

# **Nevada Department of Taxation Regulatory Workshop** **Draft of Proposed Regulation R057-21**

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

**December 20, 2021**  
**10:00 a.m.**

**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.**

*Date and Time of Meeting:      December 20, 2021                      10:00 a.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. Join from a PC, Mac, iPad, iPhone or Android device:  
Please click this URL to join. <https://us02web.zoom.us/j/84462717475>

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8592 or +1 312 626 6799

Webinar ID: 844 6271 7475

International numbers available: <https://us02web.zoom.us/j/84462717475>

A copy of the regulation referenced above can be found on the Department's website at <https://tax.nv.gov/>

and at the Nevada Legislature's website at <https://www.leg.state.nv.us/>.

- 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. Please email any comments to Sarah Glazner at [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us) so they may be posted to the Departments website.
- II. The Department will hold a workshop to solicit comments from interested parties on the following topic:

Existing law imposes an annual commerce tax on each business entity whose gross revenue earned in this State during a fiscal year exceeds \$4,000,000. The tax is imposed at a rate based on the industry in which the business entity is primarily engaged. (Chapter 363C of NRS) Existing law exempts from the commerce tax a person who takes part in an exhibition, trade show, industry or corporate meeting or similar event held in this State for a purpose related to the conduct of a business, including, without limitation, an organizer, manager, or sponsor of such an event or an exhibitor at such an event. (NRS 363C.020, as amended by section 1 of Assembly Bill No. 435, chapter 139, Statutes of Nevada 2021, at page 580) This regulation clarifies that this exemption applies only to a person who: (1) participates in an event of limited duration primarily attended by members of a particular trade or industry for the purpose of exhibiting their merchandise or services or discussing matters of interest to members of that trade or industry; and (2) does not engage in any business activity in this State other than the participation, organization, management or sponsorship of such an event.

The Department of Taxation has drafted Proposed Regulation R057-21. This regulation establishes requirements for the exemption from the commerce tax for persons who take part in certain events for a purpose related to the conduct of a business; and provides other matters properly relating thereto.

- 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 at 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.

**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, County Public Library's, 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 at <https://tax.nv.gov/> and on the Legislative website at <https://www.leg.state.nv.us/>.



**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: 12/3/2021

**NOTICE OF WORKSHOP**

**To:** To All Interested Parties  
**From:** Shellie Hughes, Executive Director, Department of Taxation  
**Date:** December 3, 2021  
**Re:** Workshop on LCB Draft of Proposed Permanent Regulation R057-21

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

Existing law imposes an annual commerce tax on each business entity whose gross revenue earned in this State during a fiscal year exceeds \$4,000,000. The tax is imposed at a rate based on the industry in which the business entity is primarily engaged. (Chapter 363C of NRS) Existing law exempts from the commerce tax a person who takes part in an exhibition, trade show, industry or corporate meeting or similar event held in this State for a purpose related to the conduct of a business, including, without limitation, an organizer, manager, or sponsor of such an event or an exhibitor at such an event. (NRS 363C.020, as amended by section 1 of Assembly Bill No. 435, chapter 139, Statutes of Nevada 2021, at page 580) This regulation clarifies that this exemption applies only to a person who: (1) participates in an event of limited duration primarily attended by members of a particular trade or industry for the purpose of exhibiting their merchandise or services or discussing matters of interest to members of that trade or industry; and (2) does not engage in any business activity in this State other than the participation, organization, management or sponsorship of such an event.

The Department of Taxation has drafted Proposed Regulation R057-21. This regulation establishes requirements for the exemption from the commerce tax for persons who take part in certain events for a purpose related to the conduct of a business; and provides other matters properly relating thereto.

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Notice of Workshop

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A copy of the regulation referenced above can be found on the Department's website at <https://tax.nv.gov/> and at the Nevada Legislature's website at <https://www.leg.state.nv.us/>.

All interested parties will have the opportunity to present their ideas or. 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. Please email any comments to Sarah Glazner at [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us) so they may be posted to the Departments website. 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.

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

**LCB File No. R057-21**

**1. Background**

Existing law imposes an annual commerce tax on each business entity whose gross revenue earned in this State during a fiscal year exceeds \$4,000,000. The tax is imposed at a rate based on the industry in which the business entity is primarily engaged. (Chapter 363C of NRS) Existing law exempts from the commerce tax a person who takes part in an exhibition, trade show, industry or corporate meeting or similar event held in this State for a purpose related to the conduct of a business, including, without limitation, an organizer, manager, or sponsor of such an event or an exhibitor at such an event. (NRS 363C.020, as amended by section 1 of Assembly Bill No. 435, chapter 139, Statutes of Nevada 2021, at page 580) This regulation clarifies that this exemption applies only to a person who: (1) participates in an event of limited duration primarily attended by members of a particular trade or industry for the purpose of exhibiting their merchandise or services or discussing matters of interest to members of that trade or industry; and (2) does not engage in any business activity in this State other than the participation, organization, management or sponsorship of such an event.

The Department of Taxation has drafted Proposed Regulation R057-21. This regulation establishes requirements for the exemption from the commerce tax for persons who take part in certain events for a purpose related to the conduct of a business; and provides other matters properly relating thereto.

**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 R057-21. 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.

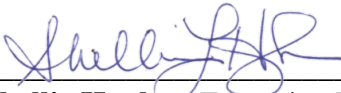
- 8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

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

December 3, 2021



**PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R057-21**

November 12, 2021

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

AUTHORITY: § 1, NRS 360.090, 363C.020, as amended by section 1 of Assembly Bill No. 435, chapter 139, Statutes of Nevada 2021, at page 580, and NRS 363C.100.

A REGULATION relating to taxation; establishing requirements for the exemption from the commerce tax for persons who take part in certain events for a purpose related to the conduct of a business; and providing other matters properly relating thereto.

**Legislative Counsel’s Digest:**

Existing law imposes an annual commerce tax on each business entity whose gross revenue earned in this State during a fiscal year exceeds \$4,000,000. The tax is imposed at a rate based on the industry in which the business entity is primarily engaged. (Chapter 363C of NRS) Existing law exempts from the commerce tax a person who takes part in an exhibition, trade show, industry or corporate meeting or similar event held in this State for a purpose related to the conduct of a business, including, without limitation, an organizer, manager or sponsor of such an event or an exhibitor at such an event. (NRS 363C.020, as amended by section 1 of Assembly Bill No. 435, chapter 139, Statutes of Nevada 2021, at page 580) This regulation clarifies that this exemption applies only to a person who: (1) participates in an event of limited duration primarily attended by members of a particular trade or industry for the purpose of exhibiting their merchandise or services or discussing matters of interest to members of that trade or industry; and (2) does not engage in any business activity in this State other than the participation, organization, management or sponsorship of such an event.

**Section 1.** NAC 363C.210 is hereby amended to read as follows:

363C.210 1. The commerce tax is a tax imposed on each business entity engaging in a business in this State. To determine whether a business entity is engaging in a business in this State, the Department must consider the activities of the business entity and not the activities of other entities in which the business entity owns an interest.

2. Except as otherwise provided in ~~subsection~~ *subsections 3 and 4* and chapter 363C of NRS, for the purpose of determining whether a person or other entity is subject to the commerce tax, a person or other entity is a business entity if the person is:

(a) An entity organized pursuant to title 7 of NRS or another equivalent statute of this State or another jurisdiction, other than an entity organized pursuant to chapter 82 or 84 of NRS.

(b) A state, national, domestic or foreign bank, whether organized under the laws of this State, another state or another country, or under federal law.

(c) A savings and loan association or savings bank, whether organized under the laws of this State, another state or another country, or under federal law.

(d) A partnership governed by chapter 87 of NRS or another equivalent statute of this State or another jurisdiction.

(e) A registered limited-liability partnership registered with the Secretary of State pursuant to NRS 87.440 to 87.500, inclusive.

(f) A business association.

(g) A joint venture, except a joint operating or co-ownership arrangement which meets the requirements of 26 C.F.R. § 1.761-2(a)(3), Treas. Reg. § 1.761-2(a)(3), that elects out of federal partnership treatment as provided by 26 U.S.C. § 761(a).

(h) A joint stock company.

(i) A holding company.

(j) A natural person who is required to file with the Internal Revenue Service a:

(1) Schedule C (Form 1040), Profit or Loss from Business, or its equivalent or successor form;

(2) Schedule E (Form 1040), Supplemental Income and Loss, or its equivalent or successor form, if an activity of the natural person is reported on Part I of that Schedule; or

(3) Schedule F (Form 1040), Profit or Loss from Farming, or its equivalent or successor form.

(k) Any other person engaging in a business in this State.

3. ~~For~~ *Except as otherwise provided in subsection 4, for* the purpose of determining whether a person or other entity is subject to the commerce tax, a person or other entity is not a business entity if the person or entity is listed in subsection 2 of NRS 363C.020, *as amended by section 1 of Assembly Bill No. 435, chapter 139, Statutes of Nevada 2021, at page 580*, regardless of whether the person or entity is engaging in a business in this State.

4. *The exclusion from the definition of “business entity” set forth in paragraph (n) of subsection 2 of NRS 363C.020, as amended by section 1 of Assembly Bill No. 435, chapter 139, Statutes of Nevada 2021, at page 580, applies only to a person who:*

*(a) Participates in an event of limited duration primarily attended by members of a particular trade or industry for the purpose of exhibiting their merchandise or services or discussing matters of interest to members of that trade or industry; and*

*(b) Does not engage in any business activity in this State other than the participation, organization, management or sponsorship of an event described in paragraph (a).*

5. As used in this section:

(a) “Holding company” means an entity that confines its activities to owning stock in, and supervising management of, other companies.

(b) “Joint stock company” means a common-law unincorporated business enterprise of natural persons possessing common capital with ownership interests represented by shares of stock.

(c) “Joint venture” means a partnership engaged in the joint prosecution of a particular transaction for mutual profit.