

**ADOPTED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R129-13

Effective October 24, 2014

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

AUTHORITY: §1, NRS 360.090 and 372.725.

A REGULATION relating to taxation; providing for the application of sales and use taxes when a vehicle dealer uses or loans a motor vehicle purchased for resale; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Under existing law, a sale of tangible personal property is not subject to the sales tax if the purchase is made for the purpose of reselling the property in the ordinary course of business. (NRS 372.050) If the purchaser makes any use of the property other than retention, demonstration or display while holding it for sale in the regular course of business, the purchaser must pay the use tax based on the sales price of the property to the purchaser. (NRS 372.170)

This regulation provides that the use or gratuitous loaning of a motor vehicle by a vehicle dealer who purchases the vehicle for the purpose of resale constitutes a taxable use of the vehicle unless each use or loan is: (1) exempt from taxation because the use or loan constitutes a loan or donation to certain public entities or nonprofit organizations; or (2) made for the purpose of retention, demonstration or display while holding the vehicle for sale in the regular course of business. Under this regulation, a loan of a vehicle will be presumed to be not subject to the use tax because the loan is for the purpose of retention, demonstration or display if: (1) the vehicle is being operated with dealer’s license plates issued by the Department of Motor Vehicles in accordance with existing law and regulations; (2) the cumulative period of all loans of the vehicle is less than 180 days; and (3) the dealer maintains and provides to the Department of Taxation upon request certain records concerning the vehicle and the dealer’s license plate.

Section 1. Chapter 372 of NAC is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsections 2 and 3, if a vehicle dealer who purchases and gives a resale certificate for a motor vehicle uses the motor vehicle or loans the motor

vehicle to any person, the use or loan of the motor vehicle is taxable to the dealer and the measure of the tax is the purchase price of the motor vehicle by the dealer.

2. A use or loan described in subsection 1 is not taxable to the dealer if each use or loan of the motor vehicle by the dealer is:

(a) Exempt from taxation pursuant to NRS 372.327; or

(b) Made for the purpose of retention, demonstration or display of the motor vehicle while holding it for sale in the regular course of business.

3. The loan of a motor vehicle by a vehicle dealer will be presumed to be made for the purpose of retention, demonstration or display of the motor vehicle while holding it for sale in the regular course of business if:

(a) The motor vehicle is being operated with a special license plate issued by the Department of Motor Vehicles in accordance with NRS 482.320 and 482.330 and NAC 482.032 to 482.048, inclusive;

(b) The cumulative period of all the loans of the motor vehicle by the dealer is less than 180 days; and

(c) The vehicle dealer maintains, and provides to the Department upon request, a written record stating:

(1) The vehicle identification number and stock number of the motor vehicle;

(2) The number of the special license plate; and

(3) Each date on which the special license plate was displayed on the motor vehicle.

4. If the motor vehicle is sold following its taxable use or loan pursuant to this section to a purchaser who receives delivery of the motor vehicle in this State, the sales tax applies to the

sales price of the motor vehicle to the purchaser without any deduction or credit for the use tax paid by the dealer pursuant to this section.

5. As used in this section:

(a) “Dealer” or “vehicle dealer” has the meaning ascribed to it in NRS 482.020.

(b) “Loan” means the gratuitous transfer of possession or control of a motor vehicle for a fixed or indeterminate term.

(c) “Motor vehicle” has the meaning ascribed to it in NRS 482.075.