



STATE OF NEVADA
DEPARTMENT OF TAXATION

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NOTICE OF WORKSHOPS

To Solicit Comments on Proposed Temporary Regulations

To: To All Interested Parties

From: Jeffrey Mitchell, Deputy Director, Department of Taxation

Date: December 20, 2018

Re: Workshop on Proposed Temporary Regulations to be adopted by the Nevada Tax Commission regarding amending the amount of the rebuttable presumption deduction from contracting services.

The Department of Taxation will hold a workshop on behalf of the Nevada Tax Commission to receive input on proposed language changes to the Nevada Administrative Code Chapter 362 regarding amendments to NAC 362.050 on amending the amount of the rebuttable presumption deduction from contracting services.

Date and Time of Meeting: January 17, 2019 2:00 p.m.

The workshop will be held at the following locations:

Place of Meeting:
Nevada Department of Taxation
Large Conference Room
1550 College Parkway
Carson City, Nevada

Video Conference To:
Nevada Department of Taxation
555 E. Washington Avenue, Suite 1300
Las Vegas, Nevada

This meeting will also be part of a teleconference. Please call the Department at (775) 684-2100 for the teleconference number. Contact the Department at the Carson City address listed above, or Chali Spurlock at (775) 684-2066 for questions about the workshop and for copies of materials that will be part of the record.

All interested parties will have the opportunity to present their ideas for suggested language at this workshop. The Department encourages you to provide your suggestions in writing. Although the Department requests interested parties submit written suggestions at least one week in advance so the ideas can be disseminated to others, written comments may be accepted at any time.

NOTE: We are pleased to make accommodations for members of the public who are disabled. Please notify the Department of Taxation in writing, at 1550 College Parkway, Carson City, Nevada, 89706 or call (775) 684-2100 prior to the meeting.

Persons who wish to continue to receive notice of meetings must renew the request every six months after the first request is made because "[a] request for notice lapses 6 months after it is made." NRS 241.020(3)(c).

Notice of this meeting was posted in the following Carson City, Nevada location: Department of Taxation, 1550 College Parkway; Legislative Building, 401 South Carson Street; and Nevada State Library, 100 Stewart Street. Notice of this meeting was emailed for posting to the following locations: Department of Taxation, 4600 Kietzke Lane, Building L, Suite 235, Reno; Department of Taxation, 2550 Paseo Verde, Suite 180, Henderson; Department of Taxation, 555 E. Washington Street; Las Vegas; Clark County Office, 500 South Grand Central Parkway, Las Vegas. Notice of this meeting was also posted on the Internet through the Department of Taxation website at www.tax.nv.gov, on the Legislative website at www.leg.state.nv.us and on the Department of Administration website at <https://notice.nv.gov/>.

**PROPOSED TEMPORARY REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. T004-18

November 6, 2018

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

AUTHORITY: NRS 360.090 and 362.120;

A REGULATION relating to taxation; establishing an adjustment to a deduction in the net proceeds of minerals; clarifying the amount to be deducted as a claimable expense for contracting services.

Existing law allows for deduction of contracted services for a mine. There is a rebuttable presumption that not less than 20% of the cost of contracting is attributable to the cost of services and activities currently that would not be deductible as an expense if the mine conducted the services or activity themselves.

With the sun-setting of the prepayment system during the 2017 legislative session with regards to net proceeds there was allowed as deduction in NRS 362.120 (g) the actual cost of hospital and medical attention and accident benefits and group insurance for employees actually engaged in mining operations within the State of Nevada was allowed as a deduction. With this the rebuttable presumption of 20% being disallowed as a deductible expense should be changed to reflect the allowance of this deduction.

Section 1. Section 362.050(4) is hereby amended to read as follows:

NAC 362.050 Deductions: Operating costs. [Effective January 1, 2016.] ([NRS 360.090, 362.120](#))

4. If a cost is partially deductible and partially nondeductible, the deductible portion must be allowed. In determining the portion of such costs which is allowable as a deduction, a reasonable allocation must be made based upon available information. For the purposes of paragraph (b) of

subsection 1, ~~there is a rebuttable presumption that not less than 20 percent of the cost of contracting for all or part of a mine's operations is attributable to the cost of services and activities that would not be deductible if provided or performed directly by the operator of the mine.~~ *cost of services and activities that would not be deductible if provided or performed directly by the operator shall not be claimed as a part of the deduction allowed per paragraph (b) of subsection 1. The operator shall make an adjustment for these costs and upon request or audit by the department shall provide documentation proving the adjustment excludes costs that would not be deductible if provided or performed directly by the operator, or the operator shall presume that not less than 10 percent of the cost of contracting is attributable to costs that would not be deductible if provided or performed directly by the operator.*