

NEVADA DEPARTMENT OF TAXATION



NEVADA TAX NOTES

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DEPARTMENT OF TAXATION OFFICES

CALL CENTER NUMBER 1-866-962-3707

MAIN OFFICE

1550 College Parkway
Carson City, Nevada 89706

Phone: (775) 684-2000

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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

Fax: (702) 486-2373

HENDERSON FIELD OFFICE

2550 Paseo Verde Parkway, Suite 180
Henderson, Nevada 89074

Phone: (702) 486-2300

Fax: (702) 486-3377

RENO DISTRICT OFFICE

Kietzke Plaza
4600 Kietzke Lane Building L, Suite 235
Reno, Nevada 89502

Phone: (775) 687-9999

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"NEW LEGISLATIVE CHANGES"

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MODIFIED BUSINESS TAX RATE CHANGE

The 2011 Legislative Session pursuant to AB 561, exempted from the Modified Business Tax on any 'General Business' the first \$62,500 or less in taxable wages per calendar quarter, after health care deductions. The rate for any taxable wages for 'General Business' above the \$62,500 per calendar quarter remains at 1.17%, after health care deductions. A tax return will still need to be filed for any business reporting as a General Business, even if taxable wages are less than \$62,500 and tax due is \$0. Any business classified as a Financial Institution is not affected. This change is effective July 1, 2011 for period ending September 30, 2011.

INTEREST RATE DECREASE

The 2011 Legislative Session pursuant to AB 504, reduced the Interest Rate charged on deficient tax payments from 1% (.01) per month to .75% (.0075) per month effective July 1, 2011. Therefore interest on any late payment will be calculated at .01 for any month past due up through June 30, 2011 and at .0075 for any month past due from July 1, 2011.

For example, a January 2011 return (due February 28, 2011) filed and paid in July of 2011 will be assessed 1% interest per month from the first late month of March 2011 through June 2011; and .75% interest for the month of July. A May 2011 return (due June 30, 2011) filed and paid late in July will be charged .75% interest for the month of July.

Section 2 changes the rate of interest on refunds and credits on most of the taxes we administer to 0.25 % per month instead of 0.5 % per month (3% a year instead of 6% a year). It does not include Insurance Premium Tax.

If you have any questions or require assistance, please call our Call Center at 866-962-3707.

TRADE- INS

For purposes of calculating the Nevada sales tax, a retailer may not deduct from the sales price the value of most items taken in trade on the purchase of new or used property. This rule applies to trade-ins involving machinery, jewelry, musical instruments, slot machines and most other items that are commonly taken in trade. There are only two exceptions to this rule. The first exception pertains to vehicles. The trade-in value of a used vehicle may be deducted from the sales price if the used vehicle is taken in trade on the purchase of another vehicle. The second exception pertains to a used boat taken in trade on the purchase of another boat. This exception authorizes the boat dealer to compute a credit toward the local portion of the tax.

TAX EXEMPTION CARDS ISSUED BY THE US DEPARTMENT OF STATE

There is significant change in the design of the United States Department of State's Diplomatic Tax Exemption Card, which is issued to foreign diplomatic and consular missions, and their employees, in the United States.

The Department of State anticipates that all existing Diplomatic Tax Exemption Card issuances will be replaced with the newly designed document no later than August 31, 2011. Therefore, vendors should continue to accept the existing document until that date.

The new Diplomatic Tax Exemption Card has a number of features that do not exist on the existing document. These features include, but are not limited to, the following:

- The use of animal images to convey an immediate visual cue of the level of exemption the cardholder is authorized to receive;
- Description of the cardholder's level of entitlement to tax exemption privileges presented on both the front and back sides of the card;
- Laser engraved personalized data;
- Optically variable device/Kinegram; and
- Tactile micro-text (small raised text).

The Department of State has instituted a system to provide for the on-line verification of the validity of the Diplomatic Tax Exemption Card at <https://ofmapps.state.gov/tecvt/>. Information concerning this service and a telephone contact number are found on the reverse side of each Diplomatic Tax Exemption Card.

**ALCOHOL AWARENESS TRAINING REQUIRED IN NEVADA COUNTIES
WITH A POPULATION OF 100,000 OR MORE**

AB 432 passed during the 2009 Legislative Session revised certain provisions of NRS 369.630. This NRS requires owners or operators of liquor establishments who hire or employ persons to sell or serve alcohol, alcoholic beverages, or act as a security guard at such establishments, to ensure such person completes a State certified Alcohol Beverage Awareness program and holds a valid alcohol education card.

NRS 369.630 now provides that a violation of the requirements of this section is a civil infraction, and that when an owner or operator of an establishment is found in violation a notice of infraction must be issued on a form prescribed by the Department of Taxation. The Notice of Infraction may be found on the Department web site, under Common Forms/Liquor Tax. This NRS also provides that any peace officer as well as any person who is authorized by the Department may issue the notice of infraction.

These provisions apply to establishments in counties whose population is 100,000 or more (Clark and Washoe Counties). An establishment is defined as a business that sells alcoholic beverages by the drink for consumption on the premises and business that sell alcoholic beverages in corked or sealed containers or receptacles for consumption off the premises. These provisions do not apply to a Nevada Licensed Wholesale Dealer, or a private club, or other facility which is not open to the public.

An establishment who violates provisions pertaining to Alcohol Awareness Training is subject to a fine ranging from \$500.00 to \$5,000.00.

A list of approved Alcohol Awareness Training Schools can be found at <http://www.cpe.state.nv.us/Alcohol%20Awareness%20Trainer%20List.doc>

**SHORT-TERM LESSOR FEES UPDATE
FOR PASSENGER CAR; GOVERNMENTAL SERVICES FEE RETURN**

Nevada Revised Statutes (NRS) 482.31565(2) limits the dollar amount a short-term lessor may charge for a waiver of damages. It also provides that this amount be adjusted for each fiscal year that begins on or after July 1, 2008 by adding thereto the product of that amount, multiplied by the percentage increase in the Consumer Price Index West Urban for All Urban Consumers (All Items) between the calendar year ending on December 31, 2005 and the calendar year immediately preceding the fiscal year for which the adjustment is made.

NRS 482.3158(l) (f) also requires that the maximum amount charged for an additional driver not exceed \$10.00 per driver. This amount must be adjusted in the same manner as the waiver of damages described above.

The CPI factor has been calculated at 11.3% for the fiscal year 2012. Therefore, effective July 1, 2011, the charge for **waiver of damages changes to \$24.49** based on a CPI factor of 11.3% ($\$22.00 \times 11.3\% = \2.49 ; $\$22.00 + \$2.49 = \$24.49$).

The **\$10 charge for each additional driver changes to \$11.13** based on a CPI factor of 11.3% ($\$10.00 \times 11.3\% = \1.13 ; $\$10.00 + \$1.13 = \$11.13$)

Each year in March the Department will publish on its Website, the adjusted amount for the next fiscal year and will otherwise make that information available to Short-Term Lessors of Passenger Cars.

IRS — TAX EXEMPT STATUS LOST FOR MBT

Congress passed the Pension Protection Act (PPA) in 2006, requiring most tax-exempt organizations to file an annual information return or notice with the IRS. For small organizations, the law imposed a filing requirement for the first time in 2007. In addition, the law automatically revokes the tax-exempt status of any organization that does not file required returns or notices for three consecutive years.

The Internal Revenue Service announced that approximately 275,000 organizations under the law have automatically lost their tax-exempt status because they did not file legally required annual reports for three consecutive years. The IRS believes the vast majority of these organizations are defunct, but it also announced special steps to help any existing organizations to apply for reinstatement of their tax-exempt status. Employers who were previously exempt from Nevada's Modified Business Tax due to their Federal tax exempt status could now be potentially liable for the Modified Business Tax and will be receiving a notice from the Department of Taxation shortly.

NOTICE TO OFF-HIGHWAY VEHICLE DEALERS

Effective January 1, 2006, pursuant to NRS 490.070 and Nevada Administrative Code 490.010 through 490.110, dealers of off-highway vehicles may be authorized to issue Certificates of Operation as evidenced in the form of a sticker.

Off-highway vehicles include but are not limited to: all-terrain vehicles, all-terrain motorcycles, dune buggies, snowmobiles and any motor vehicle used on public lands for the purpose of recreation.

Only authorized dealers can issue Certificates of Operation. Any entity or person wanting to become an authorized dealer must apply to the Department in writing and receive written confirmation of approval. To be considered for approval, the applicant must be in compliance with the taxation laws of this State, and either has a place of business located in this State and hold a valid Sales Tax Permit or a Certificate of Authority from Nevada. Authorized dealers must make every reasonable effort to provide satisfactory service to the potential certificate holder and the Department of Taxation, make timely reports to the Department of all certificates issued on a form provided by the Department, and maintain possession of all records pertaining to the Certificate of Operation stickers for a period of 5 years.

If you are interested in becoming an authorized dealer or have any questions, contact the Department's Call Center at 1-866-962-3707 or complete and mail the application to:

Attn: Compliance Division
Nevada Department of Taxation
1550 College Parkway Ste 115
Carson City, NV 89706-7937

TIPS, TOKES, GRATUITIES OR STIPEND

Tips given by a customer to a waiter or waitress as a voluntary return for services rendered are not subject to Sales Tax. However, assessments made by the seller to cover a tip for the waiter or waitress, added to the guest check, are considered a part of the sales price and are to be included in the "Sales Price" subject to Sales Tax if the funds are not distributed to the waiter or waitress in the exact amount charged. If the funds are distributed in the exact amount charged, the tip is exempt from Sales Tax as a voluntary return for services rendered.

REGISTERING ONLINE WITH NEVADATAX

The Nevada Department of Taxation currently has an online website where you can safely and securely file a return, pay an outstanding liability, etc. 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. You are now registered to use the Department's online filing system

CREDIT NOTICES

Each month the Department mails notices to taxpayers advising them they may have a credit on one of their accounts. If you receive a Notice of Credit from the Department, the credit may be applied toward your next return. However, it is advised that prior to taking any credit, you verify that the credit is correct. You may contact the Department's Call Center at 1-866-962-3707 to verify a credit. You may also register to view and maintain your account online which will enable you to confirm any credits or debits you may have. To register online, go to: www.nevadatax.nv.gov.

ADVISORY FOR FILING TAX RETURNS

Please submit all tax returns for your business in the pre-printed envelope(s) enclosed with your returns. The correct mailing address is also pre-printed on the tax returns where it reads "Mail Original To." Using the correct mailing address will ensure the most efficient processing of your returns and payments.

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.

FEDERAL INCOME TAX

The Department of Taxation receives an enormous amount of inquiries regarding Federal Income Tax issues. The State of Nevada does not participate in the administration of Federal Income Tax and **does not** levy a **State** personal, business or corporate income tax of its own. The Nevada Department of Taxation **does not** require informational copies of Nevada residents' Federal Income Tax returns or forms. **But** the Federal Income Tax Return is still utilized by Nevada in the audit process of a business. Federal Income Tax inquiries may be researched at the official IRS website, www.irs.gov.

Tax withheld from gaming winnings by Nevada casinos is **U. S. Federal Income Tax**. Federal income tax is administered and collected by the *Internal Revenue Service*, regardless of the physical location within the boundaries of the United States, in which an income tax-generating transaction occurs. The Department may only advise those seeking information regarding Federal income tax withheld from gaming winnings to contact the Internal Revenue Service

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 District Office. If you are filing a tax return, please use the envelope the Department provided because it is addressed directly to the bank.

“ASK THE ADVISORS” TRAINING WORKSHOPS

The Department will be presenting Basic Tax Training and Industry-Specific Training throughout the year. The Henderson Office will include additional presentations by the **Internal Revenue Service** – forms and filing requirements; and **SCORE** – resources available for businesses to guide them to success. **SCORE** is a non-profit organization sponsored by the Small Business Administration. The Reno Office will include presentations by the **Internal Revenue Service**. These **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 12:00 p.m.:

Tuesday, July 19, 2011 — Basic Tax Training
Tuesday, August 16, 2011 — Basic Tax Training
Tuesday, September 20, 2011 — Basic Tax Training

NORTHERN REGION – The following 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 12:00 p.m.:

Wednesday, August 17, 2011 — Basic Tax Training and Automotive

Reservations are required as classes fill up quickly. Please call **(702) 486-2354 for Henderson classes** and **(775) 687-9961 for Reno classes** to reserve seating.

For those not able to attend “Ask the Advisors” training, you may access the Workshop Power Point presentations on our website by clicking on “Ask the Advisors.” You may also view the workshops scheduled for the year.

HOLIDAY CLOSURES

The Department of Taxation District Offices will be closed the following days in the third Quarter of 2011:

Monday • July 4, 2011 • Independence Day
Monday • September 5, 2011 • Labor Day

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