

# NEVADA TAX NOTES

The Official Newsletter of the Department of Taxation



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## Tobacco License Renewals Due

The renewals and license fees for tobacco licensees are due no later than December 31, 2022. In order to review and process each renewal efficiently, we encourage licensees to return their renewal as soon as possible. If renewals and fees are not submitted on time, your license may be canceled. Tobacco licenses are valid for the calendar year from January 1 through December 31. In September, the Department of Taxation mailed renewal forms for the renewals for tobacco licenses: tobacco retail, cigarette and other tobacco products wholesalers, and tobacco retailers.

Licensees can mail in renewals to the Department of Taxation. Please also be aware that local city or county governments may have additional licensing requirements.

Remember, if your mailing address has changed, contact the Department of Taxation to update it. To learn more about licensing and taxes, visit the Department of Taxation [FAQ page](#). Also, please reference NRS 370 and NAC 370 for specifics.

The Department of Taxation is hiring! There are multiple open positions with the Department from entry level to senior level and in both the Northern and Southern Nevada office locations. If you are interested in applying, head to the careers page at: <https://careers.nv.gov/go/Taxation/8624700/>



## Nevada Day Sales Tax Holiday for National Guard

In the 81st session of the Nevada Legislature, AB440 was passed to create a Nevada Day Sales Tax Holiday for Nevada National Guard members and their qualifying dependents. The Sales Tax Holiday occurs on Nevada Day and the Saturday and Sunday immediately following. Nevada Day is observed on the last Friday of October. The dates for 2022 are October 28-30.

The exemption applies to both members of the Nevada National Guard who are on active status, as defined in the 10 U.S.C. § 101(d)(4), and who are residents of this state, and a relative of the member of the Nevada National Guard eligible for the exemption pursuant to subsection 4 who: (a) resides in the same home or dwelling in this state as the member; and (b) is related by blood, adoption, or marriage within the first degree of consanguinity or affinity to the member. In addition, the sale must occur on Nevada Day observed as pursuant to NRS 236.015 or the Saturday or Sunday immediately following.

Guard members apply through their commanding officer no later than 30 days before the date on which Nevada Day is observed. If eligible, the Department shall issue a letter of exemption which must be presented to the vendor at the time of purchase along with valid identification. The vendors selling tangible personal property to eligible members and their qualifying dependents are authorized to sell to them tax exempt upon receipt of the exemption letter. For audit purposes, the vendor must retain a copy of the individual's original letter of exemption to document the sale was to a tax exempt customer.

## Christmas Tree Vendors

Christmas tree vendors are required to register with the Department of Taxation to collect and remit sales tax. New vendors to our state are required to complete the Nevada Business Registration form which can be found on the Department of Taxation's website [here](#). Vendors will also be required to pay a \$15.00 sales tax permit fee per location, and pay a \$2.00 deposit for every tree they anticipate selling. Christmas tree vendors who are already registered with the Department are also required to make a deposit of \$2.00 for every tree they anticipate selling.

Deposits received are applied to their December sales tax returns. If there is an overpayment of the deposit resulting in a credit, the taxpayers must request to have their credit refunded after filing the December sales tax return. If a Christmas tree vendor is unable to refund overcharged sales tax to its customer, all sales tax collected must be remitted to the Department. In this case, the vendor should contact the Department for assistance in completing the sales tax return. (NRS 372.025, NRS 372.060, NRS 372.065)



## Surcharges

A surcharge is an extra fee added to the regular sales price of an item. It is a way to pass on costs to the consumers by listing a charge separately from the sales price of an item, which appears to stay at the same price.

When a surcharge is added to the sale of tangible personal property, the surcharge is subject to sales tax as a service necessary to complete a sale or another expense of the seller.

Examples of surcharges include but are not limited to:

- COVID Surcharge
- Credit Card Processing Fee
- Large Party Charge
- Bottle Service Charge
- Regulatory Recovery Fee

NRS 360B.480, NRS 372.025, NRS 372.065, NRS 372.085

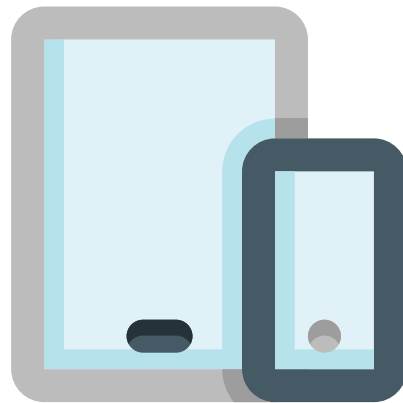
## Mobile Device and Activation Fees or Charges

Activation fees or charges are taxable as part of the retail sales of mobile devices (e.g. cell phones, tablets, and smart watches). Activation fees are a "service that is part of the sale," or "any charges by the seller for any services necessary to complete the sale." As this fee or charge is under the control of the retailer to charge or not charge, it is not the customer's choice to pay and is therefore a mandatory charge. Retailers that charge this fee or charge as part of the sale of a mobile device should include it as part of the taxable gross receipts or sales price that is subject to tax. For example:

Price of Mobile Device	\$800
Activation Fee	<u>\$ 25</u>
Total Taxable Sales	\$ 825

If the retailer "chooses" to not charge one or more customers the activation fee, this does not mean that activation fees for other customers will not be taxable. Until every customer can choose to not pay the activation fees, the charge is mandatory and taxable.

NRS 372.025, NRS 372.065 and NRS 360B.480



## Sales Tax Permit Fee Language

During the 2021 Legislative Session, Senate Bill 441 was passed to revise provisions governing the issuance of sales tax permits effective October 1, 2021.

One of the provisions

placed the permit fee solely into NRS 360 and removed the language from the individual chapters in NRS 372, 374, and 377.

Essentially, the Legislature repealed those sections and

combined the language into NRS Chapter 360, specifically NRS 360.597 to 360.5975. The sales tax permit fee of \$15.00 did not change.

[Click here](#) for further reading on Senate Bill 441.

## Approved Regulations of the Nevada Tax Commission

The Nevada Tax Commission has approved regulations, which have been posted to the Publications section of the Department's website.

Regulations that are adopted by the Nevada Tax Commission are not effective until filed with the Office of the Secretary of State. Once filed, the regulations have the effect of law even if they are not included in the Nevada Administrative Code. Additionally regulations are added to the Nevada Administrative Code by the Legislative Counsel Bureau. **The regulations posted on this page are effective but have not yet been added to the Nevada Administrative Code.**

For your information, review the below list of the adopted regulations. The links to the adopted regulations, and effective dates are included for easy reference.

### Bad Debt Regulation

*LCB File No. R191-18 Effective December 19, 2018*

A REGULATION relating to sales tax; establishing a time limit for claiming a deduction for a bad debt; requiring a retailer who claims a deduction for a bad debt to retain certain records; establishing the method for determining the value of certain repossessed property for the purpose of calculating the amount of a deduction for bad debt; and providing other matters properly relating thereto.

<https://tax.nv.gov/uploadedFiles/taxnvgov/Content/TaxLibrary/R191-18AP.pdf>

### Regulation for Prepared Food

*LCB File No. R056-18 Effective June 8, 2020*

A REGULATION relating to taxation; revising provisions governing the determination of whether food sold by a retailer is prepared food intended for immediate consumption for the purposes of the imposition of sales and use taxes on the retail sale of the food; and providing other matters properly relating thereto.

<https://tax.nv.gov/uploadedFiles/taxnvgov/Content/TaxLibrary/R056-18AP.pdf>

### Loss/Damage Charges

*LCB File No. R123-18 Effective June 8, 2020*

A REGULATION relating to taxation; clarifying, for purposes of the sales tax, provisions concerning certain charges assessed against a person who rents or leases tangible personal property; and providing other matters properly relating thereto.

<https://tax.nv.gov/uploadedFiles/taxnvgov/Content/TaxLibrary/R123-18AP.pdf>



## Tire Tax

If you have ever purchased new tires for a car or truck, you probably noticed an additional charge on your sales receipt. That charge is for Nevada's Tire Tax.

The tax is imposed on the retail sale of new tires for a vehicle at the rate of \$1 per tire. Tires that are 12 inches or larger in diameter are subject to the tax. If the tires are either used or recapped, they are excluded from the tax. Vehicles, for the purpose of this statute, is defined as "...any device in, upon or by which any person or property is or may be transported or drawn upon land." However, it does not include devices moved by human or electrical power (e.g. bicycles), commercial coaches (NRS 489.062), electric personal assistive mobility devices (NRS 482.029), and mobile homes (NRS 489.062). Also, note that the tax does not apply to tires included in the sale of a new or used vehicle, as long as the tires are not sold separately.

A person, normally a retailer, who sells new tires is responsible for collecting and remitting the tax. Some examples of retailers who would need to collect the tax from its customers are: a car dealership's service department who sells (and invoices separately) new tires to a customer, a retail store that sells new tires to its customers, or a mechanic who sells both new and used tires. In the last example, note that only the new tires are subject to the tire tax. These are only a few examples of people who need to collect and remit the tax.

Tire Tax revenue is deposited into the Solid Waste Management Account, which is a category in the State General Fund.

NRS 444A.016, NRS 444A.017,  
NRS 444A.090

