



# Nevada Tax Notes

The Official Newsletter of the Department of Taxation

Issue No. 185 April 2014

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Visit the Department Website at <http://tax.nv.gov/>

## Call Center

1-866-962-3707

Monday-Friday 8AM-5PM

## Office Closures

Memorial Day – May 26th

Independence Day July 4<sup>th</sup>

## Industry Spotlight:

### TAX RATE INCREASES

**NYE County Tax Rate Increase:** Effective April 1, 2014 the Sales and Use tax rate for Nye County will increase from 7.10% to 7.60%. The Nye County Commissioners approved collection of an increase in sales tax of ½% under the provision of the Nye County Sales and Use Tax Act of 2007 to support public safety services.

Those who collect and remit sales and use tax will need to make changes to business processes as necessary in order to collect tax at the new rate. Businesses should be sure to file the most recently updated tax return forms. Filing [online](#) is the best option to take advantage of the most up to date tax rates. Tax Returns are also sent in the mail or can be located on our website at <http://www.tax.nv.gov>. If you have questions or require further information, please contact our Call Center.

**Carson City Tax Rate Increase:** Effective October 1, 2014 the Sales and Use tax rate for Carson City will increase from 7.475% to 7.60%. The Carson City Board of Supervisors approved an ordinance raising the Sales and Use tax rate by 1/8%

### RESALE CERTIFICATES VS. SALES TAX PERMITS

The Department of Taxation would like to clarify the difference between a Resale Certificate and a Sales Tax Permit. The Department is receiving an increasing number of phone calls from Nevada sellers/retailers, stating that many vendors/wholesalers from whom they purchase inventory for resale, are requesting copies of purchasers' Sales Tax Permits; not copies of purchasers' Resale Certificates. This is not correct as Sales Tax Permits are not interchangeable with, and may not be used in lieu of, Resale Certificates.

Nevada vendors/wholesalers selling tangible personal property for resale in this State must take care when obtaining Resale Certificates from customers claiming to be exempt from paying sales tax because the purchaser must re-sell the merchandise/property on which sales tax is not paid. Blank Resale Certificate forms may be downloaded from this website <http://www.tax.nv.gov>. and go to "Tax Forms" and then click on "General Purpose Forms". Blank Resale Certificate forms/cards may also be purchased at most office supply or stationery stores.

## New Call Center Hours

The Nevada Department of Taxation announces new operating hours for the Call Center to better address the thousands of calls we receive each month. The Call Center hours are now 8:00 am to 5:00 pm Pacific Time and will no longer be closed during the lunch hour. The mission of the Call Center is to help Taxpayers resolve issues with their accounts, give information on registering, and answer general tax questions. If you have questions regarding Sales Tax, Use Tax, Modified Business Tax, general tax questions or need information on an established account, please contact the Call Center at our toll-free number, **1-866-962-3707**. Please be sure the person calling on the account is authorized to receive information on your account.

## FOLLOW US ON TWITTER

Department of Taxation utilizes social media to increase communication and outreach to the public.

Please follow us at @NVTaxDept for up to date information and reminders.

## MODIFIED BUSINESS TAX FOR FINANCIAL INSTITUTION

The tax rate for financial institutions is 2% on the gross wages less employee health care benefits paid by the employer. Financial institutions are not provided the wage exemption afforded to general businesses and must report and pay tax at the 2% rate on all wages less employee health care benefits paid by the employer.

### What entities qualify as Financial Institutions?

In 2003 NRS 363A.050 defined a financial institution as an entity licensed, registered or otherwise authorized to do business in this state pursuant to the provisions of chapter 604, 645B, 645E or 649 of NRS or title 55 or 56 of NRS, or a similar institution chartered or licenses pursuant to federal law and doing business in this state. It also defined a financial institution as an institution “primarily engaged in” financial activities involving securities, commodity exchange, bonds, investments, management of money, loan, or credit card processing, among others. The Department crafted regulations to assist in the interpretation and application of NRS 363A and employed the entities’ NAICS code to assist in applying the provisions of NRS

In 2005 the Legislature amended the modified business tax provisions including the definition of a financial institution. The definition no longer refers to the NAICS code and repealed the “primarily engaged in” language. The definition lists specifically licensed person and entities that are considered Financial Institutions for purposes of the MBT. These definitions also provide that if you are an entity related to any of the listed persons or entities, you are a Financial Institution. You should review the definition of Financial Institution to determine if you are a person or entity who should be registered as a Financial Institution. You can find the definition of Financial Institution at [NRS 363A.050](#)

### How do I dispute my classification as a Financial Institution?

A dispute may be made by filing a petition through a letter with the Department. The petition must include a description of the business, a statement of all the grounds upon which the person challenges the classification, and such financial records and documents as may be necessary to substantiate the claim.

## TECHNICAL BULLETINS

The Department is launching a new method of sharing information and educating business owners about issues that may affect them. The 2013 Legislature enacted SB7 which authorizes the Department to publish technical bulletins setting forth information relating to taxes administered by the Department as well as certain written opinions received from the Attorney General. These bulletins may be information or guidance concerning specific issues or updates on a specific type of business. They will be written in simple nontechnical language and will contain easy to understand examples. They will be published and revised as needed and will be posted on the Department website but will also be made available upon request. All technical bulletins must be reviewed and approved by the Nevada Tax Commission. Currently the Department has issued three Technical Bulletins:

- Auction Companies and Estate Sellers
- Sale of Propane Gas to Consumers
- Direct Pay and Resale of Direct Mail

These three issues can be found on the Department website under the **Publications** tab.

## Notice: Tax Return Mailings Discontinued

Effective July 1, 2014, the Department will no longer mail Sales & Use and Use Tax Returns to your business. Tax Returns can be filed online at <https://www.nevadatax.nv.gov/>

Please mail your return and payment to: **NEVADA DEPARTMENT OF TAXATION**  
**PO BOX 52609**

**PHOENIX AZ 85072-2609**

You can also file your Tax Returns online at <https://nevadayax.nv.gov>

If you are new user, simply follow these instructions:

- Click “**Enroll Nevada Tax**” on the homepage
- Have available: a username, the users First and Last name, phone number, email address, Taxpayer Identification Number (TID), Business Name & the amount of a previously filed return or payment OR your pre-approved Nevada Tax Access Code (found on your Sales or Use Tax Permit)
- Follow the instructions on screen
- Once you are enrolled, simply login to your account and choose the business for which you wish to File and Pay. Menu options will be on the left side of your screen for Filing or Paying your return.

Online instructions are also available at <https://www.nevadatax.nv.gov/> under About Nevada Tax

If you have questions or require further information, please contact our Call Center at 866-962-3707

## 2013 LEGISLATION

During the 2013 Legislation period there were a number of new bills that became effective in 2013 and 2014. The following is a summary of the bills most effecting Title 32 of Nevada Revised Statute and the Department of Taxation

SB 165 – Authorizing the Office of Economic Development to approve and issue a certificate of transferable tax credits to a film producer that produces a qualified film or other production in this State. These credits can be used against Modified Business Tax, Insurance Premium Tax and Gaming Tax. Effective date January 1, 2014

SB 374 – Provides for registration of medical marijuana establishments and imposes a 2% excise tax on each wholesale and retail sale of marijuana and marijuana infused products in addition to the regular sales tax imposed on retail sales of tangible personal property. Effective date April 1, 2014

AB 506 – Exempts from taxation food, meals, and non-alcoholic drinks provided on a complimentary basis to patrons and employees. Effective date June 13, 2013

SB 7 – Provides for the Department of Taxation to publish periodically Technical Bulletins setting forth information relating to taxes administered by the Department. Effective date May 22, 2013

SB 8- Clarifies the definition of wholesale price upon which the “Other Tobacco Products” excise tax is calculated. Effective date July 1, 2013

SB 152 - Provides that the right of a retailer to claim a bad debt is not affected by the assignment of a debt by the retailer to an entity which is part of an affiliated group that includes the retailer. Effective date May 20, 2013

SB 475 - Extends the 1.17% Modified Business Tax rate on General Business Taxpayers to June 30, 2015, and raises the taxable wages the rate is applied to from the amount in excess of \$62,500 per quarter to \$85,000 per quarter. Effective date June 30, 2013

SB 117 – Prohibits the Department of Taxation from issuing subpoenas for individually identifiable health information. Effective date July 1, 2013

## Deliveries By Nevada Firearms Dealers for Out- of- State Retailers

Nevada residents order firearms from out-of-state retailers and the retailers ship the firearms to an authorized Nevada firearms dealer for delivery to the customer. The Nevada firearms dealer charges a fee to register each firearm in Nevada. When the Nevada firearms dealer completes the registration paperwork and delivers a firearm to a Nevada purchaser for an out-of-state retailer not registered with the State of Nevada, Department of Taxation (Department) as a retailer engaged in business in this state, it is presumed that the firearms dealer is the retailer of the firearms pursuant to NRS 372.055 and NRS 372.050. In such a case, the firearm dealer would owe sales tax on the total amount of the retail sales price of the gun to the customer, including the Department of Justice fee if passed on to the customer, and including any service charge made by the firearm dealer. If the firearm dealer establishes to the satisfaction of the Department that the out-of-state retailer was engaged in business in this state, its deliveries for that retailer will not be considered taxable retail sales by the firearm dealer, even if the out-of-state retailer has not registered with the Department as a retailer engaged in business in this state. In such cases, as well as in situations in which the retailer is in fact registered as a retailer engaged in business in this state, the out-of-state retailer has a duty to collect the use tax pursuant to NRS 372.185 and NRS 372.225, even if paid directly to the firearm dealer by the customer. Also, the Department of Justice fee passed onto the customer should be included in the measure of tax.

## 2013 LEGISLATION (con't)

AB 1 Special Session – Updates and repeals some of the provisions governing the partial abatement of certain taxes imposed on new or expanded businesses and revises the provisions governing the deferment of sales and use tax on certain purchases of new and expanded businesses. Effective date July 1, 2013

AB 153 – Relating to alcoholic beverages; provides for the licensing and operation of craft distilleries in this State. Effective date July 1, 2013

AB 432 – Relating to alcoholic beverages; revises the definition of “supplier” and prohibits an importer or wholesale dealer from operating or locating its business on the premises or other property of any supplier. Effective date October 1, 2013

SB 357 – Enacts the Nevada New Markets Jobs Act which provides for tax credits for certain businesses. Effective date October 1, 2013

SB 479 – Relating to Insurance; authorizes a certain credit against insurance premium tax to be carried forward into subsequent years. Effective date July 1, 2013

## “Ask the Advisors” Training

The Department will be presenting Basic Tax Training and Industry-Specific Training throughout the year. These **free** workshops include training on Sales and Use Tax, Modified Business Tax, Live Entertainment Tax, collection of taxes, resale certificates, exemptions, how to prepare amended tax returns, how to prepare for an audit, your petition rights, etc.

**SOUTHERN REGION** – The following workshops will be held in the **Henderson Department of Taxation Office** located at 2550 Paseo Verde Parkway, Suite 180, and will begin at 9:00 a.m. and conclude at 12:00 p.m.:

**Basic Tax Training:**

	July 15, 2014	October 21, 2014
May 20, 2014	August 19, 2014	
June 18, 2014	September 16, 2014	

The Henderson Office will include additional presentations by the **Internal Revenue Service** (forms and filing requirements), and **SCORE** (resources available for businesses to guide them to success). **SCORE** is a non-profit organization sponsored by the Small Business Administration.

**NORTHERN REGION** – The following workshop will be held in the **Reno Department of Taxation Office** located at 4600 Kietzke Lane, Bldg. B, Suite 111, and will begin at 9:00 a.m. and conclude at 12:00 p.m.:

**Basic Tax Training:**

May 21, 2013	August 20, 2014	October 15, 2014
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The Reno Office will include presentations by the **Internal Revenue Service**.

**Reservations are required** as classes fill up quickly. Please call **(702) 486-2354** for Henderson classes and **(775) 687-9999** for Reno classes to reserve seating. For those not able to attend “Ask the Advisors” training, you may access the Workshop Power Point presentations on our website by clicking on [“FAQ’s”](#), at the bottom of the page is a link to “Tax Power Points”