

**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY
NRS 233B.0608**

LCB File No. R191-18

1. Background

The Department of Taxation has drafted Proposed Regulation R191-18, to establish a time limit for claiming a deduction for bad debt; requiring a retailer who claims a deduction for bad debt to retain certain records; establishing the method for determining the value of certain repossessed property for the purpose of calculating the amount of a deduction for bad debt.

2. A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.

The Department of Taxation prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R191-18 in its original form. The proposed language and questionnaire was dispersed to the following:

- Emailed by the Department to 229 members of its interested parties list.
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

One email was received stating the language “A claim for a sales tax deduction for a bad debt within 12 months after the last day of the month in which the retailer writes off the debt” should be removed since it is a prerequisite to qualify for a bad debt for federal income tax purposes.

Anyone interested in obtaining a copy of the questionnaire or the regulation can contact:

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3. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small businesses.

The Department conducted its own analysis of the regulation prior to emailing the questionnaires out to the interested parties using reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulatory

changes.

The Department did not receive any responses either in favor of the regulation or against it, which further validates the Department's analysis that there is no impact to small businesses.

4. The estimated economic effect of the proposed regulation on the small businesses which it is to regulate:

Direct and indirect adverse effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect adverse economic effect on small businesses.

Direct and indirect beneficial effects

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect beneficial economic effect on small businesses.

5. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.

The proposed permanent regulation presents no reasonable, foreseeable or anticipated adverse impact to small businesses; therefore no efforts were required to reduce the impact on small businesses.

6. The estimated cost to the agency for enforcement of the proposed regulation.

The proposed permanent regulation presents no significant foreseeable or anticipated cost or decrease in costs for enforcement.

7. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The proposed permanent regulation does not include new fees nor does it increase an existing fee.

8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.

The proposed permanent regulation does not overlap or duplicate any regulation of other federal, state or local government entities, but does reference the Internal Revenue Code, 26 U.S.C subsection 166 which provides guidance for bad debt write offs.

9. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.

Because no comments were received to indicate any impact, the Department has determined that there will be no adverse impacts to small businesses.

I hereby certify, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was properly prepared and the information contained herein is accurate.



William D. Anderson, Executive Director
October 9, 2018