

ISSUE NO. 192 | JULY 2022

NEVADA TAX NOTES

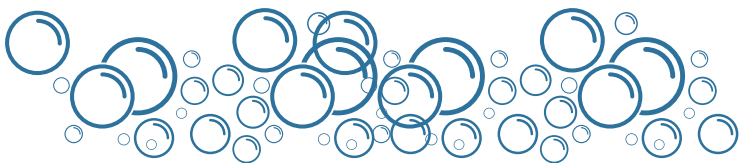
The Official Newsletter of the Department of Taxation

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Purchases of Vessels (Watercrafts)

It's that time of year! Nevadans are venturing to the lakes with their watercrafts for summer. Have you registered your watercraft with the Nevada Department of Wildlife (NDOW)? Before registering with NDOW, you will also need to contact the Nevada Department of Taxation to either provide proof that sales/use tax has been paid, or to pay the sales/use tax for your watercraft. If you are paying taxes at the Department, you will need to provide proof of ownership with a Bill of Sale, Purchase Order, Certificate of Title, and/or Manufacturer's Statement of Origin (MSO). If you believe your watercraft was an occasional sale and exempt from the tax per NRS 372.035, please contact the Department for additional information about occasional sales.



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/>



Carson City

1550 College Parkway
Carson City, Nevada 89706
Phone: (775)684-2000
Fax: (775)684-2020

Reno

4600 Kietzke Lane Bldg L, Ste. 235
Reno, Nevada 89502
Phone: (775)687-9999
Fax: (775)688-1303

Las Vegas

700 E. Warm Springs Road
2nd Floor
Las Vegas, Nevada 89119

Call Center

(866)962-3707
Monday - Friday
6:30AM - 5:00PM

Sales and Trades of Vessels (Watercrafts)

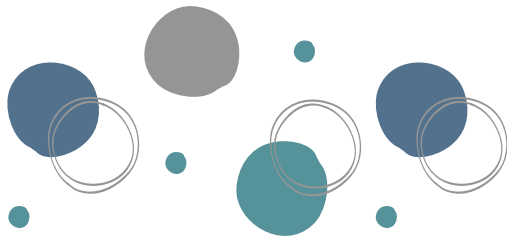
Vessel trade-in or trade-down allowance differs from the allowance on vehicles. Vessel trade-in allowance is computed using the local county tax rate excluding the state portion.

Pursuant to NRS 374.070(3)(f), a vessel accepted trade on the purchase of another vessel is allowed a credit of the local portion of the tax only. The local portion is figured by subtracting 2 percent from the full tax rate. The credit allowed is based on the trade-in value of the vessel.

You must tax the selling price of the vessel being purchased at the full county rate and then calculate the trade-in credit of the local portion of tax on the value of the vessel being traded in.

A vessel trade-down is the trade-in of a higher value vessel than the vessel being purchased. With a trade-down, a purchaser will always owe the 2 percent portion of the Sales/Use Tax, regardless of the excess credit allowed.

The Supplemental Reporting Form for vessel trades can be found [here](#).



What To Do If You Are Contacted For An Audit



The Department will contact you with the information that you provided when your business was registered. You may ask to validate that the Department has selected your business for audit by asking to speak with the auditor's supervisor or by contacting the call center at (866)962-3707. The auditor will also have information relating specifically to your business such as your taxpayer identification number, mailing address, and ownership information. The auditor will also be able to provide you with a callback number and email address for both the auditor, and the Audit Supervisor if needed.

The best practices for preparing for an audit always include

maintaining your accounting records including but not limited to:

- Sales receipts, invoices, or contracts
- Monthly sales reports, bank statements, merchant account statements, financial statements
- Resale certificates or letters of exemption provided by your customers
- Any other work papers used to prepare your tax returns
- Depreciation schedules and purchase invoices for depreciable business assets
- Purchase invoices for supplies used in your business that are not resold to customers
- Federal income tax returns

Accounting records should be maintained for at least four

years after filing your tax returns. Records specific to your business should be discussed with the auditor when scheduling your audit. Other accounting records may include information related to other tax types including excise taxes or Modified Business Tax.

The time and effort you spend in preparing and organizing your accounting records will not only help you run your business more effectively, but also prepare you if your business is selected for audit by the Department.

You can find more detailed information to help you prepare for an audit on the Department's website.

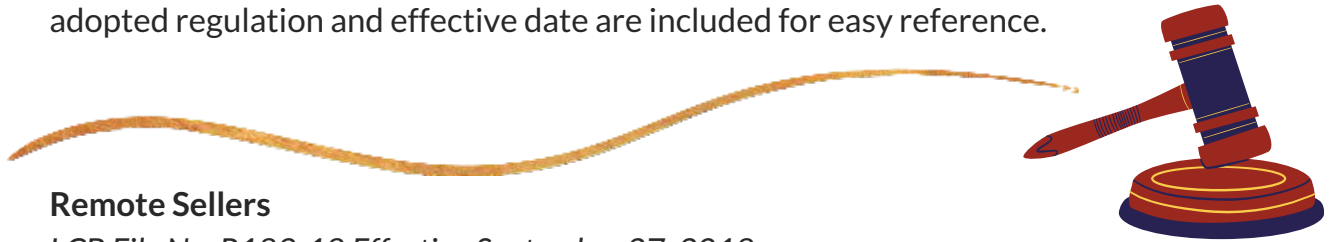
https://tax.nv.gov/FAQs/Audit_Division/
(NRS 372.735, NRS 360.355)

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 Secretary of State. Once filed, the regulations have the effect of law even if they are not included in the Nevada Administrative Code. 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 link to the adopted regulation and effective date are included for easy reference.



Remote Sellers

LCB File No. R189-18 Effective September 27, 2018

A REGULATION relating to taxation; revising provisions relating to the imposition, collection, and remittance of sales and use taxes by retailers located outside this State; and providing other matters properly relating thereto.

<https://tax.nv.gov/uploadedFiles/taxnvgov/Content/TaxLibrary/R189-18AP.pdf>

Definition of "Vehicle" for Tire Tax

LCB File No. R190-18 Effective December 19, 2018

A REGULATION relating to tires; clarifying that the surcharge imposed on the purchase of a new tire for a vehicle applies to the purchase of a new tire for certain vehicles which are powered in whole or in part by one or more electric motors; and providing other matters properly relating thereto.

<https://tax.nv.gov/uploadedFiles/taxnvgov/Content/TaxLibrary/R190-18AP.pdf>

Tax Abatement Program

Do you own a business in Nevada and looking to expand? Are you opening a business within the state? Have you considered the Nevada Tax Abatement Program in order to save money?

A tax abatement is where a company enters into an agreement with the State to pay a reduced tax rate on certain Nevada taxes. The benefit of the abatement is that a participating business will pay less in Use Tax, Modified Business Tax, and Personal Property Tax (at the county level), while promoting economic growth within Nevada. For a standard tax abatement, the company will be required to meet agreed upon economic goals within a specified time period.

There is a standard tax abatement, and there are a couple of industry specific abatements including the aeronautical industry and data centers.

The Department of Taxation administers the abatement and the Governor's Office of Economic Development (GOED) is the government entity who determines eligibility and approval of a business for the tax abatement. The staff at GOED will assist you with the application and submittal process. Visit their website for more information on abatements here: <https://goed.nv.gov/>. (NRS 350.750 - NRS 360.7575)

Tax Evasion: Not a Victimless Crime

Have you ever thought about how the free services in our State or community are provided? For instance, the roads, fire and police departments, public schools, etc., are all funded by revenue that the State collects. Taxes, particularly sales tax, provide the revenue that funds many of Nevada's public services. While most businesses are responsible about filing and paying their taxes, some businesses fail to meet their obligation. This impacts all Nevadans because it means less money to fund public health and safety measures.

This is called Tax Evasion and is a serious crime that takes many forms.



Government programs rely on all businesses to do their part to remit the applicable taxes to the Department of Taxation.

Do you know of a business that is unfairly evading taxes? For example:

- Being a retailer without a Sales Tax Permit
- Failure to collect sales tax or pay taxes
- Not reporting sales
- Being an unregistered vendor at a special event
- Failure to pay sales or use tax for boats, aircraft, RV, or vehicles

- Altering cash journals and receipts or keeping a second or alternate set of books
- Selling contraband alcohol, cigarette, cannabis, and tobacco products

If you know someone running a business like this, you can report it using this **form**. Please send the form and any other supporting documentation to the email: investigations@tax.state.nv.us

"I used to ask the Department of Taxation about my cannabis business, now I can't find anything. What changed?"

Cannabis and the Department of Taxation

In June 2019, Governor Sisolak signed Assembly Bill 533, creating the Cannabis Compliance Board (CCB). The Board consists of five members appointed by the Governor.

The move officially happened in July 2020, when the Department of Taxation transferred all cannabis regulation to the CCB. This includes licensing and operations, public health and safety, and investigative and equitable licensing practices. The Department still collects taxes owed by these establishments.

If you own a cannabis establishment and are unsure what you owe to the Department, you may be responsible for the following tax types:

- Commerce Tax
- Modified Business Tax - General Business
- Sales/Use Tax
- Wholesale Cannabis Tax
- Retail Cannabis Tax

More information and cannabis tax forms are available for download on our website. <https://tax.nv.gov/Forms/MMT/>