



SALES & USE TAX INFORMATION 4

IMPORTANT PROVISIONS OF THE SALES AND USE TAX LAWS (NRS 372) (NRS 374) (NRS 377) AND NEVADA ADMINISTRATIVE CODE

NATURE AND RATE OF SALES AND USE TAX, LOCAL SCHOOL SUPPORT TAX AND CITY/COUNTY TAX:

Nevada sales tax, local school support tax and city/county relief tax are imposed on retailers for the privilege of selling tangible personal property at retail. Use tax is imposed upon the storage, use or other consumption in this State of tangible personal property purchased from a retailer. Use tax is not imposed when the sale of the property to the consumer is subject to the sales tax. For the most part, use tax rather than sales tax applies to property purchased ex-tax outside Nevada for transfer, delivery or shipment to a consumer located in Nevada. Sales tax is measured by gross receipts from retail sales. Use tax is measured by the sales price of the property. "Gross receipts" and "sales price" means the total amount of the sale including all receipts, cash, credits, and property of any kind or nature. The delivery in this State of tangible personal property by an owner or former owner thereof, or by a factor, if the delivery is to a consumer pursuant to a retail sale made by a retailer not engaged in business in this State, is a retail sale in this State by a person making the delivery. He shall include the retail selling price of the property in his gross receipts.

WHAT IS REQUIRED OF SELLERS:

1. Every person, firm, partnership, corporation, etc., engaging in business as a seller of tangible personal property of a kind the retail sale of which is taxable must apply to the Nevada Department of Taxation for permits. The application must be accompanied by a fee of \$15.00 for each location.
2. Separate permits must be obtained for each place of business and must be conspicuously displayed at the place for which issued and are valid until suspended or revoked by the Commission. If there is a change in location or ownership, a new permit must be obtained. Companies having retail outlets in more than one county must furnish the Department with an estimate of the percentage of gross sales allocated to each county.
3. Sales must be reported on returns to the Department at such time and for such periods as the Department may require. Returns must be filed for each period even though no taxable sales were made during such period. Returns must be accompanied by remittances for the amounts of the tax due, payable to the Nevada Department of Taxation. Send check or money order. **DO NOT SEND CASH OR STAMPS.** Return forms prescribed by the Department will be mailed to the address shown on each permit at least 10 days prior to the date when returns become due. These will be printed with your name, address, and permit number, which will identify them as your returns and assure credit to your account. **DO NOT SEND IN DUPLICATE COPIES.**

Failure to receive the form does not relieve the business from their responsibility to file and pay timely. If you fail to receive the form by the due date, enclose your remittance with a letter explaining that form was not received, giving period covered by remittance, your business name, address, permit number, and mail to: Nevada Department of Taxation, Compliance Division, 1550 E. College Parkway, Suite 115, Carson City, Nevada 89706.

4. Nevada sales and use taxes are due and payable on or before the **LAST DAY** of the month following the report period. If your return is **POSTMARKED** after the last day of the month, you will be assessed a **10 PERCENT PENALTY AND 1 PERCENT INTEREST** per month or fraction thereof in accordance with the Nevada Statutes. **Deposit of your return in a mailbox is not enough. Your postage meter impression is not enough. It must be FRANKED BY THE U.S. POSTAL SERVICE.**
5. Every person purchasing tangible personal property for resale must pay to the State a tax measured by the purchase price of such property used for any other purpose.
6. Persons holding seller's permits may be liable for taxes, penalties, and interest arising out of any sales made in their place of business by operators of concessions therein, unless the concessionaires obtain permits from the Department. Such persons should insist that all concessionaires register with the Nevada Department of Taxation.

SALES & USE TAX INFORMATION 4 (cont.)

RECORDS:

1. Reference: NRS 372.735, NRS 374.740, and NRS 377, and Nevada Administrative Code.

Every seller, retailer and person storing, using or otherwise consuming in this State, tangible personal property purchased from a retailer, shall keep adequate and complete records showing:

- (a) The gross receipts from the sales of tangible personal property (including any services that are a part of the sale) made within Nevada, irrespective of whether the seller regards the receipts as taxable or nontaxable.
- (b) All deductions allowed by law and claimed in filing returns.
- (c) Total purchase price of all tangible personal property purchased for sale or consumption in Nevada.
- (d) Sufficient records to show gross sales of merchandise made outside of the county, if the county has enacted the optional $\frac{1}{4}$ percent tax.

These records must include the normal books of account ordinarily maintained by the average prudent businessman engaged in the activity in question, together with all bills, receipts, invoices, cash register tapes, or other documents of original entry supporting the entries in the books of account, as well as all schedules or working papers used in connection with the preparation of tax returns. Failure to maintain such records will be considered evidence of negligence or intent to evade the tax, and will result in the imposition of appropriate penalties.

2. You, the permittee, must notify the Department **IMMEDIATELY OF THE CLOSE OR SALE OF THE BUSINESS**, and make your records available to the Department for checking and final clearance. Refund or return of cash or other security deposited will be made after your account is cleared. In order to expedite the clearance, you should maintain:
 - (a) All books, records, and invoices reflecting sales and purchases in connection with the business.
 - (b) Duplicate copies of sales tax returns for all operating periods, not to exceed four years prior to date of closing.
 - (c) Evidence of the sales tax payments made for the last two reporting periods, if on a quarterly basis, or for the last three reporting periods if on a monthly basis.
 - (d) Sales tax permit for cancellation.
 - (e) Evidence such as resale certificates, bills of lading, etc., to support deduction.
 - (f) Bank statements, canceled checks and copies of income tax and Social Security returns.
3. **THE PURCHASER OF A BUSINESS SHALL WITHHOLD SUFFICIENT OF THE PURCHASE PRICE TO COVER ANY AMOUNT OF SALES OR USE TAX LIABILITY THAT MAY BE DUE FROM THE SELLER AT TIME OF PURCHASE AND SALE.** Unless the former owner produces a receipt from the Department showing that liability has been paid or a certificate stating no amount is due, purchasers are liable for amounts due to the extent of the purchase price.
4. The law imposes severe penalties, (including fine and imprisonment) for making false returns or otherwise attempting to evade the tax.