

**USE TAX****QUESTIONS AND ANSWERS REGARDING USE TAX****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 without tax, 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.

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.

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.

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.

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.

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 and/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.

Q. *Is there a credit for Sales Tax paid to another state?*

A. Yes. Nevada does recognize Sales Tax paid to another state; however, the tax paid must have been equal to or greater than the Sales/Use Tax rate in Nevada.

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.

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.

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.

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.

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 .75 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.

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.nv.gov/>, or you can go to our online NevadaTax site at <https://www.nevadatax.nv.gov/web/>.

DISTRICT OFFICE LOCATIONS

Call Center

The Call Center can be reached toll free at **866-962-3707**.
Call Center hours are from 8:00 am to 5:00 pm Pacific Time.

Carson City	Las Vegas	Henderson	Reno
1550 College Pkwy Suite 115 Carson City NV 89706	555 E Washington Ave Suite 1300 Las Vegas NV 89101	2550 Paseo Verde Pkwy Suite 180 Henderson NV 89074	4600 Kietzke Lane Building L, Suite 235 Reno NV 89502