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2/14/21

Nevada Tax Commission
1550 College Parkway, Suite 115
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Subject: Satisfaction to the Department

Hello Commissioners,

Lately, the Department has requested that "Satisfaction to the Department be included in many of the Legislative Counsel Bureau (LCB) that has been presented before you. To the naked eye, seems like a good idea but to a person who has been an auditor for over 30 years not a wise decision. You may ask why? Well think about it you are making the Department, the prosecutor, judge, and jury before the taxpayer even gets a chance to appeal the audit. With that type of power, the auditor, audit supervisor, audit manager, and others could cause a small business to close its doors before even getting the chance to present its case through the appeal process. It has already happen many times before the thought of including this phrase in the LCB. Why increase the chances of it occurring more often.

I will now refer to the Nevada Taxpayers' Bill of Rights. I believe the Legislative saw the danger of what I mention above and wanted to protect taxpayers from an over aggressive Department employee (i.e. auditor). For an audit to really be successful, the person who you are auditing needs to buy in. I really like the following phrase in the Nevada Taxpayers' Bill of Rights "To provide minimum documentation and other information as may be reasonable by the Department to carry out its duties". You see in that phrase, the word "reasonable" is used. This is important because it allows the taxpayer to have some say in what is reasonable. In judicial courts (civil or criminal), they do not use the word "satisfaction"; they use the word "reasonable". To be an effective and efficient auditor, you use reasonableness in determining audit results.

My recommendation is that you replace the phrase "Satisfaction to the Department" with the phrase that is in the Nevada Taxpayers' Bill of Rights" "To provide minimum documentation and other information as may be reasonable by the Department to carry out its duties". It is very important for taxpayers to have input during an audit.

I appreciate your attention!

Thank You and Be Safe!



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INTRODUCTION

This pamphlet sets forth the Taxpayer's Bill of Rights with explanations and an introduction to the services provided by the Department of Taxation. Our philosophy is simple: Most people want to pay what they owe on time and in full, and an important part of our job is to explain the taxpayer's responsibilities as clearly as possible. Taxes may be inevitable, but paying them should not be an overly confusing or intimidating experience.

Understanding how the system works is every taxpayer's right and responsibility. Our goal is to take the mystery out of tax administration and when that happens, everyone benefits — taxpayers and tax administrators alike.

This is also an introduction to how the system works if you have a problem with your taxes or if you disagree with how much the Department says you owe in taxes. Well informed taxpayers can get faster results by knowing their rights and exercising them quickly.

Taxpayers need to know what will happen if they do not pay taxes. State law provides for an escalating series of sanctions - from interest and penalty charges to court actions - designed to ensure that everyone pays his or her fair share of taxes. The enforcement tools, carefully used, encourage voluntary compliance while assuring honest taxpayers that they are not shouldering an unfair burden.

This pamphlet may not be able to provide you with all the detailed information that you need to answer a particular question or solve a specific problem. Therefore, telephone numbers and addresses are listed at the back of this pamphlet and we urge you to contact the Department directly if you have further questions or comments.

The rights set forth in this pamphlet cover those taxes and/or tax provisions administered by the Department of Taxation under NRS Title 32, "Revenue and Taxation".

Reference:

NRS Chapter 372, Sales and Use Taxes

NRS Chapter 374, Local School Support Tax

NRS Chapter 360, General Provisions

NRS Chapter 363A & B, Modified Business Tax

NRS Chapter 368A, Live Entertainment Tax

NRS Chapter 444A, Tire Tax

NRS Chapter 361, Property Tax

NRS Chapter 375, Real Property Transfer Tax

NRS Chapter 362, Net Proceeds of Minerals

NRS Chapter 372A, Medical Marijuana Tax

NRS Chapter 363C, Commerce Tax

NRS Chapter 372B, Transportation Connection Tax

NRS Chapter 372A, Recreational Marijuana Tax

For a complete list of administered taxes visit the Department's Website — <https://tax.nv.gov>

TAXPAYERS' BILL OF RIGHTS

NRS 360.291

The Legislature has declared that each taxpayer has the right:

1

To be treated by officers and employees of the Department with courtesy, fairness, uniformity, consistency and common sense.

Every taxpayer is liable for the correct amount of tax that is due under the law. The Department endeavors to apply the law consistently and fairly to all taxpayers and treat them with courtesy and consideration. These criteria are taken into account when evaluating an employee's performance. The Department shall not evaluate any employee of the Department on the basis of assessments or collections from taxpayers. Any taxpayer who is not treated with fairness, courtesy and consideration by any Department employee, should contact the employee's supervisor with their concerns.

2

To a prompt response from the Department to each communication from the taxpayer.

The Department tries to return telephone calls by the end of each day, but that is not always possible. However, we will return each call within 48 hours (weekends excluded). The Department provides a written response to a written request by the taxpayer within 30 days after it receives the request. However, when lengthy research is required that prohibits responding in 30 days, the taxpayer will be advised. A response will be provided when the information becomes available.

3

To provide minimum documentation and other information as may reasonably be required by the Department to carry out its duties.

The Department is mandated to ask only for information that it needs to do its job, and no more. All forms prepared by the Department ask for a minimum of information and have attached instructions to help the taxpayer provide that information.

To support Sales/Use Tax and various Excise Tax remittances, a taxpayer's records must include the normal books of accounting, together with all receipts, invoices, bills, cash register tapes and any other documentation of original entry supporting the entries in the books of accounts.

To support remittances of the Modified Business Tax, a taxpayer's records must include the necessary payroll records and all supporting documentation if the medical deduction is claimed.

Records should be kept for a minimum of four years from the date of filing. Any taxpayer who has failed to register with the Department will be required to provide records for not less than eight years.

The law provides that the Department may, reduce or waive penalties and/or interest that may have accrued on delinquent taxes if the delinquency was a result of circumstances beyond the taxpayer's control, occurred despite the exercise of ordinary care, and without intent. A petition to waive or reduce penalties or interest must be made in writing, signed under penalty of perjury, and include the reasons the taxpayer is seeking the reduction or waiver. The form for this purpose can be found on the Department's website: <https://tax.nv.gov> . Scroll down to "Common Forms," then go to "General Purpose."

7

Except as otherwise provided in NRS 360.236 and NRS 361.485, to recover an overpayment of taxes promptly upon the final determination of such an overpayment.

A taxpayer may petition the Department for a refund or credit of taxes believed to have been overpaid. The petition must be in writing and be accompanied by all relevant documentation to support the claim that taxes have been overpaid and a refund or credit is due. Depending on the type of tax involved, Nevada law provides for various limits on the time within which a claim for refund or credit may be made. Statute requires the Department to offset any refund against any other tax or fee due from the taxpayer. Contact the Department for specific information.

Once the Department makes the determination that an overpayment of taxes was made, the taxpayer has a choice of receiving either a credit towards future taxes due or a refund check. The taxpayer must notify the Department in writing as to which option is wanted. Please note that a refund by check typically takes time to process because the checks must be requested from another State agency.

8

To obtain specific advice from the Department concerning taxes imposed by the State.

The Department of Taxation has a dual role, collection of taxes for the State, and taxpayer assistance. It is each employee's responsibility to assist taxpayers with information concerning the laws of the State, to inform taxpayers of procedures to follow to comply with these laws and to give assistance freely and willingly where it is requested. It is the Department's goal to resolve any situation before it becomes a problem. In addition the Department offers many workshops for the public and will provide specific seminars for any taxpayer when requested.

The Department will respond to questions over the telephone; however, the Department is not bound by the answers given to taxpayers, by staff, in telephone conversations. Therefore, if the information you are requesting concerns how the tax is to be collected or applied, the request should be in writing and should include as much detail as possible of the specific circumstances. The Department's written response can be used to support the taxpayer's position should questions arise in an audit.

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In any meeting with the Department including an audit, conference, interview or hearing:

- (1) To an explanation by an officer, agent or employee of the Department that describes the procedures to be followed and the taxpayer's rights thereunder;*
- (2) To be represented by himself or anyone who is otherwise authorized by law to represent him before the Department;*
- (3) To make an audio recording using the taxpayer's own equipment and at the taxpayer's own expense; and*
- (4) To receive a copy of any document or audio recording made by or in the possession of the Department relating to the determination or collection of any tax for which the taxpayer is assessed, upon payment of the actual cost to the Department for making the copy.*