....**it only exempts the Governmental Services tax due at registration with DMV

**NOTE:** This exemption applies ONLY to Active Duty Military, and not the members of the Nevada National Guard.



555 Wright Way  
Reno/Sparks/Carson City (775) 684-4DMV (4368)  
Las Vegas Area (702) 486-4DMV (4368)  
Rural Nevada (877) 368-7828  
Website: www.dmvnv.com

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**NON-RESIDENT, ACTIVE DUTY MILITARY GOVERNMENTAL SERVICES TAX EXEMPTION AFFIDAVIT**

Requirements to Claim Exemption - A copy of this form and a Leave Earnings Statement (LES) showing the home state is one other than Nevada and is dated within the previous 30-days; these must be presented during each registration period. Confidential information may be blacked out on the LES. If the exemption is being claimed by mail, the LES will not be returned.

(Please type or print)

**Part 1 Must be completed by Commander or Authorized Officer**  
I hereby certify that I have examined the service record of (full legal name of active duty servicemember)

First \_\_\_\_\_ Middle \_\_\_\_\_ Last \_\_\_\_\_  
Rank \_\_\_\_\_, last four digits of SS# \_\_\_\_\_ and find that he or she is a legal resident of the State of \_\_\_\_\_ and a member of \_\_\_\_\_ unit and is assigned to duty at \_\_\_\_\_ installation effective \_\_\_\_\_ Date Ordered to Duty Station \_\_\_\_\_

I declare under penalty of perjury that the foregoing is true and correct.

Printed Name of Commander or Authorized Officer \_\_\_\_\_ Rank \_\_\_\_\_  
Signature (in ink) \_\_\_\_\_ Date \_\_\_\_\_  
( ) \_\_\_\_\_ Email Address \_\_\_\_\_  
Telephone Number (Mandatory) \_\_\_\_\_

**Part 2 Must be completed by non-resident active duty servicemember claiming exemption**  
Under the provisions of the Servicemember's Civil Relief Act of 2003 and the United States Supreme Court decision in the case of California vs. Buzard, 382 U.S. 386 (1966), I hereby claim exemption for Governmental Services Tax on the described vehicle registered in \_\_\_\_\_ County, State of Nevada.

Year	Make	Model	License Plate Number

Vehicle Identification Number \_\_\_\_\_  
Full Legal Name \_\_\_\_\_  
First \_\_\_\_\_ Middle \_\_\_\_\_ Last \_\_\_\_\_ Email Address \_\_\_\_\_  
Nevada Driver's License, Identification Number, or Date of Birth \_\_\_\_\_  
Physical Address \_\_\_\_\_ Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip-Code \_\_\_\_\_  
Mailing Address \_\_\_\_\_ Address \_\_\_\_\_ City \_\_\_\_\_ State \_\_\_\_\_ Zip-Code \_\_\_\_\_  
Identification \_\_\_\_\_ ( ) \_\_\_\_\_  
Driver's License or State Issued ID Number \_\_\_\_\_ State of Issue \_\_\_\_\_ Telephone Number \_\_\_\_\_

I declare under penalty of perjury that the foregoing is true and correct.

Signature (in ink) \_\_\_\_\_ Date \_\_\_\_\_

VP203 (8/2015) Signatures must be originals. Photocopies are not acceptable.  
Changes may not be made to this form once it is signed.

# SALES

**Nevada Residence (Permanent or Temporary)  
Sales are taxable if they reside in Nevada**

***Rebates:* Manufacture Rebates do not affect the sales tax on the selling price of a vehicle. *This is a form of payment***

***Dealer Discounts:* Dealer discounts are considered discounts and are not taxable. *It reduces the selling price of the vehicle.***

# SALES

- **Theft Deterrent Systems:** Any charge for car alarms or similar devices are subject to sales tax.
- **Any service required as part of the sale such as document fees are subject to sales tax. This also includes any service that is necessary to complete the sale such as smog fees. (NRS 372.025, NRS 360B.480)**
- **Title fees are not taxable**

# SALES

- **Vehicle Give-Aways:** Example a casino is giving away a vehicle in a contest or promotional program. This is a purchase by the casino for its promotion. Sales tax is payable by the casino.
- The casino is allowed to pass on its tax burden to the contest winner provided the contest rules have been posted.

# **SALES**

## **Vehicle Give-Aways (continued)**

- No drive-away exemption is allowed for this type of transaction.**
- Any upgrades required by the contest winner that is outside the agreement is subject to tax to the winner**
- If a vehicle is provided strictly as product placement/display for the promotion then no tax is due**

# SALES

- Tires sold at retail are taxable
- Smog fees are taxable (*if sold in conjunction with vehicle sale*).
- Doc(ument) fees are taxable.

# UNWIND

- **Unwind – Sale is essentially cancelled, the dealership and customer are both made “whole”. A reasonable restocking fee may be charged by the dealership.**
- **If a vehicle used as a trade-in is no longer in the dealership’s inventory, then the value of the trade-in should be used**

# REPOS

- **Vehicle Repossession -- No refund of the sales tax charged and remitted on the original deal. NRS 372.368, *Deduction of certain bad debts from taxable sales* may be appropriate when properly documented.**



This form should be in the deal file whenever a repossession occurs. Note this form also includes a notary section.



555 Wright Way  
Carson City, NV 89711-0700  
Reno/Sparks/Carson City (775) 684-4DMV (4368)  
Las Vegas area (702) 486-4DMV (4368)  
Rural Nevada or Out of State (877) 368-7828  
[www.dmvnv.com](http://www.dmvnv.com)

### REPOSSESSION AFFIDAVIT

Please print or type

I, \_\_\_\_\_ being first sworn deposes and says I am the legal  
Lienholder as shown on the Nevada Certificate of Title  
Owner and a Lienholder of the vehicle described below and in the name of

Registered Owner \_\_\_\_\_

Registered Owner \_\_\_\_\_

Described as follows:

Vehicle Identification Number

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Year \_\_\_\_\_ Make \_\_\_\_\_ Model \_\_\_\_\_

I certify that all provisions of Nevada Revised Statutes 482.516 through 482.518 have been complied with, and make this affidavit for the purpose of satisfying the Nevada Department of Motor Vehicles. I also hereby release, discharge and agree to hold harmless the Nevada Department of Motor Vehicles of and from any and all liability to anyone whomsoever which may arise by reason of any contest of the validity of the repossession herein referred to, or the validity of the repossession of the vehicle under provisions of the conditional contract in the manner prescribed in Nevada Revised Statutes.

Nevada Driver's License, Identification Card Number, Date of Birth, or FEIN for businesses number:  
| \_\_\_\_\_

Physical Address \_\_\_\_\_  
City State Zip Code

Mailing Address \_\_\_\_\_  
City State Zip Code

Printed Full Legal Name of Business or Individual(s) \_\_\_\_\_

State of Nevada, County of \_\_\_\_\_

Subscribed and sworn to before me on \_\_\_\_\_  
Date

By \_\_\_\_\_  
Signature of Affiant

Notary Stamp

\_\_\_\_\_  
Notary Public or Authorized Nevada DMV Representative

# SALES

- **The selling price of any vehicle delivered in this state by a registered retailer who is providing a courtesy delivery to a customer on behalf of an unregistered out-of-state seller should be included in the gross receipts of the delivering retailer.**
- **Sales tax should be collected on the sale at the time of delivery**

# SALES

- **Any sale in one county is subject to that county's sales tax rate regardless of the fact that the purchaser is a resident of another county. Where the sale takes place determines the rate of taxation.**

# ABSORPTION OF TAX

- Taxpayers SHOULD NOT advertise they will pay the sales tax (*NRS 372.115*)
- Taxpayers CAN state that “sales tax is included....” (*NAC 372.760*)
- If there is no statement on the invoice or a sign indicating the same, the entire amount or portion that is separated out relating to tangible personal property is considered taxable (*NAC 372.760*)

# TRADE - INS

- Trade in of a vehicle towards the purchase of another vehicle, reduces the purchase price by the value of the trade in. Sales tax is computed and paid on the net selling price.
- Trade-in of a leased vehicle has no affect on the sales tax computation.

# TRADE - INS

- Trade-in of a vessel (boat) towards the purchase of a vehicle, tax credit is computed on the value of the vessel based on the county rate minus the 2% state tax.
- *Whenever a vessel is involved, the Supplemental Trade-In form provided by the Department of Taxation must be used*

NEVADA DEPT OF TAXATION

TID:

**VESSEL TRADE-IN/TRADE-DOWN  
SUPPLEMENTAL REPORTING FORM**

Mail Original with your Sales/Use Tax Return

FOR DEPARTMENT USE ONLY

For month ending:

Due on or before

		TRADE IN			
	RATE	COUNTY	TRADE IN VALUE		
1.	County Rate 6.85%			Calc Tax @ 4.850%	0.00
2.	County Rate 7.10%			Calc Tax @ 5.100%	0.00
3.	County Rate #####			Calc Tax @ 5.475%	0.00
4.	County Rate 7.60%			Calc Tax @ 5.600%	0.00
5.	County Rate #####			Calc Tax @ 5.725%	0.00
6.	County Rate 8.10%			Calc Tax @ 6.100%	0.00

Sub Total 0.00

Less .25% Collection Allowance 0.00

(A) Total Allowance 0.00

Subtract (A) from Line 26 on your regular Sales/Use Tax Return

**TRADE DOWN (use when vessel sold is worth less than vessel taken in trade)**

1.	Selling Price of New Vessel	
2.	Selling Price of New Vessel	
3.	Selling Price of New Vessel	

Sub Total 0.00

Tax @ 2% 0.00

Less .25% Collection Allowance 0.00

(B) Total Allowance 0.00

Add (B) to Line 26 on your regular Sales/Use Tax Return

**Please note - Due to software limitations, if you use the interactive Combined Sales and Use Tax return available on the Departments website, you must manually write in the results for Line 26 after printing**

SIGNATURE	PHONE NUMBER
PRINT NAME	FEDERAL ID OR SOCIAL SECURITY NUMBER
TITLE	DATE



Form to use  
when a vessel  
is involved in  
the trade in or  
trade down

# TRADE - INS

- Trade-in of a vehicle towards the purchase of a boat (vessel), the trade-in tax credit is the full county tax rate.
- Trade-ins are to be reported as an exempt sale in Column B of the sales tax return.



# TRADE - INS

- **Trade-in tax credit on vehicle not purchased in Nevada**
- **A trade-in allowance is allowed on all vehicle trade-ins regardless of where the trade-in vehicle was initially purchased**

# TRADE - INS

- **Trade-downs-- A vehicle/vessel that is given a trade-in credit which is higher than the selling price of the new vehicle/vessel, the trade-in tax credit cannot exceed the tax of the selling price of the new vehicle/vessel**
- **Trade-downs of vessels are subject to 2% tax on the selling price of the new vessel**

# LEASES

# LEASE DEFINITIONS

- **Residual Value -- Estimated fair market value of the vehicle at the end of the lease**
- **Capitalized Cost -- Value agreed upon for the vehicle to be leased, including add-on costs, admin fees, prior lease balance, etc.**
- **Capitalized Cost Reduction -- Amount of any net trade-in allowance, rebate, etc. that is used to reduce the amount to be leased**

# LONG TERM VEHICLE LEASES

- **A long term lease is for a period over 31 days (NRS 482.053)**
- **Information on the lease:**
  - **Value of leased vehicle**
  - **How payment at inception is disbursed**
  - **Computation of monthly sales tax**
  - **Estimated (residual) value at end of lease**
  - **Purchase option**

# TAXABLE ITEMS IN A LEASE

- **Monthly payments**
- **First payment paid to dealership, remainder remitted to/by leasing company**
- **Doc fees showing on lease**
- **“Smog Fees” showing on lease**
- **Capitalized Cost Reduction**

# Example of Vehicle Lease

AMOUNT DUE AT LEASE SIGNING OR DELIVERY	MONTHLY PAYMENTS	OTHER CHARGES	TOTAL OF PAYMENTS
<u>\$10,000.00</u>	A. Your first Monthly Payment of <u>\$647.01</u> is due on the Lease Date, followed by 62 payments of <u>\$647.01</u> due on the 1 <sup>st</sup> of each month. B. The total of your Monthly Payments is <u>\$40,761.63</u> .	(not part of your Monthly Payment)  A. Termination Fee <u>\$395.00</u> (If you do not Purchase the Vehicle)	(The amount you will have paid by the end of the lease).  <u>\$50,509.62</u>
<b>ITEMIZATION OF AMOUNT DUE AT LEASE SIGNING OR DELIVERY</b>			
A. Amount Due at Lease Signing or Delivery: (1) Capitalized Cost Reduction <u>\$ 8304.79</u> (2) Sales/Use Tax on Capitalized Cost Reduction <u>\$ 602.10</u> (3) First Monthly Payment <u>\$ 647.01</u> (4) Refundable Security Deposit N/A (5) Initial Title, Registration and License Fees <u>\$ 20.00</u> (6) Upfront Sales/Use Tax on Vehicle <u>\$ N/A</u> (7) Doc Fee <u>\$ 426.10</u> <div style="text-align: right;">Total <u>\$10000.00</u></div>	B. How the Amount Due at Lease Signing Or Delivery will be Paid: (1) Net Trade-in Allowance \$ _____ (2) Rebates and noncash credits \$ _____ (3) Amount to be paid in Cash <u>\$ 10000.00</u> <div style="text-align: right;">Total \$10000.00</div>		
<b>YOUR MONTHLY PAYMENT IS DETERMINED AS SHOWN BELOW</b>			
A. <b>Gross Capitalized Cost.</b> The agreed upon value of the Vehicle (\$50,999.26) and any items you pay over the Lease Term (such as service contracts, insurance, and any outstanding prior credit or lease balance).....\$ 51,494.26 B. <b>Capitalized Cost Reduction.</b> The amount of any Net Trade-in Allowance, rebate, noncash credit, or cash You pay that reduces the Gross Capitalized Cost.....\$ <u>8,304.79</u> C. <b>Adjusted Capitalized Cost.</b> The amount used in calculating your Base Monthly Payment.....\$43,189.47 D. <b>Residual Value.</b> The value of the Vehicle at the end of the Lease used in calculating your Base Monthly Payment.....\$ <u>11,761.50</u>			

Please note that this is only a partial example of a completed lease

# **EXEMPT SALES**



# EXEMPT SALES

- Dealer issued discounts
- Drive-away permit costs
- Title fees, Registration fees
- Optional Warranties, service only warranties
- Out of state sales
- Sales to border state employees

# EXEMPT SALES

- Exempt entities
  - Government (U.S. or Nevada)
  - Religious\*
  - Charitable\*
  - Educational\*
  - Nevada National Guard\*
- Sales to residents of other states \*\*
- Sales for resale \*\*\*

# EXEMPT SALES

- \* Must have Department-issued exemption letter on file**
- \*\* Must have completed Affidavit of Purchaser, drive-away permit and other supporting documents**
- \*\*\* Must have resale certificates on file**

# **SALES TO OUT OF STATE RESIDENTS**

**An vehicle deemed as an out of state sale must have documentation to prove it will be taken and used out of state.**

**Documents required include but not limited:**

- Out of state driver's license**
- Out of state insurance**
- Out of state employment/residency**
- Drive away permit**
- Notarized Affidavit**

# **SALES TO OUT OF STATE RESIDENTS**

- **Purchaser has 15 days to remove the vehicle from this state**
- **Nevada residents are not allowed to be issued Drive-Away permits**  
**Note: If the purchaser has a residence in both Nevada AND another state, the sale is subject to sales tax.**
- **Reciprocity does not affect the transaction**

# RECIPROCITY

- **Vehicles with substantial prior use in another state and subsequently moved to Nevada, there is no further tax due.**
- **Vehicles recently purchased in another state, and that state's tax was charged, and the vehicle moved to Nevada, if Nevada tax is higher, the difference between the two states will be assessed at the time of registration**
- **If the tax in the other state is higher then no further tax is due.**

This is the drive away affidavit. It must be completed in full and customer's signature must be notarized at time of sale.

**NEVADA DEPARTMENT OF TAXATION**  
**AFFIDAVIT OF PURCHASER**

(EXECUTE WITH SPECIAL DRIVE AWAY PERMIT)  
THIS FORM IS NOT VALID UNLESS ALL INFORMATION IS OBTAINED

I/We, \_\_\_\_\_ certify that I/we purchased on \_\_\_\_\_  
the following  vehicle  vessel from \_\_\_\_\_  
(Check type)

Year: \_\_\_\_\_ Make: \_\_\_\_\_ Model: \_\_\_\_\_  
VIN/HULL#: \_\_\_\_\_

I/We further certify that I/we are **not** residents of Nevada and the described vehicle/vessel is not for storage, use or consumption in the State of Nevada, except for its transportation from this State within the 15 days provided for in the Special Drive-Away permit issued at the time of sale.

_____ Signature of Purchaser	_____ Signature of Purchaser
_____ Name of Purchaser	_____ Name of Purchaser
_____ Address of Purchaser	_____ Address of Purchaser
_____ Drivers License Number      State	_____ Drivers License Number      State
_____ Social Security Number	_____ Social Security Number

***\*\*This form is for use only by non-residents of the State of Nevada. If you are a member of the armed services stationed in the State of Nevada or you are a student attending a Nevada school, the affidavit does not apply since the vehicle/vessel will be used in the State of Nevada. Attn retailers: Failure to verify non-residency may result in assessment of tax, penalty and interest.\*\****

On \_\_\_\_\_, \_\_\_\_\_, identified to be the person(s)  
Date Purchaser(s)  
named above appeared before me and affirmed, under penalty of perjury, that the above statements are true.

\_\_\_\_\_  
Notary Public Signature

\_\_\_\_\_  
County State

\_\_\_\_\_  
Dealership Representative Title Date  
(Authorized Signature)

**THIS FORM IS NOT VALID UNLESS ALL INFORMATION IS OBTAINED**  
(Dealers Representative Must Also Sign Form)

AFFIDAVIT OF PURCHASER  
MVH-OOS-01.02  
Revised 05/12/05

# USE TAX



# USE TAX

- Sales tax should be paid to the vendor or use tax accrued on supplies used in the repair of vehicles
- Likewise sales or use tax must be paid for equipment or supply items that are not incorporated into vehicle repairs.
- Supplies include cleaning rags, masking tape, gloves, glass cleaner and any other items of a similar nature.

# USE TAX

## Examples of when use tax is due

- **Giveaway items**
- **Self-use items purchased without tax**
- **Internet purchases for self use where Nevada tax is not charged**
- **Vehicles placed in service for use by dealership i.e. courtesy transport vans**
- **Parts for company vehicles**

# REPLACEMENT PARTS

- **Sales and Use Taxes do not apply to the purchase of replacement parts if the repairs are pursuant to the provisions of a warranty or guaranty. True only if the warranty or guaranty was part of the original sale.  
Example: Manufacturers new car warranties**

# USE TAX

## Loaner – Demonstration Vehicle Usage:

**Effective 10/24/2014: If the cumulative period of all the loans of the motor vehicle by the dealer is more than 180 days, the usage will be subject to tax at the cost of the vehicle to the dealer.**

**This includes vehicles with Loaner Plates & Dealer Plates.**

# USE TAX

## Loaner – Demonstration Vehicle Usage (con't)

- A written record must be maintained by the dealer and available upon request of the Department showing the usage of the loaned vehicle.
- Absence of such a log could subject the full value of the vehicle to sales/use tax.



**OTHER**

# TIRE TAX

- **Tire tax is \$1 per new tire (note: this does not apply to the tires that are placed on a vehicle being sold) plus applicable sales tax.**
- **When a dealership purchases tires for its vehicles in inventory, a resale certificate should be provided to the tire supplier.**



# TIRE TAX

- **If the dealership is purchasing new tires for their vehicles placed in service for use in the business, or for personal vehicles, the tire tax and sales tax should be paid.**
- **If the dealership is in the business of selling tires at retail, it must register for the tire tax**

# Electronic Filing Requirements

All businesses remitting payment of \$10,000 or greater must register and pay using the Departments online tax system Nevada Tax

Additional information and details on how to register, submit a tax return and pay your taxes please refer to:

<https://www.nevadatax.nv.gov/web>

# RECORDS TO BE KEPT

- **Purchase invoices: i.e. parts, sublet, supplies**
- **Sales journals**
- **General ledgers**
- **Deal Folders**
- **Affidavits and Drive-away permits**

**Must keep records for four (4) years**

# **WRITTEN RESPONSE**

**Most tax issues can be addressed by contacting the Department of Taxation. Please be advised that any responses to inquiries made to the Department are only binding if put in writing, such as Nevada Revised Statutes, Administrative Code, Nevada Tax Notes, or in written correspondence.**

# DEPARTMENT OF TAXATION Contact Information

**Office Hours: Monday-Friday (Except on Holidays)  
8:00 AM – 5:00 PM**

**Contact our Call Center at  
1-866-962-3707**

## **Las Vegas**

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

## **Henderson**

2550 Paseo Verde Parkway  
Suite 180  
Henderson, NV 89074

## **Carson City:**

1550 College Parkway  
Suite 115  
Carson City, NV 89706-7937

## **Reno:**

4600 Kietzke Lane  
Building L, Suite 235  
Reno, NV 89502