

NEVADA DEPARTMENT OF TAXATION



NEVADA TAX NOTES

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DEPARTMENT OF TAXATION OFFICES

CALL CENTER NUMBER 1-866-962-3707

MAIN OFFICE

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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 received 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 the toll-free number, **1-866-962-3707**.

LIQUOR LICENSE RENEWALS

The time is approaching for ALL State of Nevada Liquor Licenses to be renewed. Mid-May, 2012 renewals will be mailed out. If your mailing address has been changed, now is the time to advise the Department of Taxation.

Pursuant to Nevada Revised Statute 369.310 all license fees are due and payable on July 1 of each year. If not paid by July 15 of each year the license may be cancelled by the Department. Between July 15 and July 31 of each year, the fee may be paid with a penalty of 5 percent added to such fee. If the fee and penalty are not paid by July 31 of each year, the license shall be cancelled automatically. Pursuant to NAC 360.396, if the amount of the penalty assessed is \$15 or less, the Department shall waive the penalty.

If any license is issued at any time during the year other than by July 15, the fee shall be for that proportionate part of the year that the license will be in effect, which in any event shall be for not less than one quarter of a year. No license shall be dated other than on the 1st day of the month in which it is granted.

ALCOHOL AWARENESS TRAINING

Effective July 1, 2007, NRS 369.630 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 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 businesses 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 and a Notice of Infraction must be issued. Statute does not allow the Department to waive or lower the amount of the infraction assessed.

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

ANNUAL UPDATE TO SHORT-TERM LESSOR FEES WAIVER OF DAMAGES & ADDITIONAL DRIVER

Nevada Revised Statutes (NRS) 482.31565(2) limits the dollar amount a short-term lessor may charge for a waiver of damages to \$22. It also provides that this amount be adjusted for each fiscal year that begins on or after July 1, 2008. This adjustment is done using 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(1) (f) also requires that the maximum amount charged for an additional driver not exceed \$10 per driver. This amount is also adjusted annually.

The CPI factor has been calculated at 14.37% for the fiscal year 2013. Effective July 1, 2012 the maximum charge for waiver of damages changes to \$25.16. The charge for each additional driver changes to \$11.44. For question on this, please call 775-684-2117.

NON-ALCOHOLIC MALT BEVERAGES

The retail sale of non-alcoholic malt beverages including non-alcoholic wines such as Anheuser-Busch's Bevo, Sharp's, O'Doul's, Kaliber, Clausthaler, Pabst's Pablo, Black Label, Fré, Ariel, etc. are not subject to Nevada sales tax when not prepared for immediate consumption. These products are not considered liquor pursuant to NRS 369.040, thus they are not subject to the Nevada liquor excise tax, because they typically contain less than one-half of 1 percent of alcohol by volume.

NRS 369.040 "Liquor" defined. 1. As used in this chapter, "liquor" means beer, wine, gin, whiskey, cordials, ethyl alcohol or rum and every liquid containing one-half of 1 percent or more of alcohol by volume and which is used for beverage purposes.

CONSTRUCTION CONTRACT VS RETAIL SALE

This is often an area of confusion found in many audits of businesses that are involved in home improvement. Pursuant to NAC 372.190, a construction contract for improvement to real property means a contract for erecting, constructing or affixing a structure or other improvement on or to real property; or the remodeling, altering, adding to, or repairing of an improvement to real property. Construction contractors are considered the consumers of any material purchased to fulfill a construction contract. This means that a contractor is required to pay the **sales tax** when they purchase the material. If purchased from an out-of-state vendor, the contractor must report and pay **use tax** on the purchase price of the material with their monthly or quarterly tax return. When the contractor bills a customer for the finished work there should be no sales tax added to the final contract price or invoice. This is because the tax has already been paid by the contractor when they purchased the material. If any tax is shown on the invoice the Department will consider it a retail sale rather than a construction contract and the contractor will be liable to the Department for that tax.

CHARCOAL, BRIQUETTES AND PROPANE

Charcoal, briquettes and propane purchased to cook food are subject to Sales and/or Use Tax. Propane purchased to produce domestic heat or for use in an internal combustion engine is exempt from Sales and/or Use Tax. (NRS 372.275 & NRS 372.300)

CHLORINE AND CHEMICALS

The sale of chlorine and other chemical agents used to purify water is subject to Sales and/or Use Tax, unless the purchaser is in the business of re-selling the chlorine/other chemical agents and gives the seller a valid "Resale Certificate". Chlorine and all chemicals used as purification agents for swimming pools are subject to Sales and/or Use Tax.

PLANTS, SEEDS, FRUIT TREES AND BERRY VINES

Nevada Sales and/or Use Tax **does not apply** to the sale of seeds, the products of which will be used as feed for any form of animal life of a kind the products of which ordinarily constitute food for human consumption or which are to be sold in the regular course of the purchaser's business. The Sales and/or Use Tax **does apply** to sales of non-annual plants, such as fruit trees and berry vines, whether or not the products will be sold or used as food for human consumption, unless the plants themselves, as distinguished from their products, are purchased for resale. (NRS 372.280 and NAC 372.540)

VEHICLE, WATERCRAFT AND AIRCRAFT TAX EVASION PROGRAM

If the Department determines that a Nevada resident intended to evade Sales/Use Tax on the purchase of a motor vehicle, watercraft and/or aircraft, by registering the property in a State or jurisdiction which does not levy a Sales/Use Tax or levies tax at a lower tax rate, the resident shall be assessed the applicable Nevada tax, plus a 10% penalty, plus

3/4% interest per month, and may **also be assessed an additional 300% evasion penalty**. The Department has an ongoing program of tax evasion discovery and receives information concerning possible tax evasion from law enforcement, Department of Motor Vehicles, and Nevada taxpayers. The Department is currently receiving buyer information from surrounding States on sales of off-road vehicles, watercraft, aircraft, motor homes, and other vehicles purchased in their State with the intention of bringing the vehicle/craft to Nevada for storage, use, or other consumption. These vehicles/crafts are taxable in Nevada and the Department is pursuing the buyer for tax, penalty, and interest on these transactions. Holding the vehicle/craft in Nevada for 90 days to avoid California Sales/Use Tax will make it taxable in Nevada. The State of California shares affidavit/tax information with Nevada. (NRS 360.340, 2)

GOVERNMENTAL SALES AND USE TAX EXEMPTIONS

Pursuant to NRS 372.325, sales to the United States, its incorporated agencies and instrumentalities; the State of Nevada, its unincorporated agencies and instrumentalities; and any county, city or district or other political subdivision of this State are granted exemption from sales and use taxes for purchases or sales. **An exemption letter from the Nevada Department of Taxation is not required for a governmental organization to be exempt.** When requested, we do provide governmental organizations with Exemption Certificates. A governmental organization that purchases tangible personal property with a governmental credit card is exempt. The retailer should make a copy of the credit card and redact the card number, for its records in the event of an audit by the Department. This exemption applies only to direct sales to governmental organizations; tangible personal property sold to or used by a government contractor is subject to the Sales/Use Tax unless the contractor is a constituent part of the governmental entity. For example, if a government contractor purchases building materials for use on a public works project, the government contractor must pay Sales/Use Tax on those materials. This exemption does not apply to the Room/Lodging Tax. Room/Lodging Taxes are administered by each individual County; States, other than Nevada, purchasing tangible personal property in Nevada **are not** exempt.

RESALE CERTIFICATES VS. SALES TAX PERMITS

The Department of Taxation would like to clarify the difference between a Resale Certificate and a Sales Tax Permit. The Department is receiving an increasing number of phone calls from Nevada sellers/retailers, stating that many vendors/wholesalers from whom they purchase inventory for resale, are requesting copies of purchasers' Sales Tax Permits; not copies of purchasers' Resale Certificates. This is not correct as Sales Tax Permits are not interchangeable with, and may not be used in lieu of, Resale Certificates. Nevada vendors/wholesalers selling tangible personal property for resale in this State must take care when obtaining Resale Certificates from customers claiming to be exempt from paying sales tax because the purchaser must re-sell the merchandise/property on which sales tax is not paid. Blank Resale Certificate forms may be downloaded from this website by going to the Common Forms Link. Blank Resale Certificate forms/cards may also be purchased at most office supply or stationery stores.

TRAPPERS AND FUR TRADERS

The sale of furs and pelts in their raw or finished state is subject to Nevada Sales tax. Sales tax is statutorily imposed on the sale, transfer, lease, rental, licensing, use or consumption of tangible personal property in Nevada. Furs and pelts fall within the definition of tangible personal property whether they are in their raw or unfinished state or not. Sales tax is due on any sale of tangible personal property in which delivery takes place in Nevada unless the purchaser can provide the seller with a valid resale certificate. Purchasers who hold valid sales tax permits in Nevada or other States may present the completed and signed resale certificate in lieu of paying the sales tax. The purchaser must be in the business of re-selling the merchandise/property on which sales tax is not paid. Blank Resale Certificate forms may be downloaded from the Department website by going to <http://www.tax.state.nv.us> and clicking on the Common Forms Link.

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 by visiting us at one of our 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 throughout the year. The Henderson Office will include additional presentations by the **State of Nevada Treasurer’s Office**, Unclaimed Property Division – information about reporting unclaimed property in Nevada, **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, April 17, 2012 - [Basic Tax Training](#)
- Tuesday, May 15, 2012 - [Basic Tax Training](#)
- Tuesday, June 19, 2012 - [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, May 16, 2012- [Basic Tax Training](#)

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 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 second Quarter of 2012:

Monday - May 28, 2012 Memorial Day

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