

# NEVADA TAX NOTES

The Official Newsletter of the Department of Taxation



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The Department of Taxation is hiring! We are recruiting for multiple positions in our Northern and Southern Nevada offices. If you are interested in applying, check out the Department's [careers page](#).



## Upcoming Office Closures

The Nevada Department of Taxation will be closed on the following dates.



**Monday, September 2**  
*Labor Day*

**Friday, October 25**  
*Nevada Day*

## Ask the Advisor: Tuesday, July 16

The Department is hosting Ask the Advisor classes again to all taxpayers which focus on general information about Sales & Use Tax and Modified Business Tax. There are also rotating guest presenters from other state agencies, as well as local small business resources in Northern and Southern Nevada. These classes will be available online to reach more taxpayers and the next class will be Tuesday, July 16, 2024, at 9:00am. Please visit <https://NevadaTax.as.me/AsktheAdvisor> to sign up to attend the class. These classes will be offered the third Tuesday of each month, except in November and December.

Call Center: (866) 962-3707 Monday - Friday 7:30AM - 5:00PM

Carson City

3850 Arrowhead Dr., 2nd Floor  
Carson City, Nevada 89706  
Phone: (775) 684-2000

Reno

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

Las Vegas

700 E. Warm Springs Road 2nd Floor  
Las Vegas, Nevada 89119  
Phone: (702) 486-2300

## 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 tax has been paid or to pay the use tax for your watercraft. If you are paying use tax 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 pursuant to NRS 372.035, please contact the Department for additional information about occasional sales.

### 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 in 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. The retailer 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 on the Department's new website by searching for "Vessel Trade In Trade Down Supplemental Reporting Form" or by clicking [here](#).

## Taxability of Propane Gas

Propane is often purchased for heating, cooking, fuel for equipment or motor vehicles, or as a raw material that continues to evolve for other uses. In general, the retail sales of propane dispensed in portable containers are subject to sales tax unless specifically exempted by Nevada law.

"Domestic Fuels" are exempted from taxation. Domestic fuels are "any matter used to produce domestic heat by burning, including, without limitation, wood, coal, petroleum and gas" which includes propane gas. Domestic heat is equated to "residential heat" as used in a residential home or domicile. The term is not applicable to heating outside the residential structure, nor is it applicable to heating a commercial property. In addition, propane that is primarily delivered by mains, pipes or lines (i.e. the container is fixed and not portable) is exempt from sales tax.

The sales of propane for use in "an internal combustion or diesel engine for the generation of power to propel a motor vehicle on the highways" is exempt from sales tax. Propane tanks used in motor vehicles are generally not removable or portable for refilling due to the danger involved. Further, there are special excise taxes assessed for propane dispensed for use as a fuel in motor vehicles. Businesses must maintain special licensing to dispense propane for this use.

Therefore, the sale of propane in portable containers to consumers is generally subject to sales tax. Retailers must keep records that clearly document the reason for exempting sales from sales tax. For any additional questions regarding the sales of propane, please contact the Department and speak to a representative.

## Taxability of Ice

NRS 360B.445 defines food as substances, whether in liquid, concentrated, solid, frozen, dried or dehydrated form, that are sold for ingestion or chewing by humans and are consumed for their taste or nutritional value. Therefore, ice that is purchased in cube form or crushed and ingested for taste is considered food that is exempt from the sales tax.

Ice in other forms may be purchased for purposes other than ingestion or chewing. For example, ice that is sold in blocks and dry ice are commonly purchased to cool other items thereby making sales of ice in these forms taxable.

If a seller has additional questions regarding any specific sales of ice, please request a written response from the Department pursuant to NAC 360.190.

## Taxability of Large Appliances

Large appliances include, but are not limited to, a washing machine, dryer, range, stove, oven, dishwasher, refrigerator, freezer, ice maker and hot water dispenser. The retail sales of these items are subject to sales tax.

Sales tax is paid by the customer when the large appliance is sold separately or with installation or replacement services or any combination thereof. The sales tax must be applied to the retail sales price of the large appliance. The sales tax does not apply to installation and replacement charges that are stated separately on the sales receipt or in the contract of sale.

Construction contractors are the consumers of the materials used to fulfill a construction contract. The sales tax must be paid by the contractor on the sales price of the large appliance to the contractor when the large appliance is sold as a constituent part of a contract for the construction or refurbishment of an improvement to real property or a mobile home.

NRS 372.7265

## How to Report Employee Meals

The cost of food provided free of charge to employees by a restaurant or similar business is not subject to sales or use tax. This tax treatment is similar to the cost of the food as part of complimentary meals provided to customers which is also not taxable.

If the business charges the employee for the meal at a discounted rate, the business should charge sales tax on the discounted sales price. This is similar to any other cash discounts provided by the business. On the Sales and Use Tax Return, the business should report the pre-discounted sales price of the meals in the Total Sales column and the discount amounts in the Exemptions column. The net result is the taxable amount. Reporting discounted sales in this way allows for the business to be transparent and prepared in case of audit.

NRS 360B.480, NRS 372.025, NRS 372.065, NRS 372.7273

## Taxability of Bullion

The retail sales of bullion are subject to sales tax in Nevada. The retailer is liable for the Nevada sales tax on retail sales and is required to collect Nevada sales tax from its customers. It is presumed that all gross receipts are subject to the tax until the contrary is established. The burden of proving that a sale of tangible personal property is not a sale at retail is upon the person who makes the sale. Thus, the burden is on the seller to demonstrate that exempted sales of bullion are not subject to Nevada sales tax.

NAC 372.170(4) states “[t]he tax applies to sales of bullion at a premium price for purposes other than use as a medium of exchange. The tax does not apply to sales of bullion, even though sold at a premium price, if the purpose of the use of the bullion is as a medium of exchange.”

“Medium of exchange” is not defined in the regulation, so the term must be given its usual and normal meaning. “Medium of exchange” is defined by Black’s Law Dictionary as “[a]nything generally accepted in a transaction and recognized as a standard of value <money is a medium of exchange>.” See Black’s Law Dictionary (11th ed. 2019).

Bullion is subject to Nevada sales tax if the bullion was purchased for a purpose other than use as a medium of exchange. Because the tangible form of bullion is not generally accepted in transactions, it does not meet the exemption.

NRS 372.025, NRS 372.060, NRS 372.065, NRS 372.085, NRS 372.155, NRS 372.735, NAC 372.170

## Taxability of Medicine, Diagnostic Testing Drugs and Supplies

NRS 372.283 exempts medicine from sales and use tax which, in short, must be prescribed, applied, or provided by a physician to qualify for the exemption. Further, the statute states:

2. As used in this section:

(a) “Medicine” means any substance or preparation intended for use by external or internal application to the human body in the diagnosis, cure, mitigation, treatment or prevention of disease or affliction of the human body and which is commonly recognized as a substance or preparation intended for such use. The term includes splints, bandages, pads, compresses and dressings.

Sales of non-durable equipment such as test kits, glucose strips, lances, and lancets are not exempt, even when prescribed by a physician. Diagnostic testing chemicals such as in vitro reagents that are not intended for use by external or internal application to the human body are not exempt from the tax.

NRS 360B.435, NRS 360B.437, NRS 360B.455, NRS 372.283

## Surcharges

A surcharge is an extra fee added to the regular sales price of an item. It is a way for a retailer to pass on certain costs to 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 that is subject to sales tax, the surcharge is also subject to sales tax as a service that is necessary to complete a sale or as an expense of the seller.

Examples of surcharges include but are not limited to:

Fuel 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

## Tax Evasion: Not a Victimless Crime

Have you ever considered how services in our state, such as roads, fire and police departments and public schools are funded? These services, and many others, are funded by revenue collected by the State of Nevada. 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, a few businesses fail to meet their obligation. This impacts all Nevadans because it means less money to fund public services.

Tax Evasion 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:

- Operating as a retailer without a Sales Tax Permit
- Failure to collect sales tax or pay Nevada's taxes
- 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 operating 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](mailto:investigations@tax.state.nv.us).

## Tips to Taxpayers - Important Reminders!

The Nevada Department of Taxation launched a new and improved website, designed to better serve the taxpayers and businesses of Nevada. The website is now live, offering a more user-friendly interface, enhanced navigation and improved access to information and services.

### Key Features of the New Website:

- **Modern Design and Intuitive Navigation:** The new website boasts a clean, modern design that simplifies the user experience. With intuitive navigation, users can quickly find the information and resources they need.
- **Mobile Responsiveness:** The website is fully optimized for mobile devices, ensuring that users can access the site from their smartphones and tablets with ease.
- **Comprehensive Resources:** The website offers a wealth of information, including detailed guides on tax laws, regulations and filing requirements. Users can easily access forms, publications and frequently asked questions.

Visit: [tax.nv.gov](http://tax.nv.gov)



### CALL CENTER (866) 962-3707

Contact our Call Center for questions regarding general tax inquiries, Sales Tax, Use Tax, Modified Business Tax, or for information on establishing a new business or location. Hours of operation are Monday through Friday: 7:30am to 5:00pm Pacific Time.

The Department's Call Center has been located in Carson City since its inception. To serve callers more reliably, particularly during weather events, the Department has moved some Call Center positions to Las Vegas.

### OFFICE LOCATIONS

There may be times when we can better serve you during a visit to one of our local offices. The Department of Taxation's regular hours of operation are Monday through Friday: 8:00am to 5:00pm.

For best service, please make an appointment at your local Taxation office: [Schedule Appointment](#).

*Tips to Taxpayers Column: The Nevada Department of Taxation's newsletter was called Tips to Taxpayers from its 1968 inception until 1990. The Department is paying homage to the newsletter's first decades of taxpayer assistance by including a Tips to Taxpayers column with tax account tips and hints in each edition of Nevada Tax Notes.*

If you have any questions with any matters addressed in this newsletter, please call our call center at (866) 962-3707.

The information expressed in this Newsletter constitutes general guidance regarding the interpretation of the statutes and regulations under the jurisdiction of the Department of Taxation. No reliance should be placed on any information herein for fact-specific purposes not described herein. Any subsequent statutory or administrative rule change or judicial interpretation of the statutes or rules upon which these articles are based may result in contrary interpretations or guidance. The articles in this Newsletter are not binding on any administrative body or court of law, but rather serve as the Department's summaries of applicable statutes, regulations and other rules within its jurisdiction. Nothing contained in this Newsletter should be construed as legal advice.