

NEVADA DEPARTMENT OF TAXATION



NEVADA TAX NOTES

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DEPARTMENT OF TAXATION OFFICES

CALL CENTER 1-866-962-3707

MAIN OFFICE

1550 College Parkway
Carson City, Nevada 89706

Phone: (775) 684-2000

Fax: (775) 684-2020

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

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DEPARTMENT OF TAXATION CALL CENTER

The Nevada Department of Taxation has a Call Center to address the thousands of calls we receive each month. The mission of the Call Center is to help eliminate the frustration taxpayers may experience when contacting the Department's District offices to resolve issues with their accounts or to answer general tax questions. For questions regarding Sales Tax, Use Tax, Modified Business Tax, general tax questions or information on establishing a new account, please contact the Call Center at our toll-free number, **1-866-962-3707**.

RETURN MUST BE FILED FOR EACH REPORTING PERIOD

Sales must be reported on returns to the Department at such time and for such periods as the Department may require. Returns must be filed for each period even though no taxable sales were made and no use tax liability exists. Returns must be accompanied by payments for the amounts of the tax due, payable to the Nevada Department of Taxation. Send check or money order. **DO NOT SEND CASH OR STAMPS.** Tax Return forms prescribed by the Department will be mailed to the address shown on each permit at least 10 days prior to the date when returns become due. These will be printed with your name, address, and Taxpayer Identification (TID) number, which will identify them as your returns and assure credit to your account. **DO NOT SEND IN DUPLICATE COPIES.** Failure to receive the form does not relieve businesses from their responsibility to file and pay timely. If you fail to receive the return by the due date, enclose your payment with a letter explaining that the return was not received, giving the period covered, your business name, address, TID number, and mail to: Nevada Department of Taxation, Compliance Division, 1550 College Parkway, Carson City, Nevada 89706. You may also obtain blank returns at our website at www.tax.state.nv.us or you may file your return online at www.nevadatax.nv.gov.

NEVADATAX ONLINE FILING — RETURN AND PAYMENT CONFIRMATION NUMBERS

If you submit returns and payments electronically via www.nevadatax.nv.gov, be aware that there are two (2) confirmation numbers given for a successful submission of a return and payment. The numbers are 13 digits and begin with the last 2 digits of the current year. 11Z0000946633 is an example of a confirmation number. The first number is presented immediately upon submittal of a return. This number confirms the submission of the tax return only. The second number is presented immediately upon submittal of the payment. This number confirms the submission of the payment only. It is strongly recommended to print a copy of each confirmation number. An account can incur penalties and interest if a payment is not submitted in a timely manner.

FEDERAL INCOME TAX

The Department of Taxation receives an inordinate 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 however the Federal Income Tax Return is utilized by the Department in the audit of a business. Federal Income Tax inquiries may be researched at the official IRS website, www.irs.gov.

SALES TAX IS HELD IN TRUST FOR THE STATE

Every retailer maintaining a place of business in the State and making sales of tangible personal property shall, at the time of making the sales, collect the tax from the purchaser and give the purchaser a receipt. A retailer shall hold the amount of all taxes collected in a separate account, in trust for the State. (NRS 372.354)

Retailers Beware--Don't be tempted to use the sales tax you collect to pay your operating or other expenses instead of remitting it to the Department. Sales taxes collected are a debt owed to the State and failure to remit the sales tax is a misdemeanor. (NRS 372.215) The Department may also revoke your seller's permit which will prevent you from operating your business. (NRS 372.145 and 360.490)

In addition, you as the owner or officer of a business may be held personally responsible for taxes collected in trust for the State of Nevada. (NRS 360.297) A responsible person is an individual who is required to collect or pay any tax or fee administered by the Department. A responsible person may include an officer or employee of a corporation; or a member

or employee of a partnership or limited-liability company. A responsible person who fails to pay or attempts to evade the payment of any such tax or fee is jointly and severally liable with any other person in a business who is required to pay such a tax or fee, for the tax or fee owed plus interest and all applicable penalties. The responsible person or persons shall pay the tax or fee upon notice from the Department that it is due. An individual does not cease to be a responsible person because he delegates his duties and responsibilities or relies upon others to handle tax matters.

HAZARDOUS WASTE DISPOSAL FEES

Any fees or charges for services necessary to complete the sale of tangible personal property are subject to sales tax, whether or not they are separately stated on an invoice. Such fees include waste oil disposal fees, used antifreeze disposal fees, used tire disposal fees, shop fees, etc.

ANIMAL FEED

Feed, fed to animals that are used to produce products ordinarily for human consumption is exempt from taxation. However, if the feed product is intended to feed animals that do not ordinarily constitute food for human consumption, such as horses or wild birds, it is taxable.

The retailer must document all information pertaining to exempt sales. Information should include, but is not limited to, the purchaser's name, address, product, and intended use for the feed. If the purchaser refuses to provide this information, the retailer must charge the appropriate sales tax. (NRS 372.280)

PRINTING IS NOT A SERVICE

Sales tax applies to the gross receipts from the sale of printed materials such as flyers, business cards, forms, hats, shirts, banners, menus, etc. Per NAC 372.360, printers are the retailers of printed material. Advertising agencies and graphic designers who provide printed materials are also retailers of the printed material whether they did the printing in-house or hired an outside company to perform the work.

You may owe use tax on purchases of printed material purchased from unregistered out of state vendors that did not charge Nevada sales tax, per NRS 372.185. Some franchise agreements require you to use out of state vendors for printing of advertising material. Always read your contracts carefully.

PERSONAL CHEFS

The Department occasionally receives requests for information regarding whether or not the services provided by personal chefs are subject to Nevada Sales/Use Tax. The answer to this varies based on who is providing the food items and whether the prepared food is intended for immediate consumption or frozen to be eaten at a later date. To simplify the answer, a few scenarios are listed below:

- Is the food provided by the personal chef?
 - NO: Charges by the personal chef are considered charges for services only and not subject to sales tax.
 - YES: See below.
- If the answer is YES (food items provided by the personal chef), are the prepared meals intended for immediate consumption?
 - NO: Meals frozen to be enjoyed at a later date are NOT considered prepared food intended for immediate consumption and are NOT subject to sales tax.
 - YES: Charges by the personal chef are considered charges for catering and are subject to sales/use tax in the same fashion as caterers.

TAXABILITY OF VITAMINS, DIETARY SUPPLEMENTS AND ENERGY DRINKS

Nevada Revised Statute (NRS) 372.284 defines what is considered a non-taxable food item and specifically excludes prepared food intended for immediate consumption, tonics and vitamins from the exemption. NRS 360B.495 construes vitamins and tonics to be dietary supplements and NRS 360B.430 defines dietary supplements to mean any product, other than tobacco, intended to supplement the diet that:

1. Contains one or more of the following dietary ingredients:
 - (a) A vitamin;
 - (b) A mineral;
 - (c) An herb or other botanical;
 - (d) An amino acid;
 - (e) A dietary substance for use by humans to supplement the diet by increasing the total dietary intake; or
 - (f) A concentrate, metabolite, constituent, extract or combination of any ingredient described in paragraphs (a) to (e), inclusive;
2. Is intended for ingestion in the form of a tablet, capsule, powder, softgel, gelcap or liquid or, if not intended for ingestion in such a form, is not represented as conventional food and is not represented for use as a sole item of a meal or of the diet; and
3. Is required to be labeled as a dietary supplement in accordance with 21 C.F.R. § 101.36.

Dietary supplements are not tax exempt and retailers of dietary supplements must charge sales tax on the item. FDA regulates dietary supplements under a different set of regulations than those covering "conventional" foods and drug products. Dietary supplements may be packaged to look like a soda, a bottle of water, or an energy drink; however, FDA regulations require that certain information appear on dietary supplement labels. Using this "supplemental" label is the easiest way of identifying a dietary supplement versus a conventional food product. Information that must be on a dietary supplement label includes: a descriptive name of the product stating that it is a **"supplement;"** the name, and place of business of the manufacturer, packer, or distributor; a complete list of ingredients; and the net contents of the product. In addition, each dietary supplement must have nutrition labeling in the form of a "Supplement Facts" panel. This label must identify each dietary ingredient contained in the product.

MOTOR VEHICLE SALES TO MILITARY PERSONNEL

When purchasing a vehicle for use in this State, some military personnel have given the dealer a letter from their commanding officer stating they are exempt from taxation. The Service members Civil Relief Act (SCRA) **does not** exclude the State of "temporary residence" from taxing tangible personal property purchased for use in the State of "temporary residence." The purchase of tangible personal property in this State by a person in the military **does not** qualify for an exemption from the sales tax. The SCRA only prohibits the annually recurring assessment of personal property taxes on the property of a service member by a State of temporary residence outside of his home state. Service members on permanent change-of-station orders for outside of Nevada (and within 15 days of their departure) may purchase a vehicle ex-tax by purchasing a 15-day Drive Away Permit and executing a notarized affidavit to that effect. This may not preclude them from accruing a use tax liability when they permanently register the vehicle at their next duty station.

LEASING AND SUBLEASING

NRS 360B.067 defines a retail sale as a sale, lease or rental for any purposes other than for resale, sublease or subrent. The Nevada Tax Commission has adopted NAC 372.920 - 372.946, which are regulations dealing with the leasing and renting of tangible personal property. The transaction of leasing/renting is now considered a sale and the same principles for a sale now apply to the leasing/renting of tangible property. Leasing/renting to a Nevada exempt organization (that holds a valid Sales/Use Tax Exemption Letter issued by the Department) is now exempt from sales tax in the same manner that a sale to a Nevada exempt organization is exempt. Gross receipts from leasing/renting property should now be reported in the "Total Sales" - Column A of the tax return and the collection allowance is allowed.

In a sublease/sub-rental situation, a resale certificate must be presented to the owner of the property to avoid double taxation. In lieu of collecting sales tax on the lease stream, a lessor (retailer) still has the option of electing to remit sales tax on the cost of the property to the retailer. However, the sublease/sub-rental of property is a separate transaction from the original purchase. In other words if a retailer rents property for the purpose of subleasing it, whether or not tax was paid on the original purchase of the property does not affect the taxability of the second transaction. An example of this is when the original owner purchases property and pays sales tax on the property at the time of purchase. If the owner leases the property to another retailer for the purpose of subleasing, sales tax is still owed on the gross lease charges of the subleasing transaction. This is the same principle as when a retailer buys property for resale but uses the property before it is sold; use tax is owed on the use of the property, and sales tax is owed on the subsequent sale of the property because they are two separate transactions.

CLOSING YOUR ACCOUNT

When you close or sell your business, you must contact the Department. You can cancel your account by contacting us by phone, written correspondence or visiting us at one of our 4 District Offices. However you choose to contact us, certain information will be required in order to expedite the canceling of your account and ensure the timely refund of any security deposit or credits to which you may be entitled. It is important to include complete information when notifying us. The following information must be included:

- Nevada Taxpayer ID Number (TID) of the business to be closed;
- The DBA (doing business as/business name) and location of the business;
- The date the business will be closed or sold;
- The reason you closed the business. If you sold the business, who you sold it to;
- What became of the business assets such as equipment or office furniture, or advise if there are no assets. If the assets were sold, please indicate to whom you sold them and the sales price; and
- What became of any remaining inventory? If there is inventory remaining that you do not intend to resell, you are reminded you must report and pay use tax on the remaining inventory on your final tax return.

Please include your name, your title with the business, and a day-time phone number in the event we need to contact you. Finally, please provide a mailing address for any refund of security and/or credit to which you may be entitled.

“ASK THE ADVISORS” TRAINING WORKSHOPS

The Department will be presenting Basic Tax Training and Industry-Specific Training (note- the Henderson office no longer gives industry-specific training in the monthly classes. We are happy to conduct industry specific training upon request) 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, January 17, 2012 - Basic Tax Training

Tuesday, February 21, 2012 - Basic Tax Training

Tuesday, March 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, February 22, 2012 - Basic Tax Training

Reservations are required as classes fill up quickly. Please call to reserve seating:

(702) 486-2354 for Henderson classes, or

(775) 687-9981 for Reno classes.

For those not able to attend “Ask the Advisors” training, you may access the Workshop Power Point presentations on this website by clicking on “Ask the Advisors.” At this site 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 first Quarter of 2012:

Monday - January 2, 2012 New Years Day (Observed)

Monday - January 16, 2012 Martin Luther King, Jr. Day

Monday - February 20, 2012 Presidents' Day

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