



**STATE OF NEVADA  
DEPARTMENT OF TAXATION**

**Web Site: <https://tax.nv.gov>**

1550 College Parkway, Suite 115  
Carson City, Nevada 89706-7937  
Phone: (775) 684-2000 Fax: (775) 684-2020  
Call Center: (866) 962-3707

**STEVE SISOLAK**  
*Governor*  
**JAMES DEVOLLD**  
*Chair, Nevada Tax Commission*  
**SHELLIE HUGHES**  
*Executive Director*

**LAS VEGAS OFFICE**  
Grant Sawyer Office Building, Suite 1300  
555 E. Washington Avenue  
Las Vegas, Nevada 89101  
Phone: (702) 486-2300 Fax: (702) 486-2373

**RENO OFFICE**  
4600 Kietzke Lane  
Building L, Suite 235  
Reno, NV 89502  
Phone: (775) 687-9999  
Fax: (775) 688-1303

Posted: 11/1/21

**NOTICE OF WORKSHOP**

**To:** To All Interested Parties  
**From:** Shellie Hughes, Executive Director, Department of Taxation  
**Date:** November 1, 2021  
**Re:** Workshop on LCB Draft of Proposed Permanent Regulation R073-20

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The Department of Taxation will hold a workshop to solicit comments from interested parties on the following proposed permanent regulation:

This regulation provides that the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to a warranty or guaranty that was included in the sale of the tangible personal property is excluded from sales and use taxes only if: (1) the warranty or guaranty was a mandatory part of the sale of the tangible personal property and the repair or replacement of the tangible personal property is an obligation or duty imposed on a party to that mandatory warranty or guaranty; and (2) the sales price of the tangible personal property included the value of the mandatory warranty or guaranty. This regulation further clarifies that sales and use taxes apply to the purchase and use of replacement parts or materials to repair or replace tangible personal property under circumstances other than the circumstances set forth in this regulation, including, without limitation, the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to an optional warranty or guaranty or pursuant to a term of any warranty or guaranty providing for repairs, replacements or services to maintain or enhance customer goodwill or to provide gratuitous or promotional repairs, replacements or services.

**Date and Time of Meeting:** November 15, 2021 1:00 p.m.

The workshop will be held at the following location:

**Place of Meeting:**

**Nevada Department of Taxation  
1550 College Parkway STE 115  
Large Conference Room  
Carson City, Nevada 89706**

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This meeting will also be available by zoom. Please use the link below to join the webinar:

<https://us02web.zoom.us/j/85369241814>

Or One tap mobile:

+12532158782, 85369241814# US (Tacoma)  
+13462487799, 85369241814# US (Houston)

Or join by phone:

Dial (for higher quality, dial a number based on your current location):

US: +1 253 215 8782 or +1 346 248 7799 or +1 669 900 9128 or +1 301 715 8592 or +1 312 626 6799 or  
+1 646 558 8656

Webinar ID: **853 6924 1814**

International numbers available: <https://us02web.zoom.us/j/85369241814>

A copy of the regulation referenced above can be found on the Department's website at [https://tax.nv.gov/Boards/Public\\_Meetings/](https://tax.nv.gov/Boards/Public_Meetings/) and at the Nevada Legislature's website at <https://www.leg.state.nv.us/App/Calendar/A/>.

All interested parties will have the opportunity to present their ideas. Please submit all suggestions in writing at least one week prior to the Workshop so the suggestions can be disseminated at the meeting. Written comments may be accepted at any time. All public input will be considered in preparing a proposed regulation to be presented to the Nevada Tax Commission for adoption.

Members of the public who are disabled and require accommodations or assistance at the Workshop are requested to notify the Department of Taxation in writing or by calling 775-684-2096 no later than five working days prior to the Workshop.

**Notice has been posted at the following location:** The Department of Taxation - 1550 College Parkway, STE 115, Carson City, Nevada.

**Notice has been EMAILED for posting at the following locations:** Department of Taxation - 4600 Kietzke Lane, Building L, Suite 235, Reno, Nevada; Department of Taxation - 555 E. Washington Avenue, Grant Sawyer Office Building, Las Vegas, Nevada; The Legislative Building, Capitol Complex, Carson City, Nevada; and the Nevada State Library, 100 Stewart Street, Carson City, Nevada, Interested Parties Group & Mailing List maintained by the Department & the Nevada Public Notice Website : <https://notice.nv.gov/>. Notice of this meeting was posted on the Department of Taxation website <https://tax.nv.gov/> and on the Legislative website at <https://www.leg.state.nv.us/>.

If you have any questions, please feel free to call Sarah Glazner at 775-684-2059.

**PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R073-20**

July 29 2021

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: § 1, NRS 360.090, 372.385 and 372.725.

A REGULATION relating to taxation; revising provisions governing the application of sales and use taxes to the purchase or use of parts and materials for the repair or replacement of tangible personal property under certain circumstances; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law imposes a sales tax on the gross receipts of a retailer from the retail sale of tangible personal property in this State and a use tax on the storage, use or consumption in this State of tangible personal property purchased from a retailer for storage, use or other consumption in this State in a transaction that would have been subject to the sales tax if it had occurred in this State. (NRS 372.105, 372.185, 374.110, 374.190) Under existing regulations, the furnishing of replacement parts or materials to repair or replace tangible personal property pursuant to a warranty or guaranty that is included in the contract of sale for the tangible personal property is a part of the sale of the tangible personal property and sales and use taxes do not apply to the purchase and use of such replacement parts or materials. (NAC 372.460)

This regulation provides that the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to a warranty or guaranty that was included in the sale of the tangible personal property is excluded from sales and use taxes only if: (1) the warranty or guaranty was a mandatory part of the sale of the tangible personal property and the repair or replacement of the tangible personal property is an obligation or duty imposed on a party to that mandatory warranty or guaranty; and (2) the sales price of the tangible personal property included the value of the mandatory warranty or guaranty. This regulation further clarifies that sales and use taxes apply to the purchase and use of replacement parts or materials to repair or replace tangible personal property under circumstances other than the circumstances set forth in this regulation, including, without limitation, the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to an optional warranty or guaranty or pursuant to a term of any warranty or guaranty providing for repairs, replacements or services to maintain or enhance customer goodwill or to provide gratuitous or promotional repairs, replacements or services.

**Section 1.** NAC 372.460 is hereby amended to read as follows:

372.460 1. The sale of tangible personal property by a retailer includes the furnishing of replacement parts or materials to repair or replace the tangible personal property pursuant to ~~the provisions~~ *a definite term* of a *mandatory* warranty or guaranty included in the contract of sale. Sales and use taxes do not apply to the purchase and use of replacement parts or materials by the retailer if ~~the~~ :

(a) *The purchase and use of those parts or materials was made for the repair or replacement of tangible personal property pursuant to ~~the provisions~~ a definite term of the mandatory warranty or guaranty ~~;~~ ; and*

(b) *The sales price of the tangible personal property being repaired or replaced included the value of the mandatory warranty or guaranty.*

2. *Sales and use taxes apply to the purchase and use of replacement parts or materials by a retailer unless sales and use taxes do not apply to the purchase and use of such replacement parts or materials pursuant to subsection 1.*

3. If a lessor leases or rents tangible personal property to a:

(a) Retailer who will furnish the tangible personal property to a customer; or

(b) Customer of a retailer,

↪ pursuant to ~~the provisions~~ *a definite term* of a *mandatory* warranty or guaranty included in a contract of sale, the lessor must not include the gross receipts from that lease or rental of the tangible personal property in the gross receipts that are subject to the ~~use~~ *sales* tax. The lessor shall maintain documentation that indicates that the tangible personal property was leased or rented to a retailer, or the customer of a retailer, pursuant to ~~the provisions~~ *a definite term* of a *mandatory* warranty or guaranty included in a contract of sale.

**4. For the purposes of this section, a “definite term” of a mandatory warranty or guaranty is a provision of the mandatory warranty or guaranty that imposes a nondiscretionary duty or obligation on a party to the mandatory warranty or guaranty to perform an act or provide a service. The term does not include a provision of the mandatory warranty or guaranty that gives a party to the mandatory warranty or guaranty the discretion to determine whether or not to perform an act or provide a service, including, without limitation, a provision pursuant to which a manufacturer of tangible personal property reserves the right to repair or replace the tangible personal property or provide a service with respect to the tangible personal property that:**

- (a) Is not required by a definite term of a mandatory warranty or guaranty;**
- (b) Is intended to enhance or maintain the goodwill of a customer; or**
- (c) Is offered on a gratuitous basis or as a promotion, including, without limitation, a repair or replacement of tangible personal property, or the provision of a service with respect to tangible personal property, that is performed outside the durational limits of a mandatory warranty or guaranty.**

**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY  
NRS 233B.0608 and NRS 233B.0609**

**LCB File No. R073-20**

**1. Background**

Existing law imposes a sales tax on the gross receipts of a retailer from the retail sale of tangible personal property in this State and a use tax on the storage, use or consumption in this State of tangible personal property purchased from a retailer for storage, use or other consumption in this State in a transaction that would have been subject to the sales tax if it had occurred in this State. (NRS 372.105, 372.185, 374.110, 374.190) Under existing regulations, the furnishing of replacement parts or materials to repair or replace tangible personal property pursuant to a warranty or guaranty that is included in the contract of sale for the tangible personal property is a part of the sale of the tangible personal property and sales and use taxes do not apply to the purchase and use of such replacement parts or materials. (NAC 372.460)

The Department of Taxation has drafted Proposed Regulation R073-20. This regulation provides that the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to a warranty or guaranty that was included in the sale of the tangible personal property is excluded from sales and use taxes only if: (1) the warranty or guaranty was a mandatory part of the sale of the tangible personal property and the repair or replacement of the tangible personal property is an obligation or duty imposed on a party to that mandatory warranty or guaranty; and (2) the sales price of the tangible personal property included the value of the mandatory warranty or guaranty. This regulation further clarifies that sales and use taxes apply to the purchase and use of replacement parts or materials to repair or replace tangible personal property under circumstances other than the circumstances set forth in this regulation, including, without limitation, the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to an optional warranty or guaranty or pursuant to a term of any warranty or guaranty providing for repairs, replacements or services to maintain or enhance customer goodwill or to provide gratuitous or promotional repairs, replacements or services.

**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 R073-20. The proposed language and questionnaire was dispersed to the following:

- Emailed by the Department to 210 members of its interested parties list.
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

The content of the response is summarized below:

- Two (2) responses to the Small Business Impact Questionnaire were received. There was no impact found.

Anyone interested in obtaining a copy of the completed small business impact questionnaire used for this summary, can contact:

Sarah Glazner  
Nevada Department of Taxation  
1550 College Parkway Ste 115  
Carson City, NV 89706  
Phone: (775) 684-2059  
Fax: (775) 684-2020  
[sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us)

**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 analyzed the two questionnaires received and used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulatory changes.

**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 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 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 or increase an existing fee.

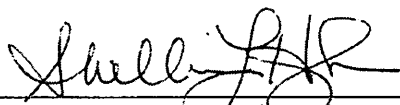
8. **If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local government entities.

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

The Department has determined that there will be no adverse impacts to small businesses based on its analysis of comment received.

**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.**



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**Shellie Hughes, Executive Director**  
November 1, 2021



# **Nevada Department of Taxation Regulatory Workshop**

## **Draft of Proposed Regulation R073-20**

NEVADA DEPARTMENT OF  
TAXATION  
1550 College Pkwy STE 115  
Large Conference Room  
Carson City, Nevada 89706

November 15, 2021  
1:00 PM

**Note: Items on this agenda may be taken in a different order than listed.**  
**Items may be combined for consideration by the Department of Taxation.**  
**Items may be pulled or removed from the agenda at any time.**

- I. Public Comment – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.
- II. The Department will hold a workshop to solicit comments from interested parties on the following topic:

The Department of Taxation has drafted Proposed Regulation R073-20. This regulation provides that the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to a warranty or guaranty that was included in the sale of the tangible personal property is excluded from sales and use taxes only if: (1) the warranty or guaranty was a mandatory part of the sale of the tangible personal property and the repair or replacement of the tangible personal property is an obligation or duty imposed on a party to that mandatory warranty or guaranty; and (2) the sales price of the tangible personal property included the value of the mandatory warranty or guaranty. This regulation further clarifies that sales and use taxes apply to the purchase and use of replacement parts or materials to repair or replace tangible personal property under circumstances other than the circumstances set forth in this regulation, including, without limitation, the purchase and use of replacement parts or materials to repair or replace tangible personal property pursuant to an optional warranty or guaranty or pursuant to a term of any warranty or guaranty providing for repairs, replacements or services to maintain or enhance customer goodwill or to provide gratuitous or promotional repairs, replacements or services.

- III. **\*\*Public Comment – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.**
- IV. Adjourn

**\*\*This item is to receive public comment on any issue and any discussion of those issues; provided that comment will be limited to areas relevant to and within the authority of the Nevada Department of Taxation. No action will be taken on any items raised in the public comment period. Public Comment may not be limited based on viewpoint.**

Please contact Sarah Glazner 775-684-2059 or [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us) for any support materials. The support materials will be available at <https://tax.nv.gov/> and made available during the meeting located at the Nevada Department of Taxation, 1550 College Pkwy STE 115, Carson City, NV.

Members of the public who are disabled and require accommodations or assistance at this workshop are requested to notify the Department of Taxation in writing or call 775-684-2096 no later than five working days prior to the workshop.

**Notice of this workshop has been posted at the following location:** The Department of Taxation - 1550 College Parkway, STE 115, Carson City, Nevada.

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