



Nevada Tax Notes

The Official Newsletter of the Department of Taxation

Issue No. 184 October 2013

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Visit the Department Website at

<http://tax.state.nv.us>

Office Closures

Nevada Day – October 25th

Veterans Day November 11th

Thanksgiving November 28th

Family Day November 29th

Christmas December 25th

Call Center

(866) 962-3707

Hours:

Monday through Friday

8:10 am to 11:50 am

1:00 pm to 4:45 pm

Pacific Time

Industry Spotlight:

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. The first of these bulletins on Estate Sales will be brought before the Nevada Tax Commission on October 7, 2013.

TAXABILITY OF MULTIPLE ITEMS SOLD FOR ONE PRICE (BUNDLED TRANSACTIONS)

If a sale of tangible personal property includes taxable items and non-taxable items or a non-taxable service, the entire amount of the sales price is taxable if the items are not separately stated to the customer. This is called a bundled transaction pursuant to [NAC 372.045](#). Businesses that typically make sales that qualify as bundled transactions include wedding chapels, caterers, event planners, and repairmen. There are some exceptions to this rule:

If the true object of the transaction is really a service or the value of the taxable items is less than 10% of the entire transaction, then the retailer does not tax the entire transaction but pays sales tax or use tax on the cost of the taxable item to them. For example, a customer pays \$200 dollars to get their wedding vows renewed at a wedding chapel and it includes flowers (value \$15). The customer should not be charged sales tax on the \$200, but tax is due from the wedding chapel on the \$15 flowers.

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Carson City

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Carson City, Nevada 89706

Phone: (775) 684-2000

LAS VEGAS DISTRICT OFFICE

Grant Sawyer Office Building

555 E. Washington Avenue, Suite 1300

Las Vegas, Nevada 89101

Phone: (702) 486-2300

HENDERSON FIELD OFFICE

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Suite 180

Henderson, Nevada 89074

Phone: (702) 486-2300

RENO DISTRICT OFFICE

Kietzke Plaza

4600 Kietzke Lane Building L, Suite 235

Reno, Nevada 89502

Phone: (775) 687-9999

Veterinarian and Veterinary Supplies

Veterinarians are the retailers of the tangible personal property they use in the treatment of animals and as such are required to collect and report the sales tax. When treating the animals, the price of the tangible personal property used during the performance of the service is typically marked up and the sales tax must be collected on the retail price which is itemized on the invoice. In addition all items such as dog foods, injections (drugs) vitamins and other pet supplies sold by a veterinarian are taxable at retail. It should be noted that if a veterinarian's bill is not itemized it will be considered a bundled transaction and the entire transaction is subject to the tax ([NAC 372.045](#)). Veterinarians should give a resale certificate to their vendor(s) to allow for the proper collection of the sales tax however, if sales tax is paid at the time of purchase the cost can be subtracted pursuant to [NAC 372.780](#).



TAXABILITY OF MULTIPLE ITEMS SOLD FOR ONE PRICE (BUNDLED TRANSACTIONS) con't

If a non-itemized invoice is given on a transaction that includes food, drugs, or medical equipment and the value of the taxable items is less than 50%, then the transaction is also not considered a bundled transaction and the retailer does not charge sales tax to the buyer but pays sales tax or use tax on the cost of the taxable items to him.

If you have questions as to whether the products you are selling meet the definition of a bundled transaction contact the Department of Taxation by writing to the Department at any of the office addresses.

ATTENDING OR PROMOTING A ONE-TIME EVENT, TRADESHOW OR CONVENTION

PROMOTERS/ORGANIZERS of one-time events, tradeshow and conventions should contact the appropriate Department of Taxation office at least two weeks prior to the scheduled event to obtain promoter instructions, related tax statutes, and the necessary number of "**One-Time Permits**" [NAC 372.180](#). Please note that liquor, cigarettes and other tobacco products are subject to special laws and regulations in addition to sales and use tax. If there will be liquor, cigarettes or other tobacco products sold or given away at the tradeshow or convention, please contact the Carson City Taxation office at 775-684-2029.

Items of tangible personal property are sometimes given away at one-time events, tradeshow, and conventions. Most attendees know that sales tax is due on the sale of tangible personal property. However, some vendors may not be aware that use tax may be due on tangible personal property that is given without charge unless the item given away does not have a significant value such as pens, note pads, or mouse pads. ([NRS 372.7275](#)). Tangible personal property, as defined in statute by [NRS 372.085](#), means personal property which may be seen, weighed, measured, felt or touched, or which is in any other manner perceptible to the senses.



SUCCESSOR'S LIABILITY

Taxpayers purchasing existing businesses are reminded of Successor's Liability ([NRS 360.525](#)). When a person buys a business they may be liable for any tax or fees the business owes the Department. For this reason it is very important that the buyer of the business request a "Certificate of Amount due" from the Department of Taxation before the proceeds of the sale are released. A buyer is required to withhold a sufficient portion of the purchase price to cover the seller's liability of any tax or fee owed. If the buyer does not withhold any tax liability, the buyer will become liable for the payment of these taxes up to the extent of the consideration paid for the business or any stock of goods. If the buyer acquires the business through a business escrow service, the escrow officer will either obtain the necessary releases from the taxing authorities prior to closing escrow or withhold enough of the purchase price from the seller to pay any taxes that are due. Another option is to have the seller's signature notarized on the form "ADM-01.17 Successors Liability – Release of information" issued by the Department. The form can be found on the website under the "Common Forms" tab. A contract entered into where the buyer agrees to pay the tax liability due does not absolve the seller from the tax liabilities as the Department is not a party to the contract.

CHLORINE AND CHEMICALS

The sale of chlorine and other chemical agents used to purify water is subject to Sales and/or Use Tax, unless the purchaser is in the business of re-selling the chlorine/other chemical agents and gives the seller a valid "Resale Certificate". Chlorine and all chemicals used as purification agents for swimming pools are subject to Sales and/or Use Tax.

NEWSPAPERS, MAGAZINES AND OTHER PERIODICALS

In order for newspapers or other periodicals to claim an exemption from sales tax, provided in [NRS 372.315](#), it must pass a two part test. First, the publication must be classified as a newspaper. Secondly, it must be issued at regular intervals not exceeding one week. The term "issued" refers to when the newspaper is published, not when or how often it is distributed. Newspapers which are published at intervals exceeding one week, magazines, magazine subscriptions, other periodicals and other periodical subscriptions are subject to sales tax or use tax. Taxpayers who purchase these items must either pay sales tax at the time of purchase to a registered Nevada vendor, or pay use tax when purchased from an out of state unregistered vendor.

Red Dyed Diesel Fuel

Red-dyed diesel fuel refers to diesel fuel which has been infused with red dye. When the fuel is burned, the dye produces a red tinted exhaust. Red-dyed diesel fuel may not be used in vehicles driven on the highway or other public roads. Red-dyed diesel fuel is exempt from sales and use tax if it is used in an internal combustion or diesel engine off the highway. An example of an internal combustion or diesel engine would be a diesel-powered generator used to produce electricity or a diesel tractor used for agricultural purposes. Mining companies may use diesel-powered vehicles that are driven only on the mine site. Red-dyed diesel fuel used in an open burner to heat a kiln, for example, is not used in an internal-combustion or diesel engine and is subject to sales and use tax. The Nevada Department of Motor Vehicles requires purchasers of the dyed fuel to complete a written statement of acknowledgement and intended use. In order to purchase the red-dyed diesel fuel without paying the sales tax, purchasers must supply the written statement to the retailer describing its intended use. A retailer who sells red-dyed diesel fuel and doesn't charge sales tax has the burden to prove that the fuel was sold for use in an internal combustion or diesel engine. The retailer is required to keep a written statement completed by the purchaser, on a form provided by the Department of Motor Vehicles or some other form of documentation, proving that the dyed diesel fuel sold was intended for use in an internal-combustion or diesel engine.

PURCHASES FROM OUT OF STATE PLANT NURSERIES

Many plant nurseries are located out of state and offer a wide variety of plants, trees and landscaping materials, including rocks, boulders, pond supplies and statuary. Nurseries that have sales representatives enter Nevada to conduct business, or use their own trucks to deliver plants and landscaping materials, more than two times in a twelve-month period, are required to be registered with the Department of Taxation to collect sales tax. See [NRS 372.055\(C\)](#)

Nurseries that do not enter Nevada to conduct business and use a third party or common carrier to deliver plants and landscaping materials, are not required to collect sales tax. In such instances, the Nevada customer must report and pay the use tax, based on the purchase price of the plants, trees and materials.

Annual plants or seeds that produce fruit or vegetables for human consumption are specifically exempted from tax, however, non-annual plants such as fruit trees and berry vines are not exempt and are taxable, [NAC 372.540](#).

“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:

October 15, 2013	March 18, 2014
January 21, 2014	April 15, 2014
February 18, 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:

October 16, 2013

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 [“Ask the Advisors.”](#)