

## Nevada Department of Taxation

### Exempt Status Entity Form *for Exempt Entities registered with NV Secretary of State*

#### Part 1. Exempt Status Entity Information:

Entity's legal name:

Entity's Federal EIN/SSN:

NV Business ID (located on business license), if any:

Taxpayer ID, if any:

Entity's mailing address:

Entity's records location address:

Contact e-mail:

Contact phone number:

#### Part 2. Entity Type

The above entity is organized or incorporated in Nevada as (check applicable):

Association Partnership Cooperative Sole proprietor Corporation Trust Limited Liability Company Other (specify) 

#### Part 3. Exemption reason

The above entity is exempt from commerce tax filing requirement because it is (see Definitions and check applicable):

Governmental entity Non-profit entity organized pursuant IRC § 501(c) or NRS 82 or NRS 84 Credit Union organized under NRS 678 or the Federal Credit Union Act Grantor trust excluding trust taxed as business entity pursuant IRC § 301.7701-4(b) <sup>1</sup> Estate of a natural person excluding estate taxable as a business entity under IRC §301.7704-4(b) <sup>2</sup> IRC § 856 Real Estate Investment Trust not directly holding real estate <sup>3</sup> IRC § 860D Real Estate Mortgage Investment Conduit IRC § 401(a) Trust Passive entity <sup>4</sup> Intangible investments entity <sup>5</sup> Exhibition participant not required obtain a state business license pursuant NRS 360.780 Entity exempt from tax by Constitution or law (provide legal source reference) <sup>6</sup> 

#### Part 4. Certification

Under penalty of perjury I declare the foregoing is true and correct. If the entity status changes I will notify the Department in writing that the above entity is no longer exempt.

Authorized representative's name:

Authorized representative's title:

Executed on (date):

## Definitions

- <sup>1</sup> A grantor trust as defined by section 671 and 7701(a)(30)(E) of the Internal Revenue Code, 26 U.S.C. §§ 671 and 7701(a)(30)(E), all of the grantors and beneficiaries of which are natural persons or charitable entities as described in section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3), excluding a trust taxable as a business entity pursuant to 26 C.F.R. § 301.7701-4(b).
- <sup>2</sup> An estate of a natural person as defined by section 7701(a)(30)(D) of the Internal Revenue Code, 26 U.S.C. § 7701(a)(30)(D), excluding an estate taxable as a business entity pursuant to 26 C.F.R. § 301.7701-4(b).
- <sup>3</sup> A real estate investment trust, as defined by section 856 of the Internal Revenue Code, 26 U.S.C. § 856, and its qualified real estate investment trust subsidiaries, as defined by section 856(i)(2) of the Internal Revenue Code, 26 U.S.C. § 856(i)(2), except that:
- (1) A real estate investment trust with any amount of its assets in direct holdings of real estate, other than real estate it occupies for business purposes, as opposed to holding interests in limited partnerships or other entities that directly hold the real estate, is a business entity pursuant to this section; and
  - (2) A limited partnership or other entity that directly holds the real estate as described in subparagraph (1) is a business entity, without regard to whether a real estate investment trust holds an interest in it.
- <sup>4</sup> A business is a “passive entity” only if:
- a) The business is a limited-liability company, general partnership, limited-liability partnership, limited partnership or limited-liability limited partnership, or a trust, other than a business trust;
  - b) During July 1<sup>st</sup> through June 30<sup>th</sup> at least 90% of the business entity’s federal gross income consists of the following passive income:
    - (1) Dividends, interest, foreign currency exchange gains, periodic and nonperiodic payments with respect to notional principal contracts, option premiums, cash settlements or termination payments with respect to a financial instrument, and income from a limited-liability company;
    - (2) Capital gains from the sale of real property, gains from the sale of commodities traded on a commodities exchange and gains from the sale of securities; and
    - (3) Royalties, bonuses or delay rental income from mineral properties and income from other nonoperating mineral interests; and
  - c) The business entity does not receive more than 10% of its federal gross income from conducting an active trade or business.

### Notes:

- 90% of passive income shall not include any rent or income received by a nonoperator from mineral properties under a joint operating agreement if the nonoperator is a member of an affiliated group and another member of that group is the operator under that joint operating agreement.
  - A business entity is “conducting an active trade or business” if:
    - The activities being carried on by the business entity include one or more active operations that form a part of the process of earning income or profit, and the business entity performs active management and operating functions; or
    - Any assets, including, without limitation, royalties, patents, trademarks and other intangible assets, held by the business entity are used in the active trade or business of one or more related business entities.
  - The ownership of a royalty interest or a nonoperating working interest in mineral rights does not constitute the conduct of an active trade or business.
  - The payment of compensation to employees or independent contractors for financial or legal services reasonably necessary for the operation of a business does not constitute the conduct of an active trade or business.
  - Holding a seat on the board of directors of a business entity does not by itself constitute the conduct of an active trade or business.
  - Activities performed by a business entity include activities performed by persons outside the business entity, including independent contractors, to the extent that those persons perform services on behalf of the business entity and those services constitute all or any part of the business entity’s trade or business.
- <sup>5</sup> An entity whose activities in Nevada are confined to the owning, maintenance and management of the person’s intangible investments or of the intangible investments of persons or statutory trusts or business trusts registered as investment companies under the Investment Company Act of 1940, 15 U.S.C. §§ 80a-1 et seq., as amended, and the collection and distribution of the income from such investments or from tangible property physically located outside of Nevada.
- ### Notes:
- “intangible investments” includes, without limitation, investments in stocks, bonds, notes and other debt obligations, including, without limitation, debt obligations of affiliated corporations, real estate investment trusts, patents, patent applications, trademarks, trade names and similar types of intangible assets or an entity that is registered as an investment company under the Investment Company Act of 1940, 15 U.S.C. §§ 80a-1 et seq.
  - the types of intangible assets similar to the investments in stocks should include an interest in other legal entities, organized pursuant Nevada Revised statutes or statutes of other states, without regard to whether the person, or the beneficiary, or the fiduciary controls or participates in the management of such entities.
- <sup>6</sup> Any person or entity which this State is prohibited from taxing pursuant to the Constitution or laws of the United States or the Nevada Constitution.