



QUESTIONS AND ANSWERS REGARDING USE TAX

1. **Q.** *What is Use Tax?*
 - A. Use Tax, the counterpart of Sales 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 sales 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 of Nevada for storage, use or other consumption in Nevada from other than a seller registered in Nevada. Use Tax, applies to mail order, out-of-state, toll-free "800" numbers, purchases made on the internet and other purchases of tangible personal property on which Nevada Sales Tax has not been paid.
2. **Q.** *Is this something new?*
 - A. No. However, taxpayers are often less familiar with Use Tax than with Sales Tax. Nevada first imposed a Use Tax in 1955. All states which impose a Sales Tax also impose a companion Use Tax.
3. **Q.** *Why is Use Tax important?*
 - A. Nevada Use Tax is important because it protects Nevada businesses from a competitive disadvantage with out-of-state vendors. Use Tax puts in-state and out-of-state businesses on the same competitive footing. Use Tax also helps generate the funds needed to provide services such as police and fire protection, road construction and repair, and for schools.
4. **Q.** *Who is liable for Use Tax?*
 - A. Any individual, business, corporation or other entity can be liable for Use Tax, when Sales Tax is not collected by the seller. Below are examples in which Nevada Sales Tax is not collected by the seller and therefore, Use Tax is due from the purchaser.

Examples:

1. An individual buys a video cassette recorder from a mail order firm for use in Nevada.
 2. An individual orders furniture from an out-of-state dealer who delivers or ships it to the Nevada resident's home.
 3. All purchases of tangible personal property by mail order or from catalogs are subject to Use Tax if Nevada Sales Tax is not charged by the seller.
 4. A Nevada business orders a computer system from an out-of-state dealer who delivers or ships the system to its Nevada business address.
 5. A contractor orders a truckload of sheet rock from an out-of-state vendor who delivers or ships the sheet rock to Nevada for the contractor's construction job in Nevada. The contractor must pay Use Tax.
 6. An out-of-state resident purchases a vehicle from an out-of-state dealer who delivers the vehicle to Nevada for the individual's company operating in Nevada.
 7. An individual purchases clothing from a clothing company on the internet.
 8. A business purchases office supplies from a company on the internet.
5. **Q.** *Don't all companies automatically add Sales Tax to taxable mail order, out-of-state and telephone purchases?*
 - A. No. Some companies do because they are registered to collect Nevada Sales Tax. If a seller is not registered to collect and remit Nevada Sales Tax, the Nevada purchaser must pay Use Tax directly to the State of Nevada.

QUESTIONS AND ANSWERS REGARDING USE TAX (cont.)

6. **Q.** *Are boats, watercraft, motor vehicles and off highway vehicles purchased from a seller in another state through mail order, over the internet and toll free “800” numbers subject to Nevada tax?*
A. Yes. In order to register or operate all boats, watercraft, off highway vehicles and motor vehicles (cars, trucks, and motorcycles) in Nevada, proof that Sales Tax has been paid to Nevada or another state is required. If proof cannot be provided, Use Tax must be paid.

7. **Q.** *Is there a credit for Sales or Use Tax paid to another state?*
A. Yes. Nevada does recognize Sales or Use Tax paid to another state; however, the tax paid must have been equal to or greater than the Sales/Use Tax rate in Nevada.

8. **Q.** *How do I know what is taxable?*
A. Taxable items are tangible personal property transferred for value. This includes property purchased for lease or rent, other than real estate. Most goods, wares and merchandise are taxable in Nevada. Unprepared food is exempt. Check the examples listed below to obtain an idea of general items which are taxable.

9. **Q.** *Do retailers also owe Use Tax?*
A. Yes. Any purchase, other than inventory, made by a retailer from a non-registered vendor, for use in the business, is subject to Use Tax and must be reported on the monthly or quarterly Sales and Use Tax return. Examples of this are supplies, forms, or equipment that is not re-sold. Any items taken from inventory for use in the business are also subject to Use Tax. Any items given away for free as part of doing business are subject to Use Tax payable by the business giving it away. However, items that are given away at conventions, trade shows, & public events that do not have significant value are not subject to Use Tax.

10. **Q.** *How do I report and pay Use Tax if I am not a retailer or in business?*
A. A Use Tax liability, of a person not in business, may be reported on a one-time return available at any Department of Taxation office. Non-retail businesses that hold a State Business License must report and remit Use Tax with their yearly or quarterly Consumer Use Tax Return. Use Tax liability may also be satisfied by sending a letter or invoice stating the purchase price and submitting the payment.

11. **Q.** *How does the Department of Taxation identify those who have a Use Tax liability?*
A. The Department can identify those who owe Use Tax by various methods. These include routine audits, special audits, self-assessment programs, complaints, reports, investigations and by obtaining lists of out-of-state purchases through the cooperation of vendors and taxing authorities in other states.

12. **Q.** *What if Use Tax is not paid?*
A. The Department of Taxation may issue an assessment for Use Tax liability. A penalty and interest charges may be imposed at a rate of 10 percent for penalty, and 1 percent per month or fraction thereof for interest, in addition to the tax. If there is evidence of intent to evade Use Tax, a 25 percent penalty can also be assessed.

13. **Q.** *Where may I obtain more information on Nevada Sales or Use Tax?*
A. More information is available from any one of the Department’s five district offices, on our Website located at <http://tax.state.nv.us/>, or you can go to our online NevadaTax site at <https://www.nevadatax.nv.gov/web/>.

DISTRICT OFFICE LOCATIONS

Carson City 1550 College Pkwy Suite 115 Carson City NV 89706 775 684-2000	Las Vegas 555 E Washington Av Suite 1300 Las Vegas NV 89101 702 486-2300	Henderson 2550 Paseo Verde Pkwy Suite 180 Henderson NV 89074 702 486-2300	Reno 4600 Kietzke Lane Building L, Suite 235 Reno NV 89502 775 687-9999	
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QUESTIONS AND ANSWERS REGARDING USE TAX (cont.)

EXAMPLES OF TAXABLE ITEMS

(Not all inclusive list)

STATUTORY AUTHORITY NRS 372.185, 190, 374.190, 195, 377 AND 377A

Aircraft
Antiques
Appliances
Art Work
Audio Tapes (Blank/Recorded)
Automobile Parts
Boats
Books
Camera/Video Equipment
Camper Shells
Camping Equipment
Carpet/Rugs
CDs
Clothing
Coins (Collectible)
Computer Hardware and Software
Diagnostic Equipment
DVDs
Fax Machines
Fire Arms
Furniture
Gold
Home Furnishings
Jewelry
Leather Goods
Luggage/Handbags
Medical/Dental Equipment
Mobile Homes
Motor Homes
Musical Instruments
Off-Road Vehicles
Office Equipment/Supplies
Photocopy Machines
Photography
Radios
Recreational Vehicles
Satellite Systems
Silver
Silverware
Stamps (Collectible)
Stereos
Subscriptions (Books/Magazines)
Televisions
Toys
Trucks/Tractors
Window Coverings
Video Tapes (Blank/Recorded)