



**NET PROCEEDS OF MINERALS TAX INSTRUCTIONS  
OPERATOR - STATEMENT OF GROSS YIELD AND CLAIMED  
NET PROCEEDS (NRS 362.110)**

For Production January 1 through December 31, 2025 (Tax Year 2025-2026)

**GENERAL INSTRUCTIONS:**

The Nevada Department of Taxation (Department) prepared these instructions to assist mining operators (except geothermal operators) in reporting the Net Proceeds of Minerals Tax information per NRS 362.110 for operations in the State of Nevada. Refer to Chapter 362 of Nevada Revised Statutes (NRS) and Chapter 362 of Nevada Administrative Code (NAC) excerpts attached to these instructions as Appendix A and B, respectively.

**Carefully read and follow all instructions provided. Failure to do so may result in fines, penalties, or both.**

The completed Statement (LGS-F025, Schedules, and Supporting Documentation) may be submitted electronically, or it may be printed, completed and mailed or hand delivered. The Operator may submit the completed Statement electronically by submitting the completed excel workbook and electronically attaching supporting documents. The Operator may submit the completed Statement in paper form by printing the forms, manually completing the forms, signing them, and delivering the Statement to the Department. Electronic submission is preferred.

To submit the Statement electronically, email the Statement to the following contact. The date and time on the email will be used to determine timeliness of filing per NRS 362.110.

Carole Hopkins	775-684-2093	<a href="mailto:mineforms@tax.state.nv.us">mineforms@tax.state.nv.us</a>
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For paper submission, return the completed Statement to:

Nevada Department of Taxation  
Centrally-Assessed Properties Section  
3850 Arrowhead Drive  
Carson City, Nevada 89706

The initial Statement is due on or before February 17, 2026, per NRS 362.110(1)(a). If submitting electronically, the completed Statement must be received on or before February 17, 2025, to be considered timely filed. If submitted on paper, the Statement must be postmarked on or before February 17, 2026. If the submission is hand delivered, it must be received in the Department prior to the close of business (5:00 PM) on February 17, 2026, to be considered timely filed. A signed blank form is unacceptable and will be considered a failure to file. An illegible, incomplete and/or unintelligible Statement will also be considered a failure to file.

Per NRS 362.110(1)(b), the operator may submit an amended statement within 30 days after filing the initial statement. An amended Statement is not required. The amended Statement is generally used to provide the operator an opportunity to correct information submitted on the initial Statement.

If submitting electronically, print the Contact and Signature section and mail the completed copy with original signatures to the Department as a supplement to the electronic submission. If submitting on paper, sign the completed Contact and Signature section and include it with the submission.

The worksheets in the excel workbook are protected. Certain cells are not locked and may be used. If you have any questions or problem with using the excel workbook, contact the Department.

The Operator Name, Mine Name, Property Identification Number (PIN), and County will be carried forward to each worksheet in the workbook for electronic filing. Therefore, if submitting electronically, it will not be necessary to input this information on each sheet. However, if submitting on paper, enter this information (minimum font size 12) on each form, schedule,



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or supporting documentation.

Enter all information on the Nevada Department of Taxation, Net Proceeds of Minerals Tax reporting forms. Substitute forms will not be accepted unless they have the identical format. Additional supporting information may be attached and must be clearly identified and associated with a specific entry on the form.

NRS 362.240 provides for penalties for false statements. Failure to file a report or failure to file in a timely manner shall subject the taxpayer to a penalty of not more than \$5,000, pursuant to NRS 362.230(1). In addition, other penalties and interest may be applied for failure to timely pay the taxes due.

The Statement covers operations for the twelve months ended December 31, 2025. A Statement must be filed showing gross yield and the claimed deductions from each geographically separate operation where a mineral is extracted per NRS 362.110.

On the provided forms, enter values from the appropriate documents which best indicate each account balance. Use information from audited documents, if they are available. This includes accounts with zero (\$0.00) balances.

Consecutively number the pages submitted, including any schedules and supporting documentation. If submitting electronically, worksheets may be added or copied in the excel workbook, as needed. Order the worksheets within the workbook using the excel tabs. Contact the Department if you would like to receive electronic copies of existing asset lists to incorporate into your electronic submission. Electronic submission of asset information is preferred, even if submitting the Statement on paper.

**SPECIFIC INSTRUCTIONS**

**LGS-F025 (Contact and Signature)**

Carefully read the general instructions for the Statement (LGS-F025, Schedules and Supporting Documentation) in addition to these specific instructions for the Contact and Signature section of the Statement.

The Contact and Signature section should be submitted as the first page (or first tab of the excel workbook) of the completed Statement. The Gross Yield, Deductions, Net Proceeds section should follow the Contact and Signature section. Schedules and supporting documents should then follow.

The worksheets in the excel workbook are protected. Certain cells are not locked and may be used to input operator claimed information. If you have any questions or problems with using the excel workbook or saving and submitting the workbook, contact the Department.

The Operator Name, Mine Name, Property Identification Number (PIN), and County will be carried forward to each worksheet in the workbook for electronic filing. Therefore, if submitting electronically, it will not be necessary to input this information on each sheet. However, if submitting on paper, enter this information (minimum font size 12) on each form, schedule, or supporting documentation submitted with the Statement.

Enter all information on the Nevada Department of Taxation Net Proceeds of Minerals Tax reporting forms. Substitute forms will not be accepted unless they have the identical format. Additional supporting information may be attached and must be clearly identified and associated with a specific entry on the forms. See Appendix A or B regarding references to statutes and regulations (NRS and NAC).



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**PART A: Filing Type**

Use the check boxes to select one of the options. When editing in Excel, the two check boxes toggle. If the page is printed and submitted on paper, clearly mark one of the options.

The initial Statement is due on or before February 17, 2026, per NRS 362.110(1)(a). If submitted electronically, the Statement must be received on or before February 17, 2026, to be considered timely filed. If submitted on paper, the forms must be postmarked on or before February 17, 2026. If the submission is hand delivered, it must be received in the Department prior to the close of business (5:00 PM) on February 17, 2026, to be considered timely filed. A signed blank form is unacceptable and will be considered a failure to file.

Per NRS 362.110(1)(b), the operator may submit an amended statement within 30 days after filing the initial statement. An amended Statement is not required. The amended Statement is generally used to provide the operator an opportunity to correct information submitted on the initial Statement.

**PART B: Operator Information**

Complete the requested information regarding the operator. In the case of a joint venture, the operator is usually defined in a joint venture agreement. Usually, the operator is the company responsible for the day-to-day operations of the mine.

The Property Identification Number (PIN) is assigned to the property by the Department. Contact the Department if you have questions about the proper completion of this field.

Enter the county in which the mine is located. The taxing district from which the mineral was removed determines the distribution of the taxes collected from the Net Proceeds of Minerals Tax.

If the minerals were originally located in multiple counties or taxing districts, allocations must be made, and separate returns filed for each county or taxing district. Contact the Department if you have questions about the returns required. See NRS 362.110 and NAC 362.90 regarding "geographically separate operations."

Enter the mailing address of the operator.

**PART C: Representative to Contact**

Part C is used to designate a specific contact person OR a third-party agent and contact person authorized to communicate with the Department.

Use the check boxes to select one of the options. When editing in excel, the two check boxes toggle. If the page is printed and submitted on paper, clearly mark one of the options.

If the operator designates an agent to represent the operator for the Net Proceeds of Minerals Tax, submit an Agent Authorization Form (Schedule P or equivalent) to authorize the Department to communicate with the agent.

Enter the requested information. Include complete contact information, as needed.

**PART D: Verification**

Per NRS 362.110(2)(c), the completed Statement must be verified by *"the manager, superintendent, secretary, or treasurer of the corporation, or by the owner of the operation, or, if the owner is a natural person, by someone authorized in his or her behalf."*

Enter the requested information and provide an original signature of the authorized person per NRS 362.110.

If submitting electronically, print the Contact and Signature section and mail the completed copy with original signatures to the Department as a supplement to the electronic submission. If



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submitting on paper, sign the Contact and Signature section and include it with the submission.

NRS 362.240 provides penalties for false statements.

**SPECIFIC INSTRUCTIONS**

**LGS-F025 (Gross, Deductions, Net Proceeds)**

Carefully read the general instructions for the Statement (LGS-F025, Schedules and Supporting Documentation) in addition to these specific instructions for the Gross Yield, Deductions, Net Proceeds section of the Statement.

The Gross Yield, Deductions, Net Proceeds section should be submitted beginning as the second item in the Statement immediately following the Contact and Signature section. Schedules and supporting documentation should then follow.

**PART A: Gross Yield of Minerals Extracted**

Lines 1 through 3 are used to report gross yield as defined in NRS 362 and further described in NAC 362. Each type of mineral sold, exchanged, removed from the State in a form ready for use or sale, or used should be listed separately. For example, if gold and silver products are included in gross yield per statutes and regulations, gold may be listed on Line 1 and silver may be listed on Line 2. Include by-products.

If additional space is needed, attach a schedule with substantially the same information, cross reference the schedule in Part A, and enter the appropriate total(s) from the attached schedule in Part A.

Line 4 is the total of lines 1 through 3 or total gross yield. If submitting electronically, the total should automatically calculate. If submitting on paper, total the gross yield and place the total in the indicated section of Line 4.

**Part B: Claimed Deductions from Gross Yield**

Part B is separated into three categories entitled "Cost of Extraction," "Cost of Transporting to Place(s) of Reduction, Refining, and Sale" and "Cost of Reduction, Refining, and Sale."

Costs for activities related to ALL THREE categories must first be allocated between the three categories. Allocated costs must then be analyzed in relation to statutes and regulations to determine whether or not the allocated costs may be claimed in each category. Any formulas or methods used to allocate costs must be submitted in detail and attached to the Statement. Use a separate sheet or Schedule O to show the formula or method used and the calculations. Cross reference and attach any supporting documentation.

The specific instructions for each line on the Gross Yield, Deductions, Net Proceeds section follow.

**COST OF EXTRACTION:**

**Line 5: Employee Compensation**

Deductions for Employee Compensation related to activities described in NRS 362.120(3)(a) and further described in NAC 362.050(1)(g) may be claimed on this line. Claimed costs may include actual costs incurred in 2025 for salaries, wages, and performance related bonuses of persons working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(a). Claimed deductions must be directly related to extracting the mineral IN NEVADA. Do not include in Line 5 the costs associated with paid leave or retirement plans; such costs may be claimed in Line 6 and 7, respectively for Extraction Functions and on Lines 25 and 26 or Lines 42 and 43 for Transportation Functions and Reduction,



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Refining, and Sale Functions. Do not include any General and Administrative costs on Line 5. Employee compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Lines 18, 35, and 52.

If allocating compensation to the Cost of Extraction, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. For example, if the operator has a central warehouse that provides support services for Extraction Functions and other functions, the Employee Compensation for employees performing warehouse functions must first be allocated between Extraction Functions and other functions on a reasonable basis. The costs allocated to Extraction Functions must then be analyzed to determine whether or not the costs should be claimed in Part B of the Gross Yield, Deductions, Net Proceeds section. Attach schedules and supporting documentation to show the allocation and the basis for the allocation.

Where deductions for compensation are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

Do not include costs of severing employees. See NAC 362.035.

Some examples of nondeductible items are defined in NRS 362.120(7), and include:

- The costs of employee housing
- The costs of severing the employment of any employees
- The costs of mineral exploration (employee compensation for exploration activities must not be claimed- see NAC 362.035 (3) and NAC 362.007 for further

clarification)

Additional examples of nondeductible items are defined in NAC 362.050(2), and include:

- Costs associated with providing health clubs for employees
- Costs incurred for pre-employment activities, including, without limitation, reimbursement for expenses for moving and relocation (See NAC 362.035(2) for interpretation by Nevada Tax Commission)
- Costs associated with providing day care facilities for the children of employees

Effective January 1, 2017, the following items are allowed deductions and should be reported on Line 8 (see NRS 362.120(3)(g)):

- Premiums for industrial insurance (workers' compensation) See NRS 616A through 616D
- Hospital expenses
- Medical attention
- Accident benefits
- Group insurance

**Line 6: Paid Vacation Leave and Paid Sick Leave**

Deductions for Paid Vacation and Sick Leave related to activities described in NRS 362.120(3)(a) as further described in NAC 362.050(1)(g) may be claimed on this line.

Claimed deductions may include actual costs incurred in 2025 for Sick Leave and Vacation leave for employees working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(a). Claimed deductions must be directly related to Extraction Functions which are performed in the State of Nevada during 2025 not



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include in Line 6 the costs associated with employee compensation claimed on Line 5 or retirement plans claimed on Line 7. Similarly, do not include in Line 6 the costs associated with Transportation and Reduction, Refining and Sale claimed elsewhere. Do not include any General and Administrative costs on Line 6. Employee compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Lines 18, 35 or 52.

For employees severed from service during the taxable year, only sick leave and vacation leave accrued before the date of termination may be claimed and only if not previously deducted. See NAC 362.035(2) for the interpretation by the Nevada Tax Commission regarding the costs of severing employees.

If allocating Paid Leave to Extraction Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. For example, if the operator has a central laboratory that provides support services for Extraction Functions and other functions, the Paid Leave for employees performing laboratory functions must first be allocated between Extraction Functions and other functions on a reasonable basis. Allocated costs must then be analyzed to determine whether or not the costs may be claimed in Part B of the Gross Yield, Deductions, Net Proceeds section. Attach schedules and supporting documentation to show the allocation and the basis for the allocation.

Where deductions for Paid Leave are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent detail to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

**Line 7: Qualified Pension Plans, Retirement, and 401k**

Deductions for Qualified Pension Plans, Retirement and 401k related to activities described in NRS 362.120(3)(a) as further described in NAC 362.050(1)(g) may be claimed on this line. Claimed deductions may include contributions to, and administrative costs of, qualified pension plans, retirement plans, 401k plans, and other similar deferred benefit plans on behalf of employees working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(a). Claimed deductions must be directly related to Extraction Functions. Do not include in Line 7 the costs associated with Employee Compensation claimed on Line 5 or paid leave claimed on Line 6. Similarly, do not include any costs associated with Transportation Functions and Reduction, Refining, and Sale Functions that may be claimed elsewhere. Do not include any General and Administrative costs on Line 7. Employee Compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Line 18, 35, or 52.

If allocating qualifying retirement benefits to Extraction Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. Where deductions for retirement benefits are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

For employees severed from service during the taxable year, only qualifying retirement benefits



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accrued before the date of termination may be claimed and only if not previously deducted. See NAC 362.035(2) for the interpretation by the Nevada Tax Commission regarding the costs of severing employees.

**Line 8: Unemployment, Social Security, Medicare, Premiums for Industrial Insurance, Actual Cost of Hospital and Medical Attention, Accident Benefits and Group Insurance**

Effective January 1, 2017, the following items ARE allowed deductions (see NRS 362.120(3)(g)):

- Premiums for industrial insurance (workers' compensation) See NRS 616A through 616D
- Hospital expenses
- Medical attention
- Accident benefits

Deductions for Unemployment, Social Security, and Medicare described in NRS 362.120(3)(h) as further described in NAC 362.050(1)(g) and deductions for Premiums for Industrial Insurance, Actual Cost of Hospital and Medical Attention, Accident Benefits and Group Insurance described in NRS 362.120(3)(h) and related to Mining Functions may be claimed on this line if associated with the compensation claimed on line 5. Claimed deduction may include actual costs for *"All money paid as contributions or payments under the unemployment compensation law of the State of Nevada, as contained in chapter 612 of NRS, all money paid as contributions under the Social Security Act of the Federal Government, and all money paid to either the State of Nevada or the Federal Government under any amendment to either or both of the statutes mentioned in this paragraph" and "all money expended for premiums for industrial insurance, and the actual cost of hospital and medical attentions and accident benefits and group*

*insurance for employees actually engaged in mining operations within the State of Nevada."*

Money paid as the employer portion of Medicare (Hospital Insurance) Contributions and money paid as the employer portion of Social Security (Old-Age, Survivors, and Disability Insurance) Contributions may be claimed per NAC 362.050(1)(g) because both are included in the Social Security Act and primarily funded through the Federal Insurance Contributions Act (Internal Revenue Code Title 26 Chapter 21).

Per NAC 362.050(1)(g) the cost of state and federal unemployment compensation contributions may be claimed on Line 8 if the costs are related to Extraction Functions. These costs are sometimes referred to as FUTA (Federal Unemployment Tax Act Internal Revenue Code title 26 Chapter 23) and SUTA (NRS chapter 612) in the operator's books and records.

If allocating these costs to Extraction Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. Where deductions for these costs are made on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

**Line 9: Maintenance and Repairs**

Deductions for actual cost in 2025 for maintenance and repair of assets used in Extraction Functions as described in NRS 362.120(3)(e) may be claimed on this line. Per NRS 362.120(3)(e)(1):

*"The actual cost of maintenance and repairs of:*

*(1) All machinery, equipment, apparatus and facilities used in the mine."*



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Claimed costs must be incurred in the State of Nevada during 2025 and must be in support of Extraction Functions. The specific costs are further described in NAC 362.050. For example, the cost of employee compensation paid to an employee to maintain and repair assets used for Extraction Functions may be claimed on this line per NAC 362.050(1)(g).

Do not claim on this line costs which were capitalized or relate to items on Schedule E. Do not deduct maintenance or repairs which were completed by contractors and would otherwise be claimed on Lines 15, 34 or 51 and are therefore subject to provisions of NAC 362.050(4), which are detailed in the instructions for that line. Do not duplicate any costs claimed on this line with costs claimed elsewhere in the Statement.

If allocating costs to Maintenance and Repairs, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Maintenance and repairs to administrative buildings or similar costs associated with Nevada Based Corporate Services should not be claimed on Line 9. Any claimed costs associated with Nevada Based Corporate Services may be included on Line 18, 35 and 52.

**Line 10: Materials and Supplies**

Deductions for the cost of Materials and Supplies related to activities described in NRS 362.120(3)(a) may be claimed on this line. Only actual costs incurred for materials and supplies used in the State of Nevada during 2025 which are directly related to Extraction Functions may be claimed on Line 10.

Do not include fuel costs on this line; instead claim these costs on Line 11 or other applicable line. Materials and supplies used in exploration, reclamation, or development should not be

included on this line, but may be claimed on Line 16 for Development and Line 17 for Reclamation. Exploration, as defined in NAC 362.007, is not deductible from gross yield per NRS 362.120(7)(f). Similarly, costs for Transportation Functions per NRS 362.120(3)(b) and Reduction, Refining, and Sale Functions per NRS 362.120(3)(c) should not be included on this line.

Materials and supplies not directly related to Extraction Functions in the State of Nevada are not deductible on this line. Such non-deductible costs include, for example, office party supplies, food or refreshments, and employee gifts or awards.

Effective January 1, 2012, NRS 362.120(7)(g) specifically **DISALLOWS** deductions for any federal, state, or local taxes. Therefore, do not include in Line 10 any costs for such disallowed taxes, which may include, for example, sales and use tax, vehicle registration general services tax, motor vehicle fuel tax and similar taxes. It may be necessary to estimate and adjust for the taxes that may be included in various accounts in the operator's books and records. For example, if an expense account includes the cost of acquiring materials, including the cost of taxes and freight, it may be necessary to adjust the account to reflect the appropriate Net Proceeds of Minerals Tax deduction claims. If so, attach a schedule and/or supporting documentation. Schedule O may be used.

Do not claim materials and supplies costs related to Nevada Based Corporate Services on Line 10. Claim costs of materials and supplies related to Nevada Based Corporate Services on Lines 18, 35, and 52, if applicable.

**Line 11: Fuel**

Deductions for the cost of Fuel related to activities described in NRS 362.120(3)(a) may be claimed on this line. Only actual costs incurred



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for fuel used in the State of Nevada during 2025 which are directly related to Extraction Functions may be claimed on Line 11. Examples of the types of fuel costs include, without limitation, gasoline, diesel fuel, propane and natural gas used in Extraction Functions.

If allocating fuel costs to Extraction Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Do not include on Line 11 fuel specifically associated with Employee Travel, Transportation Services for employees per NAC 362.050(1)(e), Transportation Functions per NRS 362.120(3)(b), Reduction, Refining, and Sale Functions per NRS 362.120(3)(c), or Vehicle Allowances, which may be claimed elsewhere on the Statement.

Effective January 1, 2012, NRS 362.120(7)(g) specifically DISALLOWS deductions for any federal, state, or local taxes. Therefore, do not claim in Line 11 any costs for such disallowed taxes, which may include, for example, sales and use tax, vehicle registration general services tax, motor vehicle fuel tax and similar taxes. It may be necessary to estimate the taxes that may be included in various accounts in the operator's books and records. For example, if an expense account includes the cost of acquiring fuel, including the cost of fuel taxes, it may be necessary to adjust the account to reflect the appropriate Net Proceeds of Minerals Tax deduction claim. If so, attach a schedule and/or supporting documentation. Schedule O may be used.

Do not claim unrealized gains or losses from fuel hedging on Line 11 or elsewhere on the Statement.

**Line 12: Electric Power**

Deductions for the cost of Electric Power related

to activities described in NRS 362.120(3)(a) may be claimed on this line. Only actual costs incurred for electric power used in the State of Nevada during 2025 which are directly related to Extraction Functions may be claimed on Line 12.

If allocating costs to Electric Power, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Special cost allocations may be needed to determine the cost of power acquired through other than an arms-length transaction and used in Extraction Functions.

**Line 13: Utilities-Except Electric Power**

Deductions for the costs of Utilities for activities described in NRS 362.120(3)(a) may be claimed on this line. Only actual costs incurred for utilities used in the State of Nevada during 2025 which are directly related to Extraction Functions may be claimed on Line 13. If claiming costs associated with providing on-site utilities, such costs must be itemized on Schedule O, or other reasonable means to substantiate claimed deduction.

Examples of Utilities that may be claimed on this line include, without limitation, water, sewer, or garbage directly associated with Extraction Functions.

Do not claim costs of utilities associated with Nevada Based Corporate Services on Line 13. Costs related to Nevada Based Corporate Services may be claimed on Lines 18, 35 and 52.

If allocating costs to Utilities, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Operators are encouraged but not required to



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submit a schedule detailing the type and amount of other utilities such as a schedule with general ledger account numbers, descriptions and account balances claimed. Schedule O may also be used but is not required.

**Line 14: Renting Equipment**

Deductions for the cost of Renting Equipment used in activities described in NRS 362.120(3)(a) may be claimed on this line. Only costs incurred for renting equipment used in the State of Nevada during 2025 which are directly related to Extraction Functions may be claimed on Line 14 if the amount paid is commercially reasonable in the circumstances, per NAC 362.050(1)(a).

Contracts for renting equipment may also be subject to limitations for otherwise non-deductible activities.

The cost of renting equipment used in exploration, reclamation, or development should **not** be claimed on this line. Costs of exploration, as defined in NAC 362.007, are not allowed deductions from gross yield per NRS 362.120(7)(f). Do not claim costs for renting equipment related to exploration activities anywhere on the Statement. Do not duplicate any costs for renting equipment that have been claimed elsewhere on the return such as for Transportation Functions, Reduction, Refining, and Sale Functions, Reclamation Work, Development Work or Nevada Based Corporate Services.

**Line 15: Contracting for Mining Operations**

Deduction for the cost of Contracting for activities described in NRS 362.120(3)(a) may be claimed on this line. Only costs incurred for contracting for Extraction Functions performed in the State of Nevada during 2025 may be claimed on Line 15 subject to the following limitations:

- Per NAC 362.050(1)(b), the contract price must be commercially reasonable in the circumstances and the cost would otherwise be deductible if the service or activity contracted for was provided or performed directly by the operator of the mine, and
- Per NAC 362.050(4): *"For the purposes of paragraph (b) of subsection 1, there is a rebuttable presumption that not less than 20 percent of the cost of contracting for all or part of a mine's operations is attributable to the cost of services and activities that would not be deductible if provided or performed directly by the operator of the mine."*

For example, exploration costs are not deductible, even if provided by a contractor, because they would not otherwise be deductible if performed by the operator of a mine.

In addition, the contractor makes a profit in providing the service to the Operator. Therefore, the claimed deduction must be adjusted to account for the otherwise non-deductible item.

Whether the Operator would incur more or less costs if the Operator performed the activities is immaterial in the analysis or rebuttal of the presumption in NAC 362.050(4). The rebuttable presumption relates to costs incurred by the contractor that would not otherwise be deductible including the contractor's profit in providing the services. A letter from the contractor without supporting documentation is not sufficient.

If the operator elects to reduce the amounts paid by 20% per NAC 362.050(4), the operator is not required to submit documentation related to the contractor costs. If the operator elects to rebut the presumption in NAC 362.050(4), the operator must provide detailed schedules and supporting documentation for the claimed amount.



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**Line 16: Developmental Work**

Deduction for costs incurred for Development work described in NRS 362.120(3)(k) and further described in NAC 362.006 may be claimed on this line. Only costs incurred for developmental work performed in the State of Nevada during 2025 may be claimed on Line 16.

Cost of development work usually would not be included in Transportation Functions or Reduction, Refining, and Sale Functions. Development work usually relates to further definition of established ore reserves as opposed to exploring for reserves. Development work as defined in statutes and regulations may be claimed on this line. The costs of Development Work and Exploration Work are mutually exclusive. Include ONLY costs that meet the definition of Development Work on this line. Exploration costs should not be claimed anywhere on the Statement.

Generally, Development Work is related to defining and analyzing established mineral reserves and may be capitalized in an asset account for book purposes. The capitalized costs may be referred to as Deferred Development Costs for book purposes. Operators are encouraged but not required to submit supporting documentation describing the type of work, the location of the work, the cost of the work, and the general ledger accounts used to account for the Development Work for book purposes. This information should be reconciled to the deduction claimed for purposes of the Net Proceeds of Minerals Tax.

**Line 17: Reclamation Work**

Deductions for costs incurred for Reclamation Work described in NRS 362.120(3)(l) and further described in NAC 326.200 through 362.310 may be claimed on this line. Only the costs of

reclamation work performed in 2025, including, without limitation, costs associated with the remediation of a mine site may be claimed.

Accrued reclamation expenses must not be claimed on Line 17.

If claiming a deduction for reclamation costs, the costs must have been paid during the taxable year. Per NAC 362.310: *"A taxpayer may claim a deduction pursuant to paragraph (l) of subsection 3 of NRS 362.120 for any money paid during the reporting period for reclamation performed by the taxpayer."*

Reclamation Work is defined in NAC 362.250 (See Appendix B).

Carefully review definitions when claiming deductions for costs related to Reclamation Work as distinguished from Exploration and Development Work.

Operators are encouraged but not required to attach supporting documentation describing the type, cost and location of the reclamation work completed. Cross reference to the reclamation plan is encouraged but not required. Reconciliation of the reclamation recorded for book purposes to the reclamation allowed for Net Proceeds of Minerals Tax purposes is encouraged but not required.

**Line 18: Nevada Based Corporate Services**

Deduction for costs incurred for Nevada Based Corporate Services described in NRS 362.120(3)(j) and further described in NAC 362.050(1)(c), may be claimed on this line. Usually, an allocation of Nevada Based Corporate Services is made to Extraction Functions and claimed on this line. Claimed deductions for costs for Nevada Based Corporate Services must be incurred in the State of Nevada during 2025 and must be related to Extraction Functions. Corporate services performed outside



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of the State of Nevada are not deductible, and such costs incurred outside the State of Nevada should not be claimed either directly or as part of allocated costs.

Per NAC 362.050(1)(c) there are limitations on the costs that may be claimed as Nevada Based Corporate Services. Carefully review this regulation when preparing the Statement. See Appendix B.

NRS 362.120(8) defines Nevada-based corporate services. Carefully review this statute when preparing the Statement. See Appendix A.

**Line 19: Employee Travel**

Deductions for costs described in NRS 362.120(3)(i), employee travel, may be claimed on this line if the costs are related to Extraction Functions. The Employee Travel must occur within the State of Nevada and must be directly related to Extraction Functions within the State of Nevada. Both origin and destination must be located in State of Nevada.

Carefully review this statute when preparing the Statement. See Appendix A.

**Line 20: Transportation Services to the Mine for the Employees**

Costs related to transporting employees to and from "*a point of extraction or reduction of the mine*" may be claimed per NRS 362.120(3)(a) as further described in NAC 362.050(1)(f). Costs claimed as deductions from gross yield for transportation services must follow the guidelines established per NAC 362.050(1)(f). Carefully review this regulation in Appendix B when claiming costs in this section.

The costs of transporting ore to the point of processing and transporting the mineral after processing to a place of further reduction and refining are claimed in the Cost of Transportation section of Part B of the Gross Yield, Deductions,

Net Proceeds section. Do not include these costs on this line.

**Line 21: Vehicle Allowances**

Operators may incur vehicle allowance costs necessary to conduct extraction per NRS 362.120(3)(a). NAC 362.050(1)(e) contains specific criteria that must be met to claim deductions for vehicle allowances. Vehicle allowances are only applicable to Operator-owned vehicles provided to employees or independent contractors.

If the Operator has a policy which prohibits personal use of the Operator-owned vehicle and the vehicle is, in fact, only used for business purposes, a deduction for costs related to the vehicle may be claimed. If the Operator has a policy which prohibits personal use of the Operator-owned vehicle and the vehicle is actually used for non-business purposes, the vehicle allowance may be claimed only to the extent the vehicle is actively engaged in the business of the mine. For example, if the vehicle is used in exploration, the portion related to exploration may not be claimed.

If the Operator does **not** have a policy which prohibits personal use of the Operator-owned vehicle, no deduction may be claimed for the costs associated with the Operator-owned vehicle, regardless of actual business use.

If the Operator reimburses employees or independent contractors for business use of personally owned vehicles that would otherwise be deductible if an Operator-owned vehicle were used, the deduction may be claimed on this line.

Per NAC 362.050(1)(g) the definition of compensation that may be claimed does not include compensation in the form of either personal use of an Operator-owned vehicle or reimbursement for personal expenses, including commuting. These costs must not be claimed



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anywhere on the Statement.

Operators are encouraged but not required to attach supporting documentation for the claimed amount.

**Line 22: Other Direct Costs of Mining Functions**

Operators may claim other direct costs per statutes and regulation for Extraction Functions in the State of Nevada during 2025, which were not claimed on Lines 5 through 21, on Line 22. All costs claimed on Line 22 must be itemized on Schedule O or an equivalent schedule or supporting documents in order to substantiate claimed deduction, including citation of the statute and/or regulation under which the deduction is claimed.

If allocating other direct costs, allocation detail and basis should be provided on Schedule O, or other reasonable means to substantiate claimed deduction and allocation basis. Where deductions for other direct costs are claimed on a basis other than actual cash costs, an explanation and all pertinent detail to include the alternative accounting basis used should be provided on Schedule O, or other reasonable means to substantiate alternative basis.

Failure to itemize and fully describe the claimed deductions will result in disallowance of the claimed deductions. Carefully read all statutes and regulations and clearly submit supporting documentation for the claimed deductions included in Line 22.

**Line 23: Total Cost of Extraction**

The amount on Line 23 is a total of the amounts on lines 5 through 22. If filing electronically, the formula in the worksheet should calculate the total. Therefore, manual input on line 23 is usually not needed. If filing on paper, total the amounts on lines 5 through 22 and enter the total on Line 23.

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AND SALE**

**Line 24: Employee Compensation**

Deductions for Employee Compensation related to activities described in NRS 362.120(3)(b) and further described in NAC 362.050(1)(g) may be claimed on this line. Claimed costs may include actual costs incurred in 2025 for salaries, wages, and performance related bonuses of persons working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(c). Claimed deductions must be directly related to transporting the mineral. Do not include in Line 24 the costs associated with paid leave or retirement plans; such costs may be claimed in Lines 25 and 26, respectively, for Transportation Functions and on Lines 6 and 7 or Lines 42 and 43 for Extraction Functions and Reduction, Refining, and Sale Functions. Do not include any General and Administrative costs on Line 24. Employee compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Lines 18, 35, and 52.

If allocating compensation to the Cost of Transportation, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. For example, if the operator has a central warehouse that provides support services for Transportation Functions and other functions, the Employee Compensation for employees performing warehouse functions must first be allocated between Transportation Functions and other functions on a reasonable basis. The costs allocated to Transportation Functions must then be analyzed to determine



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whether or not the costs may be claimed in Part B of the Gross Yield, Deductions, Net Proceeds section. Attach schedules and supporting documentation to show the allocation and the basis for the allocation.

Where deductions for compensation are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

Do not include costs of severing employees. See NAC 362.035.

Some examples of nondeductible items are defined in NRS 362.120(7), and include:

- The costs of employee housing
- The costs of severing the employment of any employees
- The costs of mineral exploration (employee compensation for exploration activities must not be claimed- see NAC 362.035 (3) and NAC 362.007 for further clarification)

Additional examples of nondeductible items are defined in NAC 362.050(2), and include:

- Costs associated with providing health clubs for employees
- Costs incurred for pre-employment activities, including, without limitation, reimbursement for expenses for moving and relocation (See NAC 362.035(2) for interpretation by Nevada Tax Commission)
- Costs associated with providing daycare facilities for the children of employees

Effective January 1, 2017, the following items ARE allowed deductions and should be reported on Line 27 (see NRS 362.120(3)(g)):

- Premiums for industrial insurance (workers' compensation) See NRS 616A through 616D
- Hospital expenses
- Medical attention
- Accident benefits
- Group insurance

**Line 25: Paid Vacation Leave and Paid Sick Leave**

Deductions for Paid Vacation and Sick Leave related to activities described in NRS 362.120(3)(b) as further described in NAC 362.050(1)(g) may be claimed on this line. Claimed deductions may include actual costs incurred in 2025 for Sick Leave and Vacation leave for employees working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(c). Claimed deductions must be directly related to Transportation Functions which are performed in the State of Nevada during 2025. Do not include in Line 25 the costs associated with employee compensation claimed on Line 24 or retirement plans claimed on Line 26. Similarly, do not include in Line 25 the costs associated with Extraction and Reduction, Refining, and Sale Functions claimed elsewhere. Do not include any General and Administrative costs on Line 25. Employee compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Lines 18, 35, or 52.

For employees severed from service during the taxable year, only sick leave and vacation leave accrued before the date of termination may be claimed and only if not previously deducted. See NAC 362.035(2) for the interpretation by the Nevada Tax Commission regarding the costs of severing employees.



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If allocating Paid Leave to Transportation Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. For example, if the operator has a central warehouse that provides support services for Transportation Functions and other functions, the Paid Leave for employees performing laboratory functions must first be allocated between Transportation Functions and other functions on a reasonable basis. The costs allocated to Transportation Functions must then be analyzed to determine whether or not the costs should be claimed in Part B of the Gross Yield, Deductions, Net Proceeds section. Attach schedules and supporting documentation to show the allocation and the basis for the allocation.

Where deductions for Paid Leave are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent detail to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

**Line 26: Qualified Pension Plans, Retirement, and 401k**

Deductions for Qualified Pension Plans, Retirement and 401k related to activities described in NRS 362.120(3)(b) as further described in NAC 362.050(1)(g) may be claimed on this line. Claimed deductions may include contributions to, and administrative costs of, qualified pension plans, retirement plans, 401k plans, and other similar deferred benefit plans on behalf of employees working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(c). Claimed deductions must be directly related to Transportation Functions. Do

not include in Line 26 the costs associated with Employee Compensation claimed on Line 24 or paid leave claimed on Line 25. Similarly, do not include any costs associated with Extraction and Reduction, Refining, and Sale Functions that may be claimed elsewhere. Do not include any General and Administrative costs on Line 26. Employee Compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Line 18, 35, or 52.

If allocating qualifying retirement benefits to Transportation Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. Where deductions for retirement benefits are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

For employees severed from service during the taxable year, only qualifying retirement benefits accrued before the date of termination may be claimed and only if not previously deducted. See NAC 362.035(2) for the interpretation by the Nevada Tax Commission regarding the costs of severing employees.

**Line 27: Unemployment, Social Security, Medicare, Premiums for Industrial Insurance, Actual Cost of Hospital and Medical Attention, Accident Benefits and Group Insurance**

Effective January 1, 2017, the following items ARE allowed deductions (see NRS 362.120(3)(g)):

- Premiums for industrial insurance (workers' compensation) See NRS 616A through 616D
- Hospital expenses



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- Medical attention
- Accident benefits

Deductions for Unemployment, Social Security, and Medicare described in NRS 362.120(3)(h) as further described in NAC 362.050(1)(g) and deductions for Premiums for Industrial Insurance, Actual Cost of Hospital and Medical Attention, Accident Benefits and Group Insurance described in NRS 362.120(3)(h) and related to Mining Functions may be claimed on this line if associated with the compensation claimed on line 5. Claimed deduction may include actual costs for *"All money paid as contributions or payments under the unemployment compensation law of the State of Nevada, as contained in chapter 612 of NRS, all money paid as contributions under the Social Security Act of the Federal Government, and all money paid to either the State of Nevada or the Federal Government under any amendment to either or both of the statutes mentioned in this paragraph" and "all money expended for premiums for industrial insurance, and the actual cost of hospital and medical attentions and accident benefits and group insurance for employees actually engaged in mining operations within the State of Nevada."*

Money paid as the employer portion of Medicare (Hospital Insurance) Contributions and money paid as the employer portion of Social Security (Old-Age, Survivors, and Disability Insurance) Contributions may be claimed per NAC 362.050(1)(g) because both are included in the Social Security Act and primarily funded through the Federal Insurance Contributions Act (Internal Revenue Code Title 26 Chapter 21).

Per NAC 362.050(1)(g) the cost of state and federal unemployment compensation contributions may be claimed on Line 27 if the costs are related to Transportation Functions. These costs are sometimes referred to as FUTA (Federal Unemployment Tax Act Internal

Revenue Code title 26 Chapter 23) and SUTA (NRS chapter 612) in the operator's books and records.

If allocating these costs to Transportation Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. Where deductions for these costs are made on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent detail to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

**Line 28: Maintenance and Repairs**

Deductions for actual cost in 2025 for maintenance and repair of assets used in Transportation Functions as described in NRS 362.120(3)(e) may be claimed on this line. Per NRS 362.120(3)(e)(1):

*"The actual cost of maintenance and repairs of:*

- (1) *All machinery, equipment, apparatus and facilities used in the mine."*

Claimed costs must be incurred in the State of Nevada during 2025 and must be in support of Transportation Functions. The specific costs are further described in NAC 362.050. For example, the cost of employee compensation paid to an employee to maintain and repair assets used for Transportation Functions may be claimed on this line per NAC 362.050(1)(g).

Do not claim on this line costs which were capitalized or relate to items on Schedule E. Do not deduct maintenance or repairs which were completed by contractors and would otherwise be claimed on Lines 15, 34 or 51 and are therefore subject to provisions of NAC 362.050(4), which are detailed in the instructions for that line. Do not duplicate any costs claimed on this line with costs



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claimed elsewhere in the Statement.

If allocating costs to Maintenance and Repairs, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Maintenance and repairs to administrative buildings or similar costs associated with Nevada Based Corporate Services should not be claimed on Line 28. Any claimed costs associated with Nevada Based Corporate Services may be included on Line 18, 35 and 52.

**Line 29: Materials and Supplies**

Deductions for the cost of Materials and Supplies related to activities described in NRS 362.120(3)(b) may be claimed on this line. Only actual costs incurred for materials and supplies used in the State of Nevada during 2025 which are directly related to Transportation Functions may be claimed on Line 29.

Do not include fuel costs on this line; instead claim these costs on Line 30 or other applicable line. Materials and supplies used in exploration, reclamation, or development must not be claimed in the Transportation Section.

Materials and supplies not directly related to Transportation Functions in the State of Nevada are not deductible on this line. Such non-deductible costs include, for example, office party supplies, food or refreshments, and employee gifts or awards.

Effective January 1, 2012, NRS 362.120(7)(g) specifically DISALLOWS deductions for any federal, state, or local taxes. Therefore, do not include in Line 10 any costs for such disallowed taxes, which may include, for example, sales and use tax, vehicle registration general services tax, motor vehicle fuel tax and similar taxes. It may

be necessary to estimate and adjust for the taxes that may be included in various accounts in the operator's books and records. For example, if an expense account includes the cost of acquiring materials, including the cost of taxes and freight, it may be necessary to adjust the account to reflect the appropriate Net Proceeds of Minerals Tax deduction claims. If so, attach a schedule and/or supporting documentation. Schedule O may be used.

Do not claim materials and supplies costs related to Nevada Based Corporate Services on Line 10. Claim costs of materials and supplies related to Nevada Based Corporate Services on Lines 18, 35, and 52, if applicable.

**Line 30: Fuel**

Deductions for the cost of Fuel related to activities described in NRS 362.120(3)(b) may be claimed on this line. Only actual costs incurred for fuel used in the State of Nevada during 2025 which are directly related to Transportation Functions may be claimed on Line 30. Examples of the types of fuel costs include, without limitation, gasoline, diesel fuel, propane and natural gas used in Transportation Functions.

If allocating fuel costs to Transportation Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Do not include on Line 30 fuel specifically associated with Employee Travel, Transportation Services to the Mine, Extraction Functions per NRS 362.120(3)(a), Reduction, Refining, and Sale Functions per NRS 362.120(3)(c), or Vehicle Allowances, which may be claimed elsewhere on the Statement.

Effective January 1, 2012, NRS 362.120(7)(g) specifically DISALLOWS deductions for any federal, state, or local taxes. Therefore, do not



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claim in Line 30 any costs for such disallowed taxes, which may include, for example, sales and use tax, vehicle registration general services tax, motor vehicle fuel tax and similar taxes. It may be necessary to estimate the taxes that may be included in various accounts in the operator's books and records. For example, if an expense account includes the cost of acquiring fuel, including the cost of fuel taxes, it may be necessary to adjust the account to reflect the appropriate Net Proceeds of Minerals Tax deduction claim. If so, attach a schedule and/or supporting documentation. Schedule O may be used.

Do not claim unrealized gains or losses from fuel hedging on Line 30 or elsewhere on the Statement.

**Line 31: Electric Power**

Deductions for the cost of Electric Power related to activities described in NRS 362.120(3)(b) may be claimed on this line. Only actual costs incurred for electric power used in the State of Nevada during 2025 which are directly related to Transportation Functions may be claimed on Line 31.

If allocating costs to Electric Power, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Special cost allocations may be needed to determine the cost of power acquired through other than an arms-length transaction and used in Transportation Functions.

**Line 32: Utilities - Except Electric Power**

Deductions for the costs of Utilities for activities described in NRS 362.120(3)(b) may be claimed on this line. Only actual costs incurred for utilities used in the State of Nevada during 2025 which

are directly related to Transportation Functions may be claimed on Line 32. If claiming costs associated with providing on-site utilities, such costs must be itemized on Schedule O, or other reasonable means to substantiate claimed deduction.

Examples of Utilities that may be claimed on this line include, without limitation, water, sewer, or garbage directly associated with Transportation Functions.

Do not claim costs of utilities associated with Nevada Based Corporate Services on Line 32. Costs related to Nevada Based Corporate Services may be claimed on Lines 18, 35, and 52.

If allocating costs to Utilities, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Operators are encouraged but not required to submit a schedule detailing the type and amount of other utilities such as a schedule with general ledger account numbers, descriptions and account balances claimed. Schedule O may also be used but is not required.

**Line 33: Renting Equipment**

Deductions for the cost of Renting Equipment used in activities described in NRS 362.120(3)(b) may be claimed on this line. Only costs incurred for renting equipment used in the State of Nevada during 2025 which are directly related to Transportation Functions may be claimed on Line 33 if the amount paid is commercially reasonable in the circumstances, per NAC 362.050(1)(a). Contracts for renting equipment may also be subject to limitations for otherwise non-deductible activities.

The cost of renting equipment used in exploration, reclamation, or development should **not** be claimed on this line. Costs of exploration,



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as defined in NAC 362.007, are not an allowed deduction from gross yield per NRS 362.120(7)(f). Do not claim costs for renting equipment related to exploration activities anywhere on the Statement. Do not duplicate any costs for renting equipment that have been claimed elsewhere on the return such as for Extraction Functions, Reduction, Refining, and Sale Functions, Reclamation Work, Development Work or Nevada Based Corporate Services.

**Line 34: Contracting for Transportation to Place(s) of Reduction, Refining and Sale**

Deduction for the cost of Contracting for activities described in NRS 362.120(3)(b) may be claimed on this line. Only costs incurred for contracting for Transportation Functions performed in the State of Nevada during 2025 may be claimed on Line 34 subject to the following limitations:

- Per NAC 362.050(1)(b), the contract price must be commercially reasonable in the circumstances and the cost would otherwise be deductible if the service or activity contracted for was provided or performed directly by the operator of the mine, and
- Per NAC 362.050(4): *"For the purposes of paragraph (b) of subsection 1, there is a rebuttable presumption that not less than 20 percent of the cost of contracting for all or part of a mine's operations is attributable to the cost of services and activities that would not be deductible if provided or performed directly by the operator of the mine."*

For example, exploration costs are not deductible, even if provided by a contractor, because they would not otherwise be deductible if performed by the operator of a mine.

In addition, the contractor makes a profit in

providing the service to the Operator. Therefore, the claimed deduction must be adjusted to account for the otherwise non-deductible item.

Whether the Operator would incur more or less costs if the Operator performed the activities is immaterial in the analysis or rebuttal of the presumption in NAC 362.050(4). The rebuttable presumption relates to costs incurred by the contractor that would not otherwise be deductible including the contractor's profit in providing the services. A letter from the contractor is not sufficient.

If the operator elects to reduce the amounts paid by 20% per NAC 362.050(4), the operator is not required to submit documentation related to the contractor costs. If the operator elects to rebut the presumption in NAC 362.050(4), the operator must provide detailed schedules and supporting documentation for the claimed amount.

**Line 35: Nevada Based Corporate Services**

Deduction for costs incurred for Nevada Based Corporate Services described in NRS 362.120(3)(j) and further described in NAC 362.050(1)(c), may be claimed on this line. Usually, an allocation of Nevada Based Corporate Services is made to Transportation Functions and claimed on this line. Claimed deductions for costs for Nevada Based Corporate Services must be incurred in the State of Nevada during 2025 and must be related to Transportation Functions. Corporate services performed outside of the State of Nevada are not deductible, and such costs incurred outside the State of Nevada should not be claimed either directly or as part of allocated costs.

Per NAC 362.050(1)(c) there are limitations on the costs that may be claimed as Nevada Based Corporate Services. Carefully review this regulation when preparing the Statement. See Appendix B.



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NRS 362.120(8) defines Nevada-based corporate services. Carefully review this statute when preparing the Statement. See Appendix A.

**Line 36: Employee Travel**

Deductions for costs described in NRS 362.120(3)(i), employee travel, may be claimed on this line if the costs are related to Transportation Functions. The Employee Travel must occur within the State of Nevada and must be directly related to Transportation Functions

within the State of Nevada. Both origin and destination must be located in State of Nevada.

Carefully review this statute when preparing the Statement. See Appendix A.

**Line 37: Transportation Services for Employees**

Costs related to transporting employees to and from "*a point of extraction or reduction of the mine*" may be claimed per NRS 362.120(3)(b) as further described in NAC 362.050(1)(f). Costs claimed as deductions from gross yield for transportation services must follow the guidelines established per NAC 362.050(1)(f). Carefully review this regulation in Appendix B when claiming costs in this section.

**Line 38: Vehicle Allowances**

Operators may incur vehicle allowance costs necessary to conduct Transportation Functions per NRS 362.120(3)(b) for costs associated with Operator-owned vehicles. NAC 362.050(1)(e) contains specific criteria that must be met to claim deductions for vehicle allowances. Vehicle allowances are only applicable to Operator-owned vehicles provided to employees or independent contractors.

If the Operator has a policy which prohibits personal use of the Operator-owned vehicle and the vehicle is, in fact, only used for business purposes, a deduction for costs related to the

vehicle may be claimed. If the Operator has a policy which prohibits personal use of the Operator-owned vehicle and the vehicle is actually used for non-business purposes, the vehicle allowance may be claimed only to the extent the vehicle is actively engaged in the business of the mine. For example, if the vehicle is used in exploration, the portion related to exploration may not be claimed.

If the Operator does **not** have a policy which prohibits personal use of the Operator-owned vehicle, no deduction may be claimed for the costs associated with the Operator-owned vehicle, regardless of actual business use.

If the Operator reimburses employees or independent contractors for business use of personally owned vehicles that would otherwise be deductible if an Operator-owned vehicle were used, the deduction may be claimed on this line.

Per NAC 362.050(1)(g) the definition of compensation that may be claimed does not include compensation in the form of either personal use of an Operator-owned vehicle or reimbursement for personal expenses, including commuting. These costs must not be claimed anywhere on the Statement.

Operators are encouraged but not required to attach supporting documentation for the claimed amount.

**Line 39: Other Direct Costs of Mining Functions**

Operators may claim other direct costs per statutes and regulation for Transportation Functions in the State of Nevada during 2025, which were not claimed on Lines 24 through 38, on Line 39. All costs claimed on Line 39 must be itemized on Schedule O or an equivalent schedule or supporting documents in order to substantiate claimed deduction, including citation of the statute and/or regulation under which the deduction is claimed.



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If allocating other direct costs, allocation detail and basis should be provided on Schedule O, or other reasonable means to substantiate claimed deduction and allocation basis. Where deductions for other direct costs are claimed on a basis other than actual cash costs, an explanation and all pertinent detail to include the alternative accounting basis used should be provided on Schedule O, or other reasonable means to substantiate alternative basis.

Failure to itemize and fully describe the claimed deductions will result in disallowance of the claimed deductions. Carefully read all statutes and regulations and clearly submit supporting documentation for the claimed deductions included in Line 41.

**Line 40: Total Cost of Transportation to Place(s) of Reduction, Refining, and Sale**

The amount on Line 40 is a total of the amounts on lines 24 through 39. If filing electronically, the formula in the worksheet should calculate the total. Therefore, manual input on line 40 is usually not needed. If filing on paper, total the amounts on lines 24 through 39 and enter the total on Line 40.

**COST OF REDUCTION, REFINING, AND SALE:**

**Line 41: Employee Compensation**

Deductions for Employee Compensation related to activities described in NRS 362.120(3)(c) and further described in NAC 362.050(1)(g) may be claimed on this line. Claimed costs may include actual costs incurred in 2025 for salaries, wages, and performance related bonuses of persons working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(c). Claimed deductions must be directly related to Reduction,

Refining and Sale of the mineral IN NEVADA. Do not include in Line 41 the costs associated with paid leave or retirement plans; such costs may be claimed in Line 42 and 43, respectively, for Reduction, Refining, and Sale Functions and on Lines 6 and 7 or Lines 25 and 26 for Extraction Functions or Transportation Functions. Do not include any General and Administrative costs on Line 41. Employee compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Lines 18, 35 and 52.

If allocating compensation to the Cost of Reduction, Refining, and Sale, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. For example, if the operator has a central warehouse that provides support services for Reduction, Refining, and Sale Functions and other functions, the Employee Compensation for employees performing warehouse functions must first be allocated between Reduction, Refining, and Sale Functions and other functions on a reasonable basis. The costs allocated to Reduction, Refining, and Sale Functions must then be analyzed to determine whether or not the costs may be claimed in Part B of the Gross Yield, Deductions, Net Proceeds section. Attach schedules and supporting documentation to show the allocation and the basis for the allocation.

Where deductions for compensation are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

Do not include costs of severing employees. See NAC 362.035.

Some examples of nondeductible items are defined in NRS 362.120(7), and include:



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- The costs of employee housing
- The costs of severing the employment of any employees
- The costs of mineral exploration (employee compensation for exploration activities must not be claimed- see NAC 362.035 (3) and NAC 362.007 for further clarification)
- Additional examples of nondeductible items are defined in NAC 362.050(2), and include:
- Costs associated with providing health clubs for employees
- Costs incurred for pre-employment activities, including, without limitation, reimbursement for expenses for moving and relocation (See NAC 362.035(2) for interpretation by Nevada Tax Commission)
- Costs associated with providing daycare facilities for the children of employees

Effective January 1, 2017, the following items ARE allowed deductions and should be reported on Line 44 (see NRS 362.120(3)(g)):

- Premiums for industrial insurance (workers' compensation) See NRS 616A through 616D
- Hospital expenses
- Medical attention
- Accident benefits
- Group insurance

**Line 42: Paid Vacation Leave and Paid Sick Leave**

Deductions for Paid Vacation and Sick Leave related to activities described in NRS 362.120(3)(c) as further described in NAC 362.050(1)(g) may be claimed on this line. Claimed deductions may include actual costs incurred in 2025 for Sick Leave and Vacation leave for employees working in, operating, or

supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(b). Claimed deductions must be directly related to Reduction, Refining, and Sale Functions which are performed in the State of Nevada during 2025. Do not include in Line 42 the costs associated with employee compensation claimed on Line 41 or retirement plans claimed on Line 43. Similarly, do not include in Line 42 the costs associated with Extraction Functions or Transportation Functions claimed elsewhere. Do not include any General and Administrative costs on Line 42. Employee compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Lines 18, 35, or 52.

For employees severed from service during the taxable year, only sick leave and vacation leave accrued before the date of termination may be claimed and only if not previously deducted. See NAC 362.035(2) for the interpretation by the Nevada Tax Commission regarding the costs of severing employees.

If allocating Paid Leave to Reduction, Refining, and Sale Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. For example, if the operator has a central laboratory that provides support services for Reduction, Refining, and Sale Functions and other functions, the Paid Leave for employees performing laboratory functions must first be allocated between Reduction, Refining, and Sale Functions and other functions on a reasonable basis. The costs allocated to Reduction, Refining, and Sale Functions should then be analyzed to determine whether or not the costs should be claimed in Part B of the Gross Yield, Deductions, Net Proceeds section. Attach schedules and supporting documentation to show the allocation and the



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basis for the allocation.

Where deductions for Paid Leave are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent detail to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

**Line 43: Qualified Pension Plans, Retirement, and 401k**

Deductions for Qualified Pension Plans, Retirement and 401k related to activities described in NRS 362.120(3)(c) as further described in NAC 362.050(1)(g) may be claimed on this line. Claimed deductions may include contributions to, and administrative costs of, qualified pension plans, retirement plans, 401k plans, and other similar deferred benefit plans on behalf of employees working in, operating, or supervising the management IN NEVADA of the Nevada mine or by persons performing office, clerical or engineering work IN NEVADA necessary for the operations per NRS 362.120(6)(b). Claimed deductions must be directly related to Reduction, Refining, and Sale Functions. Do not include in Line 43 the costs associated with Employee Compensation claimed on Line 41 or Paid Leave claimed on Line 42.

Similarly, do not include any costs associated with Extraction Functions or Transportation Functions that may be claimed elsewhere. Do not include any General and Administrative costs on Line 43. Employee Compensation and certain benefits associated with Nevada Based Corporate Services may be claimed on Line 18, 35, or 52.

If allocating qualifying retirement benefits to Reduction, Refining, and Sale Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation

basis. Where deductions for retirement benefits are claimed on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

For employees severed from service during the taxable year, only qualifying retirement benefits accrued before the date of termination may be claimed and only if not previously deducted. See NAC 362.035(2) for the interpretation by the Nevada Tax Commission regarding the costs of severing employees.

**Line 44: Unemployment, Social Security, Medicare, Premiums for Industrial Insurance, Actual Cost of Hospital and Medical Attention, Accident Benefits and Group Insurance**

Effective January 1, 2017, the following items ARE allowed deductions (see NRS 362.120(3)(g)):

- Premiums for industrial insurance (workers' compensation) See NRS 616A through 616D
- Hospital expenses
- Medical attention
- Accident benefits
- Group insurance

Deductions for Unemployment, Social Security, and Medicare described in NRS 362.120(3)(h) as further described in NAC 362.050(1)(g) and deductions for Premiums for Industrial Insurance, Actual Cost of Hospital and Medical Attention, Accident Benefits and Group Insurance described in NRS 362.120(3)(g) and related to Reduction, Refining and Sale may be claimed on this line. Claimed deduction may include actual costs for *"All money paid as contributions or payments under the unemployment compensation law of the State of Nevada, as contained in chapter 612 of*



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*NRS, all money paid as contributions under the Social Security Act of the Federal Government, and all money paid to either the State of Nevada or the Federal Government under any amendment to either or both of the statutes mentioned in this paragraph" and "all money expended for premiums for industrial insurance, and the actual cost of hospital and medical attentions and accident benefits and group insurance for employees actually engaged in mining operations within the State of Nevada."*

Money paid as the employer portion of Medicare (Hospital Insurance) Contributions and money paid as the employer portion of Social Security (Old-Age, Survivors, and Disability Insurance) Contributions may be claimed per NAC 362.050(1)(g) because both are included in the Social Security Act and primarily funded through the Federal Insurance Contributions Act (Internal Revenue Code Title 26 Chapter 21).

Per NAC 362.050(1)(g) the cost of state and federal unemployment compensation contributions may be claimed on Line 44 if the costs are related to Reduction, Refining, and Sale Functions. These costs are sometimes referred to as FUTA (Federal Unemployment Tax Act Internal Revenue Code title 26 Chapter 23) and SUTA (NRS chapter 612) in the operator's books and records.

If allocating these costs to Reduction, Refining, and Sale Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis. Where deductions for these costs are made on a basis other than actual cash costs incurred for the taxable year, an explanation and all pertinent details to include the alternative accounting basis used should be provided on Schedule O or other supporting documentation to substantiate alternative basis.

Line 45: Maintenance and Repairs

Deductions for actual cost in 2025 for maintenance and repair of assets used in Reduction, Refining, and Sale Functions as described in NRS 362.120(3)(e) may be claimed on this line. Per NRS 362.120(3)(e)(2):

*"The actual cost of maintenance and repairs of:*

*(1) All milling, refining, smelting and reduction works, plants and facilities."*

Claimed costs must be incurred in the State of Nevada during 2025 and must be in support of Reduction, Refining, and Sale Functions. The specific costs are further described in NAC 362.50

For example, the cost of employee compensation paid to an employee to maintain and repair assets used for Reduction, Refining, and Sale Functions may be claimed on this line per NAC 362.050(1)(g).

Do not claim on this line costs which were capitalized or relate to items on Schedule. Do not deduct maintenance or repairs which were completed by contractors and would otherwise be claimed on Lines 15, 34, or 51 and are therefore subject to provisions of NAC 362.050(4), which are detailed in the instructions for that line. Do not duplicate any costs claimed on this line with costs claimed elsewhere in the Statement.

If allocating costs to Maintenance and Repairs, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Maintenance and repairs to administrative buildings or similar costs associated with Nevada Based Corporate Services should not be claimed on Line 45. Any claimed costs associated with Nevada Based Corporate Services may be included on Line 18, 35, and 52.

Line 46: Materials and Supplies



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Deductions for the cost of Materials and Supplies related to activities described in NRS 362.120(3)(c) may be claimed on this line. Only actual costs incurred for materials and supplies used in the State of Nevada during 2025 which are directly related to Reduction, Refining, and Sale Functions may be claimed on Line 46.

Do not include fuel costs on this line; instead claim these costs on Line 47 or other applicable line. Materials and supplies used in exploration, reclamation, or development should not be claimed in the Reduction, Refining and Sale category. Similarly, costs for Extraction Functions per NRS 362.120(3)(a) and Transportation Functions per NRS 362.120(3)(b) should not be included on this line.

Materials and supplies not directly related to Reduction, Refining, and Sale Functions in the State of Nevada are not deductible on this line. Such non-deductible costs include, for example, office party supplies, food or refreshments, and employee gifts or awards.

Effective January 1, 2012, NRS 362.120(7)(g) specifically DISALLOWS deductions for any federal, state, or local taxes. Therefore, do not include in Line 46 any costs for such disallowed taxes, which may include, for example, sales and use tax, vehicle registration general services tax, motor vehicle fuel tax and similar taxes. It may be necessary to estimate and adjust for the taxes that may be included in various accounts in the operator's books and records. For example, if an expense account includes the cost of acquiring materials, including the cost of taxes and freight, it may be necessary to adjust the account to reflect the appropriate Net Proceeds of Minerals Tax deduction claims. If so, attach a schedule and/or supporting documentation. Schedule O may be used.

Do not claim materials and supplies costs related to Nevada Based Corporate Services on Line 46.

Claim costs of materials and supplies related to Nevada Based Corporate Services on Lines 18, 35, and 52, if applicable.

**Line 47: Fuel**

Deductions for the cost of Fuel related to activities described in NRS 362.120(3)(c) may be claimed on this line. Only actual costs incurred for fuel used in the State of Nevada during 2025 which are directly related to Reduction, Refining, and Sale Functions may be claimed on Line 47. Examples of the types of fuel costs include, without limitation, gasoline, diesel fuel, propane and natural gas used in Reduction, Refining, and Sale Functions.

If allocating fuel costs to Reduction, Refining, and Sale Functions, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Do not include on Line 47 fuel specifically associated with Employee Travel, Transportation Services for Employees, Extraction Functions per NRS 362.120(3)(a), Transportation Functions per NRS 362.120(3)(b), or Vehicle Allowances, which may be claimed elsewhere on the Statement.

Effective January 1, 2012, NRS 362.120(7)(g) specifically DISALLOWS deductions for any federal, state, or local taxes. Therefore, do not claim in Line 47 any costs for such disallowed taxes, which may include, for example, sales and use tax, vehicle registration general services tax, motor vehicle fuel tax and similar taxes. It may be necessary to estimate the taxes that may be included in various accounts in the operator's books and records. For example, if an expense account includes the cost of acquiring fuel, including the cost of fuel taxes, it may be necessary to adjust the account to reflect the appropriate Net Proceeds of Minerals Tax



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deduction claim. If so, attach a schedule and/or supporting documentation. Schedule O may be used.

Do not claim unrealized gains or losses from fuel hedging on Line 47 or elsewhere on the Statement.

**Line 48: Electric Power**

Deductions for the cost of Electric Power related to activities described in NRS 362.120(3)(c) may be claimed on this line. Only actual costs incurred for electric power used in the State of Nevada during 2025 which are directly related to Reduction, Refining, and Sale Functions may be claimed on Line 48.

If allocating costs to Electric Power, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Special cost allocations may be needed to determine the cost of power acquired through other than an arms-length transaction and used in Reduction, Refining, and Sale Functions.

**Line 49: Utilities - Except Electric Power**

Deductions for the costs of Utilities for activities described in NRS 362.120(3)(c) may be claimed on this line. Only actual costs incurred for utilities used in the State of Nevada during 2025 which are directly related to Reduction, Refining, and Sale Functions may be claimed on Line 49. If claiming costs associated with providing on-site utilities, such costs must be itemized on Schedule O, or other reasonable means to substantiate claimed deduction.

Examples of Utilities that may be claimed on this line include, without limitation, water, sewer, or garbage directly associated with Reduction, Refining, and Sale Functions.

Do not claim costs of utilities associated with Nevada Based Corporate Services on Line 49. Costs related to Nevada Based Corporate Services may be claimed on Lines 18, 35, and 52.

If allocating costs to Utilities, allocation detail and basis should be provided on Schedule O or other supporting documentation to substantiate claimed deduction and allocation basis.

Operators are encouraged but not required to submit a schedule detailing the type and amount of other utilities such as a schedule with general ledger account numbers, descriptions and account balances claimed. Schedule O may also be used but is not required.

**Line 50: Renting Equipment**

Deductions for the cost of Renting Equipment used in activities described in NRS 362.120(3)(c) may be claimed on this line. Only costs incurred for renting equipment used in the State of Nevada during 2025 which are directly related to Reduction, Refining, and Sale Functions may be claimed on Line 50 if the amount paid is commercially reasonable in the circumstances, per NAC 362.050(1)(a). Contracts for renting equipment may also be subject to limitations for otherwise non-deductible activities.

The cost of renting equipment used in exploration, reclamation, or development should **not** be claimed in the Reduction, Refining and Sale category. Do not duplicate any costs for renting equipment that have been claimed elsewhere on the return such as for Extraction Functions, Transportation Functions, or Nevada Based Corporate Services.

**Line 51: Contracting for Reduction, Refining and Sale Operations**

Deduction for the cost of Contracting for activities described in NRS 362.120(3)(c) may be claimed on this line. Only costs incurred for



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contracting for Reduction, Refining, and Sale Functions performed in the State of Nevada during 2025 may be claimed on Line 51 subject to the following limitations:

- Per NAC 362.050(1)(b), the contract price must be commercially reasonable in the circumstances and the cost would otherwise be deductible if the service or activity contracted for was provided or performed directly by the operator of the mine, and
- Per NAC 362.050(4): *"For the purposes of paragraph (b) of subsection 1, there is a rebuttable presumption that not less than 20 percent of the cost of contracting for all or part of a mine's operations is attributable to the cost of services and activities that would not be deductible if provided or performed directly by the operator of the mine."*

For example, exploration costs are not deductible, even if provided by a contractor, because they would not otherwise be deductible if performed by the operator of a mine.

In addition, the contractor makes a profit in providing the service to the Operator. Therefore, the claimed deduction must be adjusted to account for the otherwise non-deductible item.

Whether the Operator would incur more or less costs if the Operator performed the activities is immaterial in the analysis or rebuttal of the presumption in NAC 362.050(4). The rebuttable presumption relates to costs incurred by the contractor that would not otherwise be deductible including the contractor's profit in providing the services. A letter from the contractor without supporting documentation is not sufficient.

If the operator elects to reduce the amounts paid by 20% per NAC 362.050(4), the operator is not required to submit documentation related to the contractor costs. If the operator elects to rebut the presumption in NAC 362.050(4), the operator must provide detailed schedules and supporting

documentation for the claimed amount.

**Line 52: Nevada Based Corporate Services**

Deduction for costs incurred for Nevada Based Corporate Services described in NRS 362.120(3)(j) and further described in NAC 362.050(1)(c), may be claimed on this line. Usually, an allocation of Nevada Based Corporate Services is made to Reduction, Refining, and Sale Functions and claimed on this line. Claimed deductions for costs for Nevada Based Corporate Services must be incurred in the State of Nevada during 2025 and must be related to Reduction, Refining, and Sale Functions. Corporate services performed outside of the State of Nevada are not deductible, and such costs incurred outside the State of Nevada should not be claimed either directly or as part of allocated costs.

Per NAC 362.050(1)(c) there are limitations on the costs that may be claimed as Nevada Based Corporate Services. Carefully review this regulation when preparing the Statement. See Appendix B.

NRS 362.120(8) defines Nevada-based corporate services. Carefully review this statute when preparing the Statement. See Appendix A.

**Line 53: Employee Travel**

Deductions for costs described in NRS 362.120(3)(i), employee travel, may be claimed on this line if the costs are related to Reduction, Refining, and Sale Functions. The Employee Travel must occur within the State of Nevada and must be directly related to Reduction, Refining, and Sale Functions within the State of Nevada. Both origin and destination must be located in State of Nevada.

Carefully review this statute when preparing the Statement. See Appendix A.

**Line 54: Transportation Services Employees**



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Costs related to transporting employees to and from "*a point of extraction or reduction of the mine*" may be claimed per NRS 362.120(3)(c) as further described in NAC 362.050(1)(f). Costs claimed as deductions from gross yield for transportation services for employees must follow the guidelines established per NAC 362.050(1)(f). Carefully review this regulation in Appendix B when claiming costs in this section.

The costs of transporting ore to the point of processing and transporting the mineral after processing are claimed in the Cost of Transportation section of Part B of the Gross Yield, Deductions, Net Proceeds section. Do not include these costs on this line.

**Line 55: Vehicle Allowances**

Operators may incur vehicle allowance costs necessary to conduct Reduction, Refining, and Sale per NRS 362.120(3)(c) for costs associated with Operator-owned vehicles. NAC 362.050(1)(e) contains specific criteria that must be met to claim deductions for vehicle allowances. Vehicle allowances are only applicable to Operator-owned vehicles provided to employees or independent contractors.

If the Operator has a policy which prohibits personal use of the Operator-owned vehicle and the vehicle is, in fact, only used for business purposes, a deduction for costs related to the vehicle may be claimed. If the Operator has a policy which prohibits personal use of the Operator-owned vehicle and the vehicle is actually used for non-business purposes, the vehicle allowance may be claimed only to the extent the vehicle is actively engaged in the business of the mine. For example, if the vehicle is used in exploration, the portion related to exploration may not be claimed.

If the Operator does not have a policy which prohibits personal use of the Operator-owned

vehicle, no deduction may be claimed for the costs associated with the Operator-owned vehicle, regardless of actual business use.

If the Operator reimburses employees or independent contractors for business use of personally owned vehicles that would otherwise be deductible if an Operator-owned vehicle were used, the deduction may be claimed on this line.

Per NAC 362.050(1)(g) the definition of compensation that may be claimed does not include compensation in the form of either personal use of an Operator-owned vehicle or reimbursement for personal expenses, including commuting. These costs must not be claimed anywhere on the Statement.

Operators are encouraged but not required to attach supporting documentation for the claimed amount.

**Line 56: Other Direct Costs of Mining Functions**

Operators may claim other direct costs per statutes and regulation for Reduction, Refining, and Sale Functions in the State of Nevada during 2025, which were not claimed on Lines 41 through 55, on Line 56. All costs claimed on Line 56 must be itemized on Schedule O or an equivalent schedule or supporting documents to substantiate claimed deduction, including citation of the statute and/or regulation under which the deduction is claimed.

If allocating other direct costs, allocation detail and basis should be provided on Schedule O, or other reasonable means to substantiate claimed deduction and allocation basis. Where deductions for other direct costs are claimed on a basis other than actual cash costs, an explanation and all pertinent detail to include the alternative accounting basis used should be provided on Schedule O, or other reasonable means to substantiate alternative basis.



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Failure to itemize and fully describe the claimed deductions will result in disallowance of the claimed deductions. Carefully read all statutes and regulations and clearly submit supporting documentation for the claimed deductions included in Line 56.

**Line 57: Total Cost of Reduction, Refining and Sale**

The amount on Line 57 is a total of the amounts on lines 41 through 56. If filing electronically, the formula in the worksheet should calculate the total. Therefore, manual input on line 57 is usually not needed. If filing on paper, total the amounts on lines 41 through 56 and enter the total on Line 57.

**Line 58: Total Production Royalties**

The amount on Line 58 of Part B of the Gross Yield, Deductions, Net Proceeds section is derived from information on Schedule B line 21 which is the total production royalties paid by the operator. See the specific instructions for Schedule B for more information. If submitting electronically, information input into the excel worksheet for Schedule B should automatically update Line 58. Therefore: if submitting electronically, manual entries are not usually needed for Line 58. If submitting on paper, enter the figure from Schedule B, Line 21 on Line 58.

**Line 59: Total Claimed Depreciation of Capital Assets**

The Operator may claim an allowed cost for depreciation of capital assets per NRS 362.120(3)(f) and NAC 362.040 on Line 59 of Part B of the Gross Yield, Deductions, Net Proceeds section. The amount on this line is derived from information on Schedule E. If submitting electronically, information input into the excel worksheet for Schedule E should automatically update Line 59. Therefore: if submitting electronically, generally manual

entries are not needed for Line 59. If submitting on paper, enter the figure from Schedule E, Line 4.

Schedule C Capital Asset Additions, schedule D Capital Asset Deletions, Schedule C-1 Capital Asset Transfers IN, and Schedule D-1 Capital Asset Transfers OUT all support Schedule E. Only the total from Schedule E is carried forward to Line 59. See the specific instructions for these schedules and attach appropriate supporting documentation for these schedules.

The amount claimed on Line 59 should match Schedule E, Line 4 which is the total depreciation claimed.

**Line 60: Total of All Claimed Deductions from Gross Yield**

The amount on Line 60 is the total of lines 23, 40, 57, 58, and 59. If submitting electronically, information on the lines from the excel worksheet should automatically total on Line 60. Therefore, if submitting electronically, manual entries are usually not needed for Line 60. If submitting on paper, enter the total of lines 23, 40, 57, 58, and 59 on Line 60.

**Line 61: Net Proceeds or Loss**

The amount on Line 61 is the amount on Line 4 (Gross Yield) less the amount on Line 60 (Claimed Deductions from Gross Yield). If submitting electronically, the difference between the amount on line 4 and the amount on Line 60 should automatically calculate on Line 61. Therefore, if submitting electronically, manual entry is usually not needed for Line 61. If submitting on paper, enter the difference between Line 4 and Line 60 on Line 61.



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**SPECIFIC INSTRUCTIONS**

**LGS-F025 Schedule B (Production Royalties)**

Per NRS 362.105, royalty payments are defined as a portion of the proceeds from mineral extraction which is paid for the privilege of extracting the mineral.

Royalty does not include the following:

Rents or other compensatory payments which are fixed and certain in amount and payable periodically over the duration of the lease regardless of the extent of extractions; or

Minimum royalties covering periods when no mineral is extracted if the payments are fixed and certain in amount and payable on a regular periodic basis.

Per NRS 362.010(2), minerals include oil, gas, and other hydrocarbons, but does not include sand, gravel or water, except hot water or steam in an operation extracting geothermal resources for profit.

**Lines 1 through 20: Royalties Paid**

Complete Columns A, B, C, and D with the following information for the royalty recipients.

Name Address

City, State, Zip Phone Number

Complete Column E with the dollar amount of the payment made to the royalty recipient for production during 2025.

Complete Column F with the date the dollar amount of the payment made to the royalty recipient was actually paid during 2043.

Complete Line 21 with a total of all production royalties paid that were entered in Column E.

Enter the total amount on Line 58 of the Gross Yield, Deductions, Net Proceeds section.

Do NOT include any amount(s) paid for non-

production-based royalty payments that are paid regardless of extraction, i.e. minimum advance royalties, lease payments, etc. Attach a copy of IRS Form 1099 for each royalty recipient, if applicable.

**SPECIFIC INSTRUCTIONS**

**LGS-F025 Schedule C (Capital Asset Additions)**

Carefully read the general instructions for the Statement (LGS-F025, Schedules, and Supporting Documentation) in addition to these specific instructions for Schedule C, Capital Asset Additions.

Schedule C is used to report assets that were acquired during 2043.

Per NAC 362.030(3), for Net Proceeds of Minerals Tax, the costs of each asset added on Schedule C must be the **complete cost to the taxpayer, and must include all delivery, taxes, and installation charges**.

For purposes of the Net Proceeds of Mines Tax assets acquired are categorized into four classes as follows:

**Leasehold Improvements or Buildings 20-year straight-line method:** Per NAC 362.040(1), leasehold improvements and buildings must be depreciated over a 20-year period using the straight-line method. This category of property is referred to as Class A property.

**Fixed Machinery and Equipment 20-year straight-line method:** Per NAC 362.040(2), fixed machinery and equipment must be depreciated over a 20-year period using the straight-line method. This category of property is referred to as Class B property.

**Mobile Machinery and Equipment 10-year straight-line method:** Per NAC 362.040(3), mobile machinery and equipment must be



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depreciated over a 10-year period using the straight-line method. This category of property is referred to as Class C property.

Automobiles and Light Service Vehicles 5-year straight-line method: Per NAC 362.040(4), automobiles and light service vehicles must be depreciated over a 5-year period using the straight-line method. This category of property is referred to as Class D property.

In addition, per NAC 362.040(5) an integrated processing assembly must be depreciated over a 20-year period using the straight-line method and included in either Class A or Class B as appropriate. Subsequent additions to the unit must also be reported and depreciated over a 20-year period using the straight-line method.

For each property class complete the following columns with the appropriate information as requested or attach a schedule with substantially the same information. If attaching a schedule enter the appropriate totals into Schedule C.

Column A: In the column for Description, input a brief description of the capital asset.

Column B: In the column for Date Originally Acquired, per NAC 362.030(4)(b), *"the date on which the construction of the asset was completed, or the asset was acquired"* should be used for this field. The field is formatted as a date in the excel worksheet. Input the information as a date if filing electronically. If filing on paper, input the date so the asset can be identified.

Column C: In the column for the Original Acquisition Cost/Cost Installed, per NAC 362.030(3) enter the *"complete cost to the taxpayer, and ... include all delivery, taxes and installation charges."* In addition, per NAC

362.030(4)(b), the cost of the construction of an asset is included when construction is completed.

The total additions in all Classes in Column C of Schedule C are reported on Schedule E - Statement of Depreciation Costs Column B. If submitting electronically, the amounts entered on Schedule C should automatically carry forward to Schedule E. If filing on paper, carry the totals for each class of property on Schedule C to Schedule E, Column B.

**SPECIFIC INSTRUCTIONS**

**LGS-F025 Schedule D (Capital Asset Deletions)**

Carefully read the general instructions for the Statement (LGS-F025, Schedules, and Supporting Documentation) in addition to these specific instructions for Schedule D, Capital Asset Deletions.

Schedule D is used to report two types of deletions from the list of mine assets used to calculate the depreciation deduction for Net Proceeds of Minerals Tax purposes:

- Assets that were disposed of during 2025.
- Assets that were fully depreciated in prior years and therefore, are deleted for purposes of calculating depreciation deductions in 2025.

Per NAC 362.040(6),

*"If any property is disposed of before the end of the depreciation period, the remaining amount of allowable depreciation, if the property had remained in use, may be reported in total as an additional expense of depreciation for the reporting period. The amount of depreciation must be reduced by the amount of any consideration received for the property from sale, insurance recovery, trade-in or any other*



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*reimbursement, but not below zero."*

Do not include any assets that have been transferred to another mining facility controlled by the operator. Those assets are reported on Schedule D-1 Capital Asset Transfers OUT. Similarly, do not include any sets that have been transferred in from another mining facility controlled by the operator. Those assets are reported on Schedule C-1 Capital Asset Transfers IN. Transfers are not considered "Deletions" or "Additions."

Additional schedules or supporting documentation may be submitted, such as existing asset lists or listings from the operator's computer system that contain substantially the same information. Enter totals from other schedules in the various columns of Schedule D for the totals to carry forward to the Schedule E and ultimately to the Gross Yield, Deductions, Net Proceeds section. If you need to refer to other schedules, put "See attached" in the description column and transfer the appropriate totals to each class in Columns D, E, and F.

For purposes of the Net Proceeds of Mines Tax assets acquired are categorized into four classes as follows:

Leasehold Improvements or Buildings 20-year straight-line method: Per NAC 362.040(1), leasehold improvements and buildings must be depreciated over a 20-year period using the straight-line method. This category of property is referred to as Class A property.

Fixed Machinery and Equipment 20-year straight-line method: Per NAC 362.040(2), fixed machinery and equipment must be depreciated over a 20-year period using the straight-line method. This category of property is referred to as Class B property.

Mobile Machinery and Equipment 10-year straight-line method: Per NAC 362.040(3),

mobile machinery and equipment must be depreciated over a 10-year period using the straight-line method. This category of property is referred to as Class C property.

Automobiles and Light Service Vehicles 5-year straight-line method: Per NAC 362.040(4), automobiles and light service vehicles must be depreciated over a 5-year period using the straight-line method. This category of property is referred to as Class D property.

In addition, per NAC 362.040(5) an integrated processing assembly must be depreciated over a 20-year period using the straight-line method and included in either Class A or Class B as appropriate. Subsequent additions to the unit must also be reported and depreciated over a 20-year period using the straight-line method.

For each property class complete the following columns with the appropriate information as requested or attach a schedule with substantially the same information. If attaching a schedule enter the appropriate totals into Schedule D.

Column A: In the column for Description, input a brief description of the capital asset. The description should match the existing description on the asset lists. The purpose of the description is to identify the capital asset on existing schedules so the deletion can be recorded.

Column B: In the column for Date Originally Acquired enter the original acquisition date previously reported. For example, if the acquisition date on existing schedules is "07-09-2009" input this date in Column B. The purpose of the date is to identify the capital asset on existing schedules so the deletion can be recorded. The field is formatted as a date in the excel worksheet. Input the information as a date if filing electronically. If filing on paper, input the date so the asset can be identified on existing schedules. In some cases, the prior identifying



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date is only a year. If so, input January 1 of the indicated year.

Column C: In the column for deletion date, the entries distinguish between (1) assets that were actually disposed of during the year versus (2) assets that are deleted from the assets lists because they were fully depreciated in prior years and therefore no longer eligible for depreciation deductions. If the asset was actually disposed of, input the disposal date. If the asset was fully depreciated in prior years but still owned, leave the deletion date blank.

For example, if you have a Mobile Equipment asset (Class C 10-year life) asset acquired on September 12, 2008, and the asset was sold on July 22, 2021, include the asset on Schedule D with a deletion date of "07-22-19" to designate that the asset was no longer owned on December 31, 2025.

For example, if you have a light service vehicle (Class D, five-year life) acquired on July 7, 2011 and you still had the vehicle on December 31, 2021, include the vehicle on Schedule D with a blank in the deletion date field because the vehicle was fully depreciated in prior years (20% in 2013, 20% in 2014, 20% in 2015, 20% in 2016, and 20% in 2017).

Column D: In the column for the Original Acquisition Cost/Cost Installed put the amount that was included on Schedule C - Statement of additions to Capitalized Property when acquired. The amount should match the amount on existing asset lists. The amount will also help to identify the capital asset on existing schedules or lists so the deletion can be recorded.

Column E: In the column for the Depreciation taken in Prior Years put the amount of depreciation taken on prior Net Proceeds of Minerals Tax Statements. For example, if you have a Rock Crusher, Class C (10 year) capital

asset that was acquired for \$20,000 on July 20, 2013, the depreciation taken in prior years should be \$8,000. (\$2,000 each year for four years in 2013, 2014, 2015, and 2016).

In the case of assets included on Schedule D as deletions because the asset was fully depreciated in prior years, the amount of depreciation taken in prior years should equal the original cost. When the totals are transferred to Schedule E, the end result will be that no depreciation is deducted in 2025 for the asset.

Column F: In the Column for Consideration for Sale, Trade-in, Insurance, etc. enter all funds received during the year. Per NAC 362.040(6), include the amount of any consideration received for the property from sale, insurance recovery, trade-in or any other reimbursement. In the same example above for Column E, when the Rock Crusher was disposed, the company received \$10,000 for the sale of the Rock Crusher. For this line item, \$10,000 should be input in Column F.

If the asset is included on the Schedule D as a deletion due to the item being fully depreciated in prior years, input a zero or leave Column F blank for that line item. Do not put any negative amounts in Column F.

Column G: In the column for Remaining Value calculate Column D less Column E less Column F for each line item. The amount in Column G cannot be below zero.

The total deletions in all Classes in Column D of Schedule D are reported on Schedule E - Statement of Depreciation Costs Column D. If submitting electronically, the amounts entered on Schedule D should automatically carry forward to Schedule E. If filing on paper, carry the totals for each class of property on Schedule D to Schedule E, Column D.

The Remaining Value in all Classes in Column G of Schedule D is reported on Schedule E - Line 3.



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If submitting electronically, the amounts entered in Column G should automatically carry forward to Schedule E, Line 3. If filing on paper, carry the total of all items in Column G to Schedule E, Line 3.

### **SPECIFIC INSTRUCTIONS**

#### **LGS-F025 Schedule C-1 (Capital Asset Transfers IN)**

Carefully read the general instructions for the Statement (LGS-F025, Schedules, and Supporting Documentation) in addition to these specific instructions for Schedule C-1, Capital Asset Transfers IN. Also carefully read the instructions for Schedules C and D for descriptions of asset classes.

This schedule is for reporting assets that have been transferred in from another mining facility for service during 2025.

Do not include on Schedule C-1 any assets that have been acquired during the year. Those assets are reported on Schedule C Capital Asset Additions.

The assets should be separately reported according to the class of property.

For each property class complete the following columns with the appropriate information as requested or attach a schedule with substantially the same information. If attaching a schedule enter the appropriate totals into Schedule C-1. In the excel workbook, the total amounts are automatically carried to Schedule E. Therefore, if submitting electronically, appropriate totals must be entered on Schedule C-1 to assure proper amounts are included on Schedule E. If submitting on paper, enter appropriate totals from attached schedules on Schedule C-1.

Column A: Enter the name of the mine from which the capital asset was transferred. If the asset was transferred from another mine in

Nevada controlled by the Operator, enter the Nevada mine name. If the asset was transferred in from outside Nevada, enter "From Out of State" into this field.

Column B: Enter a complete description of the capital asset transferred in during 2025. When transferred in from another Nevada mine, the description should match the existing description on the asset lists. Be sure to place the asset in the proper Class on the schedule.

Column C: Enter the date the capital asset was originally acquired. When transferred in from another Nevada mine, the date should match the existing date on the asset lists.

Column D: Enter the original acquisition cost/cost installed of the asset. When transferred in from another Nevada mine, the cost should match the existing cost on the asset lists. The original cost does not change upon transfer.

The total Transfers In for all Classes in Column D of Schedule C-1 is carried forward to Schedule E Column C.

### **SPECIFIC INSTRUCTIONS**

#### **LGS-F025 Schedule D-1 (Capital Asset Transfers OUT)**

Carefully read the general instructions for the Statement (LGS-F025, Schedules, and Supporting Documentation) in addition to these specific instructions for Schedule D-1, Capital Asset Transfers OUT. Also carefully read the instructions for Schedules C and D for descriptions of asset classes.

This schedule is for reporting assets that were included on the prior year asset list for this property and were transferred out to another mining facility during 2025.

Do not include on Schedule D-1 any assets that were sold or disposed of during 2025 or assets



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that were fully depreciated in prior years. Those assets are reported on Schedule D - Capital Asset Deletions.

The assets should be separately reported according to the class of property.

For each property class complete the following columns with the appropriate information as requested or attach a schedule with substantially the same information. If attaching a schedule, input the appropriate totals from the attached schedule into the Schedule D-1. In the excel workbook, the total amounts on Schedule D-1 are automatically carried to Schedule E. Therefore, if submitting electronically, appropriate totals must be input or linked on Schedule D-1 to assure the proper amounts are included on Schedule E. If submitting on paper, enter the appropriate totals from attached schedules on Schedule D-1.

Column A: Enter the name of the mine to which the capital asset was transferred. If the asset was transferred to another mine in Nevada controlled by the Operator, enter the Nevada Mine Name. If the asset was transferred out of Nevada, enter "Out of Nevada" in this field.

Column B: Enter a complete description of the capital asset transferred out during 2025. The description should match the existing description on the asset lists. Be sure to place the asset in the proper Class on the schedule.

Column C: Enter the date the capital asset was originally acquired. The date should match the existing date on the asset lists.

Column D: Enter the original acquisition cost/cost installed for the asset. NAC 362.030(3). The cost should match the existing cost on the asset lists.

The total Transfers Out for all Classes in Column D of Schedule D-1 should be carried to Schedule E Column E.

**SPECIFIC INSTRUCTIONS**

**LGS-F025 Schedule E (Depreciation Mine Assets Only)**

This schedule is the summary of the capital asset activity for the year and also documents the calculation of the depreciation per NRS 362.120(3)(f) and NAC 362.040. The form includes the following:

Column on Schedule E	Information	Source Schedule
Column A	Assets from the prior year	From Prior Year Schedule E
Column B	Additions	Schedule C
Column C	Transfers IN	Schedule C-1
Column D	Disposals	Schedule D
Column E	Transfers OUT	Schedule D-1

Column F: Amounts in this column represent the Total Acquisition Cost of Mining Assets eligible for depreciation in 2025. The total includes assets from the prior year, plus additions for the current year, plus transfers-in from other mines, less disposals and less transfers out to other mines. The amounts in Column F represent the cost basis of assets eligible for depreciation in 2025 pursuant to NRS 362.120(3)(f) as further described in NAC 362.040.

Column G: This column contains the Depreciation percentages for the various categories of assets per NAC 360.040 used to calculate 2025 depreciation.

Column H: This column is used to calculate the claimed depreciation for the current year. The calculation is the Total Acquisition Cost multiplied by the depreciation percentage for the



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appropriate class. The total is the claimed depreciation, before additional depreciation from asset disposals, for 2025.

Line 1: Total each column

Line 2: The total of the claimed depreciation (Column H), before additional depreciation from asset disposals, is carried to this line.

Line 3: The total additional depreciated claimed from 2025 asset disposals from Schedule D, Column F is carried to this line.

Line 4: This is the total 2025 claimed depreciation which is calculated by adding Line 2 and Line 3. Carry the amount on Line 4 forward to The Gross Yield, Deductions, Net Proceeds Section Line 60. The totals from the above schedules are placed in the appropriate columns on the Depreciation Summary section of the Schedule E and totaled in column F.

## **SPECIFIC INSTRUCTIONS**

### **LGS-F025 Schedule O (Other Deductions)**

Schedule O may be used to provide supporting documentation for an item on the Statement. Schedule O is optional, and taxpayer prepared supporting documentation may be included in lieu of Schedule O.

Schedule O may be completed multiple times and relate to various line items. Enter the cross reference to the Statement in the Field "Detail for Line # \_\_\_\_\_" of each. Make additional copies (worksheets in excel) as needed.

Call the Department if you have any issues with using Schedule O.

## **SPECIFIC INSTRUCTIONS**

### **LGS-F025 Schedule P (Agent Authorization)**

The Agent Authorization form is used to

designate an Agent to act on behalf of the Taxpayer or Principal for tax matters. The Agent Authorization Form is similar to a Power of Attorney. The Principal or Taxpayer may be referred to in other ways, depending on the type of report of statement. For example, for Net Proceeds of Minerals Tax reporting, the taxpayer may be referred to as "Operator" or "Royalty Recipient" and for property tax declarations, the taxpayer may be referred to as "Declarant."

The Agent Authorization form may be submitted with various types of returns, declarations, or reports, including but not limited to the following:

- Form LGS-F024 LGSCA - Geothermal Operator Statement of Gross Yield and Claimed Net Proceeds
- Form LGS-F025 LGSCA - Operator Statement of Gross Yield and Claimed Net Proceeds
- Form LGS-F026 LGSCA - Statement of Royalties Received
- Form LGS-F027 LGSCA - Estimated Annual Gross Yield and Net Proceeds
- Real and Personal Property Affidavit

The Agent Authorization form may also be submitted separately from a particular form. If the Agent Authorization form is submitted separately, submit the form to the following address:

Nevada Department of Taxation  
Local Government Services Division  
3850 Arrowhead Drive  
Carson City, Nevada 89706

The electronic version of the Agent Authorization form is formatted in Microsoft Excel 2010. The electronic version is protected with certain cells unlocked so that the form can be filled in electronically. Coordinate with the appropriate Department employee regarding electronic

**Nevada Department of Taxation  
Local Government Services Division  
Form LGS-F025**



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signature and submission, if possible.

**Tax Category:** List the type of tax for which authorization is provided. Common tax categories are "Net Proceeds of Minerals Tax" and "Real and Personal Property Tax."

**Period(s):** List the years or other periods for which the authorization is provided. For example, if the Tax Category is "Net Proceeds of Minerals Tax" the associated period might be "Production Year 2021 = Tax Year 2021-21" or possibly multiple years such as "2016, 2017 and 2021."

**Property Identification Number:** List the Property Identification Number (PIN), if applicable, assigned to the property by the Department. The PIN is listed on the billing or may be obtained from the Department.

**Property or Mine Name:** List the name by which the property or mine is generally known. Examples are "Ajax Mine" or "ABC Toll Ore" or "XYZ Geothermal Operation."

**County:** List the county where the mine or property is located.

**Other Identifier:** List any other identifier that may be helpful to determine the exact tax cases to which the authorization applies. This field may be left blank if the identification is clear from the other information provided.

Complete contact information.



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Appendix A – Excerpts from Nevada Revised Statutes (NRS) Chapter 362

**CHAPTER 362 - TAXES ON PATENTED MINES AND PROCEEDS OF MINERALS**

**GENERAL PROVISIONS**

[NRS 362.010](#) Definitions.

**ASSESSMENT OF PATENTED MINES AND MINING CLAIMS**

[NRS 362.030](#) County assessor to assess surface of patented mines and mining claims; exceptions.  
[NRS 362.040](#) Exclusion of assessment from roll.  
[NRS 362.050](#) Affidavit of labor: Requirement for exemption of surface of patented mine or mining claim from taxation; form and contents.  
[NRS 362.060](#) Who may make affidavit.  
[NRS 362.070](#) Contiguous patented mines or mining claims: Performance of work on one mine.  
[NRS 362.090](#) One affidavit may be recorded for labor on several patented mines or mining claims.  
[NRS 362.095](#) Method of taxation of patented mine or mining claim used for purpose other than mining or agriculture.

**ASSESSMENT AND TAXATION OF NET PROCEEDS OF MINERALS**

[NRS 362.100](#) Duties of Department.  
[NRS 362.105](#) “Royalty” defined.  
[NRS 362.110](#) Annual statement of gross yield and claimed net proceeds; annual list of lessees.  
[NRS 362.115](#) Annual statement of estimated gross yield, net proceeds and royalties; use of statement.  
[NRS 362.120](#) Computation of gross yield and net proceeds; required reports.  
[NRS 362.130](#) Preparation and mailing of certificate of amount of net proceeds and tax due; due date of tax; overpayments.  
[NRS 362.135](#) Appeal of certification to State Board of Equalization; payment of tax pending determination of appeal.  
[NRS 362.140](#) Rate of tax upon net proceeds.  
[NRS 362.150](#) Liens for taxes on proceeds of minerals.  
[NRS 362.160](#) When tax becomes delinquent; collection of delinquency, penalty and interest; appeal of imposition of penalty and interest.  
[NRS 362.170](#) Appropriation to county of amount of tax, penalties and interest attributable to extractive operations in county; apportionment by county treasurer; deposit of certain amount of tax, penalties and interest to credit of State Education Fund; Department to report amount received as tax upon net proceeds of geothermal resources.



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<a href="#">NRS 362.171</a>	Establishment and use of county fund for mitigation; certain school districts authorized to use money apportioned to school district to retire bonds or other obligations of school district.
<a href="#">NRS 362.175</a>	Procedure for removal of amount of tax and name from records of Department when tax impossible or impractical to collect.
<a href="#">NRS 362.180</a>	Burden of proof on taxpayer to show certification by Department to be unjust, improper or invalid.
<a href="#">NRS 362.200</a>	Powers of Department: Examination of records; hearings.
<a href="#">NRS 362.230</a>	Penalty for failure to file statements.
<a href="#">NRS 362.240</a>	Penalty for false statements.

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**GENERAL PROVISIONS**

**NRS 362.010 Definitions.** As used in this chapter, unless the context otherwise requires:

1. “Mine” means an excavation in the earth from which ores, coal or other mineral substances are extracted, or a subterranean natural deposit of minerals located and identified as such by the staking of a claim or other method recognized by law. The term includes a well drilled to extract minerals.
2. “Mineral” includes oil, gas and other hydrocarbons, but does not include sand, gravel or water, except hot water or steam in an operation extracting geothermal resources for profit.
3. “Patented mine or mining claim” means each separate, whole or fractional patented mining location, whether such whole or fractional mining location is covered by an independent patent or is included under a single patent with other mining locations.

[1:206:1915; 1919 RL p. 3009; NCL § 6592]—(NRS A [1975, 317](#); [1989, 33](#); [2013, 3120](#))

**ASSESSMENT OF PATENTED MINES AND MINING CLAIMS**

**NRS 362.030 County assessor to assess surface of patented mines and mining claims; exceptions.** The county assessor shall assess the surface of each patented mine and mining claim in the county for which an affidavit was not filed pursuant to [NRS 362.050](#), [362.070](#) and [362.090](#) and return the assessment as required by law.

[3:206:1915; 1919 RL p. 3009; NCL § 6594]—(NRS A [1989, 33](#))

**NRS 362.040 Exclusion of assessment from roll.** Upon receipt of an affidavit from the county recorder pursuant to [NRS 362.050](#) stating that at least \$100 in development work has been actually performed upon the patented mine or mining claim during the federal mining assessment work period ending within the year before the fiscal year for which the assessment has been levied, the assessor shall exclude from the roll the assessment against the patented mine or mining claim named in the affidavit.

[4:206:1915; A [1933, 233](#); 1931 NCL § 6595]—(NRS A [1989, 33, 1831](#); [1991, 2105](#); [2003, 2772](#))

**NRS 362.050 Affidavit of labor: Requirement for exemption of surface of patented mine or mining claim from taxation; form and contents.**

1. To obtain the exemption of the surface of a patented mine or mining claim from taxation ad valorem, pursuant to Section 5 of Article 10 of the Constitution of this state, the owner must record an



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affidavit with the office of the county recorder for the county in which the mine is located on or before December 30 covering work done during the 12 months next preceding 12 a.m. on September 1 of that year. The exemption then applies to the taxes for the fiscal year beginning on July 1 following the filing of the affidavit. Upon receipt of such an affidavit, the county recorder shall transmit a copy of the affidavit, without charge, to the county assessor.

2. The affidavit of labor must describe particularly the work performed, upon what portion of the mine or claim, and when and by whom done, and may be substantially in the following form:

State of Nevada }  
 } ss.  
County of..... }

....., being first duly sworn, deposes and says: That development work worth at least \$100 was performed upon the ..... patented mine or mining claim, situated in the ..... Mining District, County of ....., State of Nevada, during the federal mining assessment work period ending within the year ..... . The work was done at the expense of ....., the owner (or one of the owners) of the patented mine or mining claim, for the purpose of relieving it from the tax assessment. It was performed by ....., at about ..... feet in a ..... direction from the monument of location, and was done between the ..... day of the month of ..... of the year ....., and the ..... day of the month of ..... of the year ....., and consisted of the following work:

Subscribed and sworn to before me  
this ..... day of the month of ..... of the year .....

(Signature)

Notary Public (or other person  
authorized to administer oaths)

[7:206;1915; A [1933, 233](#); 1931 NCL § 6598]—(NRS A [1975, 317](#); [1985, 1221](#), [1503](#); [1989, 33](#); [1991, 2105](#); [2001, 52](#); [2003, 2773](#))

**NRS 362.060 Who may make affidavit.** The affidavit may be made by the owner or agent of the owner, or the person performing the labor, or by any person familiar with the facts, on behalf of the owner. [8:206:1915; 1919 RL p. 3010; NCL § 6599]

**NRS 362.070 Contiguous patented mines or mining claims: Performance of work on one mine.** The owner of two or more contiguous patented mines or mining claims may perform all the work required by Section 5 of Article 10 of the Constitution of this state upon one mine or claim only; but the aggregate amount of such work must be equal to \$100 for each of the contiguous patented mines or claims.

[9:206:1915; 1919 RL p. 3010; NCL § 6600]—(NRS A 1989, 34)



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**NRS 362.090 One affidavit may be recorded for labor on several patented mines or mining claims.**

A single affidavit may be recorded for the labor on several patented mines or mining claims belonging to the same person or held in common ownership, provided all are located in the same county.

[11:206:1915; 1919 RL p. 3011; NCL § 6602]—(NRS A [1989, 34](#), [1832](#))

**NRS 362.095 Method of taxation of patented mine or mining claim used for purpose other than mining or agriculture.**

1. Whenever any portion of a patented mine or mining claim is used by the patentee or a successor in interest for a purpose unrelated to mining or agriculture, the portion of such patented mine or mining claim so used shall cease to be a patented mine or mining claim or part thereof and shall be taxed as other real property is taxed.

2. For the purpose of this section, a dwelling placed upon a patented mine or mining claim to be occupied by the operator of such patented mine or mining claim or his or her agent is not a use unrelated to mining.

3. Whenever any patented mine or mining claim is taxed as real property, such taxation shall not affect the status of contiguous patented mines or mining claims.

(Added to NRS by [1967, 839](#); A [1989, 34](#))

**ASSESSMENT AND TAXATION OF NET PROCEEDS OF MINERALS**

**NRS 362.100 Duties of Department.**

1. The Department shall:

(a) Investigate and determine the net proceeds of all minerals extracted and certify them as provided in [NRS 362.100](#) to [362.240](#), inclusive.

(b) Appraise and assess all reduction, smelting and milling works, plants and facilities, whether or not associated with a mine, all drilling rigs, and all supplies, machinery, equipment, apparatus, facilities, buildings, structures and other improvements used in connection with any mining, drilling, reduction, smelting or milling operation as provided in [chapter 361](#) of NRS.

(c) Deposit all taxes, interest and penalties it receives pursuant to this chapter in the State Treasury for credit to the State General Fund. Each year after the distribution of all money due to the State of Nevada and each county pursuant to [NRS 362.170](#), the State Controller shall transfer all taxes, interest and penalties collected pursuant to this chapter to the State Education Fund.

2. As used in this section, "net proceeds of all minerals extracted" includes the proceeds of all:

(a) Operating mines;

(b) Operating oil and gas wells;

(c) Operations extracting geothermal resources for profit, except an operation which uses natural hot water to enhance the growth of animal or plant life; and

(d) Operations extracting minerals from natural solutions.

[Part 13:177:1917; 1919 RL p. 3202; NCL § 6554] + [1:77:1927; NCL § 6578]—(NRS A [1975, 1675](#); [1983, 2088](#); [1985, 1305](#); [1989, 34](#); [2013, 3121](#); [2021, 1282](#))

**NRS 362.105 "Royalty" defined.** As used in [NRS 362.100](#) to [362.240](#), inclusive, unless the context otherwise requires:

1. "Royalty" means a portion of the proceeds from extraction of a mineral which is paid for the privilege of extracting the mineral.



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2. "Royalties" do not include:

- (a) Rents or other compensatory payments which are fixed and certain in amount and payable periodically over the duration of the lease regardless of the extent of extractions; or
- (b) Minimum royalties covering periods when no mineral is extracted if the payments are fixed and certain in amount and payable on a regular periodic basis.

(Added to NRS by [1975, 135](#); A [1989, 35](#); [2013, 3143](#))

**NRS 362.110 Annual statement of gross yield and claimed net proceeds; annual list of lessees.**

1. Every person extracting any mineral in this State or receiving any royalty:

- (a) Shall, on or before February 16 of each year, file with the Department a statement showing the gross yield and claimed net proceeds from each geographically separate operation where a mineral is extracted by that person during the calendar year immediately preceding the year in which the statement is filed.
- (b) May have up to 30 days after filing the statement required by paragraph (a) to file an amended statement.

2. The statement must:

- (a) Show the claimed deductions from the gross yield in the detail set forth in [NRS 362.120](#). The deductions are limited to the costs incurred during the calendar year immediately preceding the year in which the statement is filed.
- (b) Be in the form prescribed by the Department.
- (c) Be verified by the manager, superintendent, secretary or treasurer of the corporation, or by the owner of the operation, or, if the owner is a natural person, by someone authorized in his or her behalf.

3. Each recipient of a royalty as described in subsection 1 shall annually file with the Department a list showing each of the lessees responsible for taxes due in connection with the operation or operations included in the statement filed pursuant to subsections 1 and 2.

[2:77:1927; A [1929, 120](#); NCL § 6579]—(NRS A [1971, 562](#); [1973, 1293](#); [1975, 1675](#); [1979, 819](#); [1983, 878](#); [1989, 35](#); [1995, 40](#); [1999, 732](#); [2001, 661](#); [2005, 296](#); [2008, 25th Special Session, 15](#); [2011, 2896](#); [2013, 3122](#), [3425](#); [2015, 2953](#))

**NRS 362.115 Annual statement of estimated gross yield, net proceeds and royalties; use of statement.**

1. In addition to the statement required by subsection 1 of [NRS 362.110](#), each person extracting any mineral in this State shall, on or before March 1 of each year, file with the Department a statement showing the estimated gross yield and estimated net proceeds from each such operation for the entire current calendar year and an estimate of all royalties that will be paid during the current calendar year.

2. The Department shall:

- (a) Use the statement filed pursuant to subsection 1 only to prepare estimates for use by local governments in the preparation of their budgets; and
- (b) Submit those estimates to the local governments on or before March 15 of each year.

(Added to NRS by [1987, 2141](#); A [1989, 36](#), [1536](#); [1993, 1360](#); [1995, 40](#); [1999, 733](#); [2005, 308](#); [2008, 25th Special Session, 15](#); [2011, 2896](#); [2013, 3123](#), [3425](#); [2015, 2953](#); [2020, 31st Special Session, 26](#))

**NRS 362.120 Computation of gross yield and net proceeds; required reports.**



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1. The Department shall, from the statement filed pursuant to [NRS 362.110](#) and from all obtainable data, evidence and reports, compute in dollars and cents the gross yield and net proceeds of the calendar year immediately preceding the year in which the statement is filed.
2. The gross yield must include the value of any mineral extracted which was:
  - (a) Sold;
  - (b) Exchanged for any thing or service;
  - (c) Removed from the State in a form ready for use or sale; or
  - (d) Used in a manufacturing process or in providing a service,  
during that period.
3. The net proceeds are ascertained and determined by subtracting from the gross yield the following deductions for costs incurred during that period, and none other:
  - (a) The actual cost of extracting the mineral, which is limited to direct costs for activities performed in the State of Nevada.
  - (b) The actual cost of transporting the mineral to the place or places of reduction, refining and sale.
  - (c) The actual cost of reduction, refining and sale.
  - (d) The actual cost of delivering the mineral.
  - (e) The actual cost of maintenance and repairs of:
    - (1) All machinery, equipment, apparatus and facilities used in the mine.
    - (2) All milling, refining, smelting and reduction works, plants and facilities.
    - (3) All facilities and equipment for transportation except those that are under the jurisdiction of the Public Utilities Commission of Nevada or the Nevada Transportation Authority.
  - (f) Depreciation of the original capitalized cost of the machinery, equipment, apparatus, works, plants and facilities mentioned in paragraph (e). The annual depreciation charge consists of amortization of the original cost in a manner prescribed by regulation of the Nevada Tax Commission. The probable life of the property represented by the original cost must be considered in computing the depreciation charge.
  - (g) All money expended for premiums for industrial insurance, and the actual cost of hospital and medical attention and accident benefits and group insurance for employees actually engaged in mining operations within the State of Nevada.
  - (h) All money paid as contributions or payments under the unemployment compensation law of the State of Nevada, as contained in [chapter 612](#) of NRS, all money paid as contributions under the Social Security Act of the Federal Government, and all money paid to either the State of Nevada or the Federal Government under any amendment to either or both of the statutes mentioned in this paragraph.
  - (i) The costs of employee travel which occurs within the State of Nevada and which is directly related to mining operations within the State of Nevada.
  - (j) The costs of Nevada-based corporate services relating to paragraphs (e) to (i), inclusive.
  - (k) The actual cost of developmental work in or about the mine or upon a group of mines when operated as a unit, which is limited to work that is necessary to the operation of the mine or group of mines.
  - (l) The costs of reclamation work in the years the reclamation work occurred, including, without limitation, costs associated with the remediation of a site.
  - (m) All money paid as royalties by a lessee or sublessee of a mine or well, or by both, in determining the net proceeds of the lessee or sublessee, or both.
4. Royalties deducted by a lessee or sublessee constitute part of the net proceeds of the minerals extracted, upon which a tax must be levied against the person to whom the royalty has been paid.



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5. Every person acquiring property in the State of Nevada to engage in the extraction of minerals and who incurs any of the expenses mentioned in subsection 3 shall report those expenses and the recipient of any royalty to the Department on forms provided by the Department. The Department shall report annually to the Mining Oversight and Accountability Commission the expenses and deductions of each mining operation in the State of Nevada.

6. The several deductions mentioned in subsection 3 do not include any expenditures for salaries, or any portion of salaries, of any person not actually engaged in:

- (a) The working of the mine;
- (b) The operating of the mill, smelter or reduction works;
- (c) The operating of the facilities or equipment for transportation;
- (d) Superintending the management of any of those operations;
- (e) The State of Nevada, in office, clerical or engineering work necessary or proper in connection with any of those operations; or
- (f) Nevada-based corporate services.

7. The following expenses are specifically excluded from any deductions from the gross yield:

- (a) The costs of employee housing.
- (b) Except as otherwise provided in paragraph (i) of subsection 3, the costs of employee travel.
- (c) The costs of severing the employment of any employees.
- (d) Any dues paid to a third-party organization or trade association to promote or advertise a product.
- (e) Expenses relating to governmental relations or to compensate a natural person or entity to influence legislative decisions.
- (f) The costs of mineral exploration.
- (g) Any federal, state or local taxes.

8. As used in this section, "Nevada-based corporate services" means corporate services which are performed in the State of Nevada from an office located in this State and which directly support mining operations in this State, including, without limitation, accounting functions relating to mining operations at a mine site in this State such as payroll, accounts payable, production reporting, cost reporting, state and local tax reporting and recordkeeping concerning property.

[3:77:1927; A [1937, 139](#); [1939, 256](#); 1931 NCL § 6580]—(NRS A [1971, 926](#); [1973, 1294](#); [1975, 1676](#); [1979, 820](#); [1983, 254](#); [1989, 36, 1533](#); [1991, 146](#); [1997, 1990](#); [2001, 661](#); [2011, 2694, 2696](#); [2013, 3126, 3426, 3819](#); [2015, 2954](#))

**NRS 362.130 Preparation and mailing of certificate of amount of net proceeds and tax due; due date of tax; overpayments.**

1. When the Department determines from the annual statement filed pursuant to [NRS 362.110](#) the net proceeds of any minerals extracted, it shall prepare its certificate of the amount of the net proceeds and the tax due and send a copy of the certificate to the owner of the mine, operator of the mine or recipient of the royalty, as the case may be.

2. The certificate must be prepared and mailed not later than:

- (a) April 20 immediately following the month of February during which the annual statement was filed; or
- (b) April 30 immediately thereafter if an amended statement is filed in a timely manner.



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3. The tax due as indicated in the certificate must be paid on or before May 10 of the year in which the certificate is received.

4. If an overpayment was made, the overpayment must be credited toward the payment due on May 10 of the next calendar year. If the certificate shows a net loss for the year covered by the certificate or an amount of tax due for that year which is less than an overpayment made for the preceding year, the amount or remaining amount of the overpayment must, after being credited against any amount then due from the taxpayer in accordance with [NRS 360.236](#), be refunded to the taxpayer within 30 days after the certification was sent to the taxpayer.

[4:77:1927; NCL § 6581]—(NRS A [1969](#), [561](#); [1973](#), [1295](#); [1975](#), [1677](#); [1979](#), [822](#); [1981](#), [809](#); [1987](#), [168](#), [2141](#); [1989](#), [38](#), [1537](#); [1991](#), [653](#); [1993](#), [1361](#); [1995](#), [41](#); [1999](#), [733](#); [2001](#), [663](#); [2005](#), [297](#); [2008](#), [25th Special Session](#), [16](#); [2009](#), [65](#); [2011](#), [2896](#); [2013](#), [3128](#), [3425](#); [2015](#), [2953](#); [2020](#), [31st Special Session](#), [26](#))

**NRS 362.135 Appeal of certification to State Board of Equalization; payment of tax pending determination of appeal.**

1. Any person dissatisfied by any certification of the Department may appeal from that determination to the State Board of Equalization. The appeal must be filed within 30 days after the certification is sent to the taxpayer.

2. Pending determination of the appeal, the person certified as owing the tax shall pay it on or before the date due, and the tax is considered to be paid under protest.

(Added to NRS by [1977](#), [1052](#); A [1987](#), [169](#); [1989](#), [38](#); [2013](#), [3129](#))

**NRS 362.140 Rate of tax upon net proceeds.**

1. Except as otherwise provided in this section, the rate of tax upon the net proceeds of each geographically separate extractive operation depends upon the ratio of the net proceeds to the gross proceeds of that operation as a whole, according to the following table:

Net Proceeds as Percentage of Gross Proceeds	Rate of Tax as Percentage of Net Proceeds
Less than 10.....	2.00
10 or more but less than 18.....	2.50
18 or more but less than 26.....	3.00
26 or more but less than 34.....	3.50
34 or more but less than 42.....	4.00
42 or more but less than 50.....	4.50
50 or more.....	5.00

2. If the combined rate of tax ad valorem which would be assessed but for the provisions of Section 5 of Article 10 of the Constitution of this state, including any rate levied by the State of Nevada, upon property at the situs of the operation is more than 2 percent, the minimum rate of tax under this section equals that rate of tax ad valorem.

3. The rate of tax upon royalties is 5 percent.

4. The rate of tax upon the net proceeds of a geothermal operation taxable pursuant to [NRS 362.100](#) is the combined rate of tax ad valorem applicable to the property at the situs of the operation.



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5. The rate of tax upon an operation for which the net proceeds in a calendar year exceed \$4,000,000 is 5 percent.

[Part 75:99:1891; C § 1147; RL § 3687; NCL § 6481]—(NRS A [1989, 38, 1537](#); [2013, 3129](#))

**NRS 362.150 Liens for taxes on proceeds of minerals.** Every tax levied under the authority or provisions of [NRS 362.100](#) to [362.240](#), inclusive, on the proceeds of minerals extracted is hereby made a lien on the mines from which minerals are extracted for sale or reduction, and also on all machinery, fixtures, equipment and stockpiles of the taxpayer located at the mine site or elsewhere in the State. The lien attaches on the 1st day of January of each year, for the calendar year commencing on that day and may not be removed or satisfied until the taxes are all paid, or the title to those mines has vested absolutely in a purchaser under a sale for those taxes.

[76:99:1891; C § 1148; RL § 3688; NCL § 6482]—(NRS A [1979, 822](#); [1989, 39](#); [2013, 3130](#))

**NRS 362.160 When tax becomes delinquent; collection of delinquency, penalty and interest; appeal of imposition of penalty and interest.**

1. Except as otherwise provided in [NRS 360.232](#) and [360.320](#), if the amount of any tax required by [NRS 362.100](#) to [362.240](#), inclusive, is not paid within 10 days after it is due, it is delinquent and must be collected as other delinquent taxes are collected by law, together with a penalty of 10 percent of the amount of the tax which is owed, as determined by the Department, in addition to the tax, plus interest at the rate of 1 percent per month, or fraction of a month, from the date the tax was due until the date of payment.

2. Any person extracting any mineral or receiving a royalty may appeal from the imposition of the penalty and interest to the Nevada Tax Commission by filing a notice of appeal in accordance with the requirements set forth in [NRS 360.245](#).

[5:77:1927; NCL § 6582]—(NRS A [1975, 1678](#); [1987, 169](#); [1989, 39](#); [1995, 42](#); [1999, 2490](#); [2013, 3130](#))

**NRS 362.170 Appropriation to county of amount of tax, penalties and interest attributable to extractive operations in county; apportionment by county treasurer; deposit of certain amount of tax, penalties and interest to credit of State Education Fund; Department to report amount received as tax upon net proceeds of geothermal resources.**

1. There is hereby appropriated to each county the total of the amounts obtained by multiplying, for each extractive operation situated within the county, the net proceeds of that operation and any royalties paid by that operation, by the combined rate of tax ad valorem, excluding any rate levied by the State of Nevada and any rate levied for a county school district for any purpose other than capital projects or debt service for the county school district, for property at that site, plus a pro rata share of any penalties and interest collected by the Department for the late payment of taxes distributed to the county. The Department shall report to the State Controller on or before May 25 of each year the amount appropriated to each county, as calculated for each operation from the final statement made in February of that year for the preceding calendar year. The State Controller shall distribute all money due to a county on or before May 30 of each year.

2. The county treasurer shall apportion to each local government or other local entity an amount calculated by:



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(a) Determining the total of the amounts obtained by multiplying, for each extractive operation situated within its jurisdiction, the net proceeds of that operation and any royalty payments paid by that operation, by the rate levied on behalf of that local government or other local entity, excluding any rate levied for a county school district for any purpose other than capital projects or debt service for the county school district;

(b) Adding to the amount determined pursuant to paragraph (a) a pro rata share of any penalties and interest collected by the Department for the late payment of taxes distributed to that local government or local entity; and

(c) Subtracting from the amount determined pursuant to paragraph (b) a commission of 5 percent, of which 3 percent must be deposited in the county general fund and 2 percent must be accounted for separately in the account for the acquisition and improvement of technology in the office of the county assessor created pursuant to [NRS 250.085](#).

3. The amounts apportioned pursuant to subsection 2, including, without limitation, the amount retained by the county and excluding the percentage commission, must be applied to the uses for which each levy was authorized in the same proportion as the rate of each levy bears to the total rate.

4. The Department shall deposit to the credit of the State Education Fund the total of the amounts obtained by multiplying, for each extractive operation situated within a county, the net proceeds of that operation and any royalties paid by that operation, by the combined rate of tax ad valorem levied in that county for the county school district for any purpose other than capital projects or debt service for the county school district, plus a pro rata share of any penalties and interest collected by the Department for the late payment of taxes deposited to the credit of the State Education Fund.

5. The Department shall report to the State Controller on or before May 25 of each year the amount received as tax upon the net proceeds of geothermal resources which equals the product of those net proceeds multiplied by the rate of tax levied ad valorem by the State of Nevada.

[Part 1:57:1885; BH § 2386; C § 1241; RL § 1581; NCL § 2062]—(NRS A [1959](#), [761](#); [1989](#), [39](#), [1538](#); [1995](#), [42](#); [1999](#), [735](#); [2001](#), [663](#); [2005](#), [2667](#); [2007](#), [1899](#); [2008](#), [25th Special Session](#), [16](#), [17](#); [2009](#), [1232](#); [2011](#), [91](#), [2896](#), [3531](#); [2013](#), [299](#), [3131](#), [3425](#); [2015](#), [2953](#); [2019](#), [4242](#); [2023](#), [3](#))

**NRS 362.171 Establishment and use of county fund for mitigation; certain school districts authorized to use money apportioned to school district to retire bonds or other obligations of school district.**

1. Each county to which money is appropriated by subsection 1 of [NRS 362.170](#) may set aside a percentage of that appropriation to establish a county fund for mitigation. Money from the fund may be appropriated by the board of county commissioners only to mitigate adverse effects upon the county, or the school district located in the county, which result from:

(a) A decline in the revenue received by the county from the tax on the net proceeds of minerals during the 2 fiscal years immediately preceding the current fiscal year; or

(b) The opening or closing of an extractive operation from the net proceeds of which revenue has been or is reasonably expected to be derived pursuant to this chapter.

2. A school district in a county whose population is less than 4,500 may, as the board of trustees of the school district determines is necessary, use a portion of the money apportioned to the school district pursuant to subsection 2 of [NRS 362.170](#) to retire bonds issued by the school district or any other



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outstanding obligations of the school district. Before authorizing the expenditure of money pursuant to this subsection, the board of trustees shall hold at least one public hearing on the matter.

(Added to NRS by [1993, 2289](#); A [1999, 736](#); [2009, 297](#); [2011, 1222](#); [2013, 3132](#); [2019, 4243](#))

**NRS 362.175 Procedure for removal of amount of tax and name from records of Department when tax impossible or impractical to collect.**

1. If at any time, in the opinion of the Executive Director, it becomes impossible or impractical to collect any tax certified on the proceeds of minerals extracted, the Executive Director may apply to the Nevada Tax Commission to have the amount of the tax and the name of the person against whom the tax is certified removed from the tax records of the Department.

2. If the Nevada Tax Commission approves the application, the Department may remove the name and amount from its tax records.

(Added to NRS by [1960, 84](#); A [1975, 1678](#); [1989, 40](#); [2013, 3133](#))

**NRS 362.180 Burden of proof on taxpayer to show certification by Department to be unjust, improper or invalid.** In any suit arising concerning the certification and taxation of the net proceeds of minerals extracted, the burden of proof is upon the taxpayer to show if the taxpayer so alleges or contends that the certification by the Department is unjust, improper or otherwise invalid.

[Part 13:177:1917; 1919 RL p. 3202; NCL § 6554] + [6:77:1927; NCL § 6583]—(NRS A [1975, 1678](#); [1977, 1052](#); [1989, 40](#); [2013, 3133](#))

**NRS 362.200 Powers of Department: Examination of records; hearings.**

1. The Department may examine the records of any person operating or receiving royalties from any extractive operation in this state. The records are subject to examination at all times by the Department or its authorized agents and must remain available for examination for a period of 4 years from the date of any entry therein.

2. If any person whose gross yield from an extractive operation as reported to the Department for any annual reporting period during the 4 years immediately preceding the examination was \$100,000 or more keeps his or her books and records pertaining to that operation or royalties outside this state, the person shall pay an amount per day equal to the amount set by law for out-of-state travel for each day or fraction thereof during which an examiner is actually engaged in examining the books, plus the actual expenses of that examiner during the time he or she is absent from Carson City, Nevada, for the purpose of making the examination, but the time must not exceed 1 day going to and 1 day coming from the place of examination. No more than one examination may be charged against a person in any 1 fiscal year.

3. The Department may hold hearings and summon and subpoena witnesses to appear and testify upon any subject material to the determination of the net proceeds of minerals extracted. The hearings may be held at any place the Department designates, after not less than 10 days' notice of the time and place of the hearing given in writing to the owner or operator of the mine. The owner or operator is entitled, on request made to the Executive Director, to the issuance of the Department's subpoena requiring witnesses in behalf of the owner or operator to appear and testify at such hearing.

4. The failure of a witness to obey the subpoena of the Department subjects the witness to the same penalties prescribed by law for failure to obey a subpoena of a district court.

[9:77:1927; NCL § 6586]—(NRS A [1975, 318](#), [1679](#); [1977, 1052](#); [1985, 1438](#); [1989, 40](#); [2013, 3133](#))

**NRS 362.230 Penalty for failure to file statements.**



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1. Every person extracting any mineral in this state, or receiving a royalty in connection therewith, who fails to file with the Department the statements provided for in [NRS 362.100](#) to [362.240](#), inclusive, during the time and in the manner provided for in [NRS 362.100](#) to [362.240](#), inclusive, shall pay a penalty of not more than \$5,000. If any such person fails to file the statement, the Department may ascertain and certify the net proceeds of the minerals extracted or the value of the royalty from all data and information obtainable, and the amount of the tax due must be computed on the basis of the amount due so ascertained and certified.

2. The Executive Director shall determine the amount of the penalty. This penalty becomes a debt due the State of Nevada and, upon collection, must be deposited in the State Treasury to the credit of the State General Fund.

3. Any person extracting any mineral or receiving a royalty may appeal from the imposition of the penalty to the Nevada Tax Commission by filing a notice of appeal in accordance with the requirements set forth in [NRS 360.245](#).

[7:77:1927; NCL § 6584]—(NRS A [1971, 563](#); [1973, 1296](#); [1975, 135, 1679](#); [1989, 41](#); [1995, 43](#); [1999, 2491](#); [2013, 3134](#))

**NRS 362.240 Penalty for false statements.** Any person who verifies under oath to the truthfulness of a statement required by [NRS 362.100](#) to [362.240](#), inclusive, that is false in any material respect shall be liable to a penalty of not more than 15 percent of the tax as determined by the Executive Director after reasonable notice and hearing.

[8:77:1927; NCL § 6585]—(NRS A [1975, 1680](#); [2013, 3134](#))



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Appendix B – Excerpts from Nevada Administrative Code (NAC) Chapter 362

**[NAC-362 Revised Date: 6-14]**

**CHAPTER 362 - TAXES ON PATENTED MINES AND PROCEEDS OF MINERALS**

**GENERAL PROVISIONS**

[362.001](#) Definitions.

[362.005](#) “Department” defined.

**PROCEEDS OF MINERALS**

**General Provisions**

[362.010](#) Determination of gross value of mineral products.

[362.020](#) Separate report of royalties.

[362.030](#) Annual statement of gross yield and claimed net proceeds: Form and contents.

[362.035](#) Deductions: Interpretation of certain statutory terms. [Effective January 1, 2016.]

[362.040](#) Deductions: Depreciation of capitalized costs.

[362.050](#) Deductions: Operating costs. [Effective January 1, 2016.]

[362.060](#) Deductions: Electric power.

[362.070](#) Deductions: Loading and transportation costs.

[362.081](#) Date of receipt of material mailed to Commission.

[362.083](#) Annual statement of gross yield and claimed net proceeds: Failure to include all applicable information, documentation, reports and statements.

[362.085](#) Annual statement of gross yield and claimed net proceeds: Penalty for failure to file.

[362.087](#) Annual statement of gross yield and claimed net proceeds: Documentation of proper filing and waiver of penalty for failure to file.

[362.090](#) Report of amount of net proceeds of minerals taxes plus pro rata penalties and interest; distribution.

**Deductions for Reclamation Costs**

[362.200](#) Definitions.

[362.210](#) “Closure of a mine” defined.

[362.250](#) “Reclamation” defined.

[362.270](#) “Reclamation plan” defined.

[362.280](#) “Reporting period” defined.

[362.290](#) “Taxpayer” defined.

[362.310](#) Allowable deduction. [Effective January 1, 2016.]

**Geothermal Resources**

[362.350](#) Definitions.

[362.352](#) “Field” defined.

[362.354](#) “Mining function” defined.



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<u>362.356</u>	“Plant” defined.
<u>362.358</u>	“Processing” defined.
<u>362.360</u>	“Processing allowance” defined.
<u>362.362</u>	“Repowering” defined.
<u>362.364</u>	“Transaction” defined.
<u>362.366</u>	“Transportation allowance” defined.
<u>362.368</u>	Determination of gross yield.
<u>362.370</u>	Calculation of net proceeds.

**PATENTED MINES**

362.410 Assessment; removal from secured roll for miscellaneous property.

**REVISER'S NOTE.**

The regulation of the Nevada Tax Commission filed with the Secretary of State on December 30, 2011 (LCB File No. R058-11), which makes various changes to this chapter on January 1, 2012, and January 1, 2014, contains the following provisions not included in NAC:

“Sec. 16. Sections 1 to 6, inclusive, 9, 11, 12 and 15 of this regulation [creating [NAC 362.001](#), [362.006](#), [362.007](#), [362.008](#) and [362.035](#), amending [NAC 362.050](#), [362.200](#) and [362.310](#), and repealing [NAC 362.220](#), [362.230](#), [362.240](#), [362.260](#), [362.300](#), [362.320](#) and [362.330](#) on January 1, 2012]:

1. Do not apply to or affect any determination of gross yield or net proceeds required pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2011.

2. Apply for the purposes of estimating and determining gross yield and net proceeds pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2012 and each calendar year thereafter.

Sec. 17. Sections 10, 13 and 14 of this regulation [amending [NAC 362.035](#), [362.050](#) and [362.310](#) on January 1, 2014]:

1. Do not apply to or affect any determination of gross yield or net proceeds required pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2013.

2. Apply for the purposes of estimating and determining gross yield and net proceeds pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2014 and each calendar year thereafter.”

**GENERAL PROVISIONS**

**NAC 362.001 Definitions.** ([NRS 360.090](#)) As used in this chapter, unless the context otherwise requires, the words and terms defined in [NAC 362.005](#) to [362.008](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Tax Comm'n by R058-11, 12-30-2011, eff. 1-1-2012)

**NAC 362.005 “Department” defined.** ([NRS 360.090](#)) “Department” means the Department of Taxation.

(Added to NAC by Tax Comm'n by R048-01, eff. 11-1-2001; A by R058-11, 12-30-2011, eff. 1-1-2012)

**NAC 362.006 “Developmental work” defined.** ([NRS 360.090](#))



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1. Except as otherwise provided in subsection 2, "developmental work" means any activities performed on the property of a mine which outline the location of the mineral reserves of the mine or prepare the mineral reserves of the mine for production, including, without limitation, drilling, rock work and the construction of support systems to increase the mineral reserves of the mine.

2. The term does not include any mineral exploration.

(Added to NAC by Tax Comm'n by R058-11, 12-30-2011, eff. 1-1-2012)

**NAC 362.007 "Mineral exploration" defined.** ([NRS 360.090](#)) "Mineral exploration" means any activities relating to the search for mineral reserves which do not occur during the development or production stages of a mine, including drilling, sampling, assaying, metallurgical testing, engineering studies, studies of economic feasibility and procedures to obtain appropriate permits.

(Added to NAC by Tax Comm'n by R058-11, 12-30-2011, eff. 1-1-2012)

**NAC 362.008 "Mineral reserves" defined.** ([NRS 360.090](#)) "Mineral reserves" means the portion of a measured or indicated mineral resource that has been analytically determined to justify mining, taking into account, at the time of that determination, any mining, metallurgical, marketing, legal, environmental, social, economic and other conditions which apply to that determination.

(Added to NAC by Tax Comm'n by R058-11, 12-30-2011, eff. 1-1-2012)

**PROCEEDS OF MINERALS**

**General Provisions**

**NAC 362.010 Determination of gross value of mineral products.** ([NRS 360.090](#), [362.120](#))

1. For the purposes of assessment and taxation of the net proceeds of minerals pursuant to [chapter 362](#) of NRS, the gross value of mineral products must be determined in accordance with the provisions of this section.

2. In those cases where a mineral product is sold by the producer in an arms-length transaction in free market competition, the gross value of the product is an amount equal to the proceeds of the sale of the product. This subsection applies to sales realized on all minerals produced from mining, including, without limitation, reduction, beneficiation or any treatment used by the producer within or outside this State to obtain a mineral product which is commercially marketable.

3. In those cases where a product is exchanged for any thing or service or removed from the State in a form ready for use or sale, but not used or sold during the period covered by the statement required by [NRS 362.110](#) to be filed, the gross value of the product is:

(a) For sales of minerals that do not involve derivative financial transactions, the price stated in the contract or other document of sale if one is in existence; or

(b) If minerals are transferred in kind or used to support derivative financial transactions, the closing spot price on the date of the taxable event. The spot price for precious metals will be determined by the Department by using a recognized national or international publication of prices such as the London PM fix. If no organized commodity exchange exists for a particular mineral product, the price will be the realized sales price of the mineral product.



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4. In those cases where the mineral product is used by the producer or disposed of by the producer in any kind of transaction which is not at arms-length, including, without limitation, such transactions with associated or affiliated companies, the gross value of the mineral product so used or disposed of will be determined by the Department by utilizing information supplied by the producer under this subsection and from such other appropriate sources as the Department deems necessary. The mineral producer shall supply the Department with the following information for each reporting period:

- (a) The producer's profit and loss statements;
- (b) The proportionate profit reports and the calculations used to prepare them;
- (c) The allocation of income by states;
- (d) The amount used to calculate the percentage of depletion allowances; or
- (e) The monthly average price of the product for the months in which it was used in a manufacturing process or to provide a service.

5. Any information submitted pursuant to paragraphs (a) to (d), inclusive, of subsection 4 must be the same as submitted to the Internal Revenue Service.

6. The producer has the burden of proof in any determination under this section of the gross value of mineral products used or disposed of by the producer.

7. As used in this section:

- (a) "Derivative financial transaction" means a financial transaction which uses:

- (1) A financial instrument that has no intrinsic value, but which derives its value from a contract to deliver minerals in the future at a specific price; or

- (2) An option that gives a party to the transaction the opportunity to buy minerals from or sell minerals to the other party to the transaction at a prearranged price.

- (b) "Spot price" means the price established for physical delivery of a mineral by an organized commodity exchange on the date of the taxable event.

- (c) "Transferred in kind" means a transaction in which a mineral product is delivered instead of cash to complete the transaction.

[Tax Comm'n, Mine Proceeds Reg. No. 26, eff. 1-24-78; renumbered as Reg. No. 1, 1-22-79]—(NAC A 5-3-84; R048-01, 11-1-2001)

**NAC 362.020 Separate report of royalties. ([NRS 360.090, 362.110](#))** All royalties received by a lessor must be reported separately from other receipts.

[Tax Comm'n, Mine Proceeds Reg. No. 21, eff. 6-28-65; A and renumbered as Reg. No. 6, 1-22-79]

**NAC 362.030 Annual statement of gross yield and claimed net proceeds: Form and contents. ([NRS 360.090, 362.110](#))**

1. All information in the statement which is required by [NRS 362.110](#) to be filed must be submitted on forms supplied by the Department or in a manner which is acceptable to the Department.

2. The following property must be reported:

- (a) Leasehold improvements and buildings;
- (b) Fixed machinery and equipment;
- (c) Mobile machinery and equipment; and
- (d) Automobiles and light service vehicles such as pickups and panel trucks.



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3. Each cost submitted for depreciation must be the complete cost to the taxpayer, and must include all delivery, taxes and installation charges.
4. Each asset must be listed on a table which sets forth:
  - (a) A clear identification of the asset;
  - (b) The cost of the construction or acquisition of the asset and the date on which the construction of the asset was completed or the asset was acquired;
  - (c) The depreciation class, such as buildings, fixed equipment, mobile machinery and equipment, or automobile and light service vehicles;
  - (d) The total amount of depreciation granted; and
  - (e) The amount claimed for the present tax period.

Ê An integrated processing assembly which consists of components of individual manufacture, and which is installed as a unit, may be reported as a unit. The report must describe the function of the unit and list its principal components in detail.

[Tax Comm'n, Mine Proceeds Reg. No. 3 § 1, eff. 8-6-80]—(NAC A by R048-01, 11-1-2001; R058-11, 12-30-2011, eff. 7-1-2012)

**NAC 362.035 Deductions: Interpretation of certain statutory terms. [Effective January 1, 2016.] ([NRS 360.090](#), [362.120](#))** For the purposes of:

1. Paragraph (k) of subsection 3 of [NRS 362.120](#), the Nevada Tax Commission will interpret the term "developmental work" to have the meaning ascribed to it in [NAC 362.006](#).
2. Paragraph (c) of subsection 7 of [NRS 362.120](#), the Nevada Tax Commission will interpret the term "costs of severing the employment of any employees" to:
  - (a) Exclude, without limitation, the costs of:
    - (1) Any wages, salary or production bonuses earned by an employee before the date of termination of his or her employment; and
    - (2) Any pension benefits, vacation leave and sick leave accrued by an employee before the date of termination of his or her employment; and
  - (b) Except as otherwise provided in paragraph (a), include, without limitation, the costs of any:
    - (1) Additional payments based on length of service;
    - (2) Cash bonuses;
    - (3) Stock options;
    - (4) Medical insurance, dental insurance and life insurance;
    - (5) Payments made in lieu of a required period of notice;
    - (6) Negotiated financial sums paid pursuant to an agreement absolving the employer from any further liability to an employee;
    - (7) Voluntary redundancy packages offered by an employer to attract volunteers to leave the employment of the employer; and
    - (8) Assistance in searching for new positions of employment.
3. Paragraph (f) of subsection 7 of [NRS 362.120](#), the Nevada Tax Commission will interpret the term "mineral exploration" to have the meaning ascribed to it in [NAC 362.007](#).

(Added to NAC by Tax Comm'n by R058-11, 12-30-2011, eff. 1-1-2012; A by R058-11, 12-30-2011, eff. 1-1-2014)



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**NAC 362.040 Deductions: Depreciation of capitalized costs. ([NRS 360.090, 362.120](#))**

1. Leasehold improvements and buildings must be depreciated over a 20-year period using the straight-line method.
2. Fixed machinery and equipment must be depreciated over a 20-year period using the straight-line method.
3. Mobile machinery and equipment must be depreciated over a 10-year period using the straight-line method.
4. Automobiles and light service vehicles must be depreciated over a 5-year period using the straight-line method.
5. An integrated processing assembly must be depreciated over a 20-year period using the straight-line method. Subsequent additions to the unit must also be reported and be depreciated over a 20-year period using the straight-line method.
6. If any property is disposed of before the end of the depreciation period, the remaining amount of allowable depreciation, if the property had remained in use, may be reported in total as an additional expense of depreciation for the reporting period. The amount of depreciation must be reduced by the amount of any consideration received for the property from sale, insurance recovery, trade-in or any other reimbursement, but not below zero.
7. A mining operator may petition the Nevada Tax Commission for reconsideration of the allowable depreciation of property. The Commission may adjust the allowable depreciation if the petitioner presents satisfactory evidence that the expected life of the property is longer than that which is provided for in this section.

[Tax Comm'n, Mine Proceeds Reg. No. 3 § 2, eff. 8-6-80]—(NAC A 9-13-91; R161-05, 2-23-2006; R172-12, 12-23-2013)

**REVISER'S NOTE.**

The regulation of the Nevada Tax Commission filed with the Secretary of State on December 23, 2013 (LCB File No. R172-12), which amended this section, contains the following provision not included in NAC:

“Sec. 4. Sections 1, 2 and 3 of this regulation [[NAC 362.040](#) and [362.368](#)] do not apply to or affect:

1. Any depreciation of assets approved by the Nevada Tax Commission before December 23, 2013; or
2. Any powers or duties of the Department of Taxation or any mining operator relating to any depreciation of assets approved by the Nevada Tax Commission before December 23, 2013.”

**NAC 362.050 Deductions: Operating costs. [Effective January 1, 2016.] ([NRS 360.090, 362.120](#))**

1. In computing the costs enumerated in subsection 3 of [NRS 362.120](#), the following specific items are deductible except as limited by subsection 2 of this section and subsection 6 of [NRS 362.120](#):

- (a) The cost of renting equipment, if the amount paid as rental is commercially reasonable in the circumstances;
- (b) The cost of contracting for all or part of the mine's operations, if the contract price is commercially reasonable in the circumstances and the cost would otherwise be deductible if the service or activity contracted for was provided or performed directly by the operator of the mine;



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- (c) The cost of Nevada-based corporate services, as defined in subsection 8 of [NRS 362.120](#), which a Nevada mine receives under contract from its corporate office or the office of a related corporation, if:
- (1) The cost is commercially reasonable in the circumstances; and
  - (2) The cost is separately stated in a manner consistent with good accounting practices;
- (d) The reasonable cost of management provided to a joint venture by a member, if the fees relate directly to the operation of the mine;
- (e) If the taxpayer has a policy which prohibits the personal use of a vehicle by an employee, the cost of vehicle allowances to the extent that the vehicle is actively engaged in the business of the mine;
- (f) The cost of transportation services between points of origin and destination within this State provided by a third party or the owner of the mine for employees to get to and from a point of extraction or reduction of the mine, excluding any cost for the repair, maintenance and depreciation of any facilities or equipment under the jurisdiction of the Public Utilities Commission of Nevada or the Nevada Transportation Authority; and
- (g) The cost of compensation for employees. As used in this paragraph, "compensation" means wages, salaries, paid vacation leave, paid sick leave, performance-related bonuses, contributions to and administrative costs of qualified pension and retirement plans, 401k and similar deferred benefit plans, Medicare contributions, social security payments, state and federal unemployment compensation contributions or payments, and postemployment training expenses for training conducted in compliance with the Mine Safety and Health Administration and the Division of Industrial Relations of the Department of Business and Industry or their successor organizations.

2. In computing the costs enumerated in subsection 3 of [NRS 362.120](#), the following specific items are not deductible:

- (a) Cost or expenses which are capitalized;
- (b) Gifts, grants and donations;
- (c) Costs of public relations and influencing or seeking to influence governmental activities;
- (d) Costs of developmental work related to ore bodies outside the geographic area described in the plan for the mine filed with the Division of Minerals of the Commission on Mineral Resources pursuant to [NRS 519A.210](#);
- (e) Any tax that an operator of a mine is required to pay to the Federal Government, this State or any other state, or a political subdivision thereof;
- (f) Costs associated with providing health clubs for employees;
- (g) Costs incurred for preemployment activities, including, without limitation, reimbursement for expenses for moving and relocation;
- (h) Except as otherwise provided in paragraph (g) of subsection 1 of this section and paragraph (g) of subsection 3 of [NRS 362.120](#), costs associated with union trust funds;
- (i) Costs associated with providing day care facilities for the children of employees;
- (j) General liability insurance;
- (k) Excess policies of general liability insurance;
- (l) Fire insurance on any machinery, equipment, apparatus, works, plants or facilities; and
- (m) Expenses described in subsection 7 of [NRS 362.120](#).

3. The taxes described in paragraph (e) of subsection 2 of this section and paragraph (g) of subsection 7 of [NRS 362.120](#) do not include any contributions or payments described in paragraph (h) of subsection 3 of [NRS 362.120](#).



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4. If a cost is partially deductible and partially nondeductible, the deductible portion must be allowed. In determining the portion of such costs which is allowable as a deduction, a reasonable allocation must be made based upon available information. For the purposes of paragraph (b) of subsection 1, there is a rebuttable presumption that not less than 20 percent of the cost of contracting for all or part of a mine's operations is attributable to the cost of services and activities that would not be deductible if provided or performed directly by the operator of the mine.

[Tax Comm'n, Mine Proceeds Reg. Nos. 1-7, 9-14, 19, 20 & 25, eff. 6-28-65; A and renumbered as Reg. No. 2, 1-22-79]—(NAC A 5-3-84; R048-01, 11-1-2001; R161-05, 2-23-2006; R058-11, 12-30-2011, eff. 1-1-2012; R058-11, 12-30-2011, eff. 1-1-2014)

**NAC 362.060 Deductions: Electric power. ([NRS 360.090, 362.120](#))**

1. The installation of power and light lines is a capital charge, while the upkeep and purchase costs of electric power are operating costs.

2. When electric power is generated and distributed to various departments, the upkeep of the power plant must be written off, and the distribution of the power is an operating cost. New engines, boilers and similar equipment are chargeable to a capital account.

[Tax Comm'n, Mine Proceeds Reg. No. 8, eff. 6-8-65; A and renumbered as Reg. No. 4, 1-22-79]—(NAC A by R048-01, 11-1-2001)

**NAC 362.070 Deductions: Loading and transportation costs. ([NRS 360.090, 362.120](#))** The actual cost of transporting the product of the mine to the place of reduction, refining and sale, is affected directly by both demurrage charged and dispatch earned credits. These charges and credits become a part of the cost of loading and unloading ore. Additional assessments for demurrage penalties incurred for any cause increases the cost of loading and transportation; dispatch earned credit paid for efficiency in loading or unloading vessels or other transport equipment directly reduces the cost of transportation. The actual cost of loading is the gross cost less any dispatch earned credits plus any demurrage.

[Tax Comm'n, Mine Proceeds Reg. No. 26, eff. 4-24-69; renumbered as Reg. No. 15, 11-9-78; A and renumbered as Reg. No. 5, 1-22-79]

**NAC 362.081 Date of receipt of material mailed to Commission. ([NRS 360.090, 362.110](#))**

1. An annual statement which is required to be filed pursuant to [NRS 362.110](#) and which is transmitted through the United States mail shall be deemed to have been received on the date shown by the post office cancellation mark stamped on the envelope containing it, or on the date it was mailed if proof satisfactory to the Commission establishes that the document or remittance was timely deposited in the United States mail, postage prepaid, and properly addressed to the Commission.

2. A receipt for material sent by certified or registered mail, if different than the post office cancellation mark, will prevail if the date on the receipt is earlier than the cancellation date.

3. A record authenticated by the post office that the cancellation date on certain batches of mail was erroneous is proof satisfactory to the Commission that the mailing was made on a date other than the post office cancellation date.

4. If it is known that the postal service was inoperative at a certain time due to strikes, riots, warfare, acts of God or other reasons, the Commission will consider the circumstances and, if there is other evidence of timely mailing, will accept the evidence and deem the return or payment timely.



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5. Under no circumstances will:
    - (a) The cancellation date affixed by a postage meter in the possession of the taxpayer or other person; or
    - (b) Statements by the taxpayer or the taxpayer's employees, be considered sufficient to refute the post office cancellation date as the date of mailing.
- (Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)

**NAC 362.083 Annual statement of gross yield and claimed net proceeds: Failure to include all applicable information, documentation, reports and statements. ([NRS 360.090, 362.110](#))** If a taxpayer submits an annual statement which is required to be filed pursuant to [NRS 362.110](#) and which does not include all applicable information, documentation, reports and statements, the Department may require the taxpayer to resubmit the annual statement with all applicable information, documentation, reports and statements within 10 days after receiving notice from the Department. If all applicable information, documentation, reports and statements are not included with the statement upon the resubmission of the statement, the Department may consider the taxpayer to have failed to file the statement.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)

**NAC 362.085 Annual statement of gross yield and claimed net proceeds: Penalty for failure to file. ([NRS 360.090, 362.230](#))** If a taxpayer fails to file the statement required by [NRS 362.110](#), the Department shall impose a penalty pursuant to [NRS 362.230](#) in the following amounts:

1. For net proceeds or royalties not exceeding \$5,000, the penalty is 10 percent of the net proceeds or royalties or \$100, whichever is less.
2. For net proceeds or royalties greater than \$5,000 but not exceeding \$10,000, the penalty is \$500.
3. For net proceeds or royalties greater than \$10,000 but not exceeding \$50,000, the penalty is \$1,000.
4. For net proceeds or royalties greater than \$50,000 but not exceeding \$100,000, the penalty is \$2,500.
5. For net proceeds or royalties of more than \$100,000, the penalty is \$5,000.

(Added to NAC by Tax Comm'n, eff. 9-6-96; A by R161-05, 2-23-2006)

**NAC 362.087 Annual statement of gross yield and claimed net proceeds: Documentation of proper filing and waiver of penalty for failure to file. ([NRS 360.090, 362.110, 362.230](#))** If the Department does not receive an annual statement which is required to be filed pursuant to [NRS 362.110](#) and alleges that the taxpayer has not filed the statement, the taxpayer may submit documentation which establishes that the statement was properly filed. If the Department subsequently determines the annual statement was filed properly, the Department shall waive the penalty for the failure to file a statement which is imposed pursuant to [NAC 362.085](#).

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)

**NAC 362.090 Report of amount of net proceeds of minerals taxes plus pro rata penalties and interest; distribution. ([NRS 360.090, 362.170](#))**

1. The Department shall report to the State Controller pursuant to [NRS 362.170](#) on or before May 25 the amount of any net proceeds of minerals taxes plus pro rata penalties and interest collected for distribution to each county.



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2. The Department shall distribute penalties and interest pursuant to [NRS 362.170](#) in the same manner and percentage as computed for the net proceeds of minerals tax for each county.

(Added to NAC by Tax Comm'n, eff. 9-6-96; A by R048-01, 11-1-2001)

**Deductions for Reclamation Costs**

**REVISER'S NOTE.**

The regulation of the Nevada Tax Commission filed with the Secretary of State on December 30, 2011 (LCB File No. R058-11), which makes various changes to this chapter on January 1, 2012, and January 1, 2014, contains the following provisions not included in NAC:

“Sec. 16. Sections 1 to 6, inclusive, 9, 11, 12 and 15 of this regulation [creating [NAC 362.001](#), [362.006](#), [362.007](#), [362.008](#) and [362.035](#), amending [NAC 362.050](#), [362.200](#) and [362.310](#), and repealing [NAC 362.220](#), [362.230](#), [362.240](#), [362.260](#), [362.300](#), [362.320](#) and [362.330](#) on January 1, 2012]:

1. Do not apply to or affect any determination of gross yield or net proceeds required pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2011.

2. Apply for the purposes of estimating and determining gross yield and net proceeds pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2012 and each calendar year thereafter.

Sec. 17. Sections 10, 13 and 14 of this regulation [amending [NAC 362.035](#), [362.050](#) and [362.310](#) on January 1, 2014]:

1. Do not apply to or affect any determination of gross yield or net proceeds required pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2013.

2. Apply for the purposes of estimating and determining gross yield and net proceeds pursuant to [NRS 362.100](#) to [362.240](#), inclusive, for the calendar year 2014 and each calendar year thereafter.”

**NAC 362.200 Definitions.** ([NRS 360.090](#), [362.120](#)) As used in [NAC 362.200](#) to [362.310](#), inclusive, unless the context otherwise requires, the words and terms defined in [NAC 362.210](#) to [362.290](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006; A by R058-11, 12-30-2011, eff. 1-1-2012)

**NAC 362.210 “Closure of a mine” defined.** ([NRS 360.090](#), [362.120](#)) “Closure of a mine” means the time at which:

1. The revegetation, treatment and rehabilitation of the site of the mine have been completed;  
2. Any excess chemical solutions have been eliminated from the site of the mine, to the extent practicable;

3. The maximum degree of passive management has been implemented at the site of the mine in which a method of treatment is applied through the use of any naturally occurring chemical or biological processes to remove any metals or acidity from any waters of the mine which have been contaminated to cleanse the waters from such contamination; and

4. A monitoring program has been implemented to monitor the site of the mine after the production of the mine has been completed.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)



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**NAC 362.250 "Reclamation" defined.** ([NRS 360.090](#), [362.120](#)) "Reclamation" means actions performed during or after a mining operation or developmental work which are consistent with the provisions of NRS concerning mines and minerals, and any regulations adopted pursuant thereto, and which are identified in a reclamation plan to shape, stabilize, revegetate or otherwise treat the land in order to return it to a safe, stable condition consistent with the establishment of a productive postmining use of the land and the abandonment of a facility in a manner which ensures the public safety, as well as the encouragement of techniques which minimize the adverse visual effects. The term does not include any action performed after the closure of a mine.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)

**NAC 362.270 "Reclamation plan" defined.** ([NRS 360.090](#), [362.120](#)) "Reclamation plan" means a plan for reclamation, and any amendments or modifications thereto, which is approved by:

1. The Division of Environmental Protection of the State Department of Conservation and Natural Resources pursuant to [chapter 519A](#) of NRS for a mining operation or developmental work which is conducted on land administered by this State;
2. The Bureau of Land Management of the Department of the Interior pursuant to 43 C.F.R. Part 3800 for a mining operation or developmental work which is conducted on land administered by a federal agency; or
3. Any other state or federal agency pursuant to any state or federal law which:
  - (a) Imposes a duty to reclaim the land disturbed by a mining operation or developmental work; or
  - (b) Requires a permit to engage in a mining operation or developmental work which is substantially similar to the requirements for a permit set forth in [chapter 519A](#) of NRS and any regulations adopted pursuant thereto.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)

**NAC 362.280 "Reporting period" defined.** ([NRS 360.090](#), [362.120](#)) "Reporting period" means the calendar year for which the statement required by [NRS 362.110](#) is filed.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)

**NAC 362.290 "Taxpayer" defined.** ([NRS 360.090](#), [362.120](#)) "Taxpayer" means a person who is required by the Department to pay a tax on the net proceeds of any mineral extracted in this State pursuant to [chapter 362](#) of NRS.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006)

**NAC 362.310 Allowable deduction.** [Effective January 1, 2016.] ([NRS 360.090](#), [362.120](#)) A taxpayer may claim a deduction pursuant to paragraph (l) of subsection 3 of [NRS 362.120](#) for any money paid during the reporting period for reclamation performed by the taxpayer.

(Added to NAC by Tax Comm'n by R161-05, eff. 2-23-2006; A by R058-11, 12-30-2011, eff. 1-1-2012; R058-11, 12-30-2011, eff. 1-1-2014)

**Geothermal Resources**



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**NAC 362.350 Definitions.** ([NRS 360.090](#), [362.120](#)) As used in [NAC 362.350](#) to [362.370](#), inclusive, unless the context otherwise requires, the words and terms defined in [NAC 362.352](#) to [362.366](#), inclusive, have the meanings ascribed to them in those sections.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.352 "Field" defined.** ([NRS 360.090](#), [362.120](#)) "Field" means the area of operations from which a geothermal resource is extracted and transported before any further beneficiation of the geothermal resource occurs.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.354 "Mining function" defined.** ([NRS 360.090](#), [362.120](#)) "Mining function" means any activity relating to the extraction of a geothermal resource, including, but not limited to, any drilling, pumping, reinjection, roadwork or transportation of the geothermal resource, if the activity occurs before any further processing of the geothermal resource by a system for gathering the geothermal resource.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.356 "Plant" defined.** ([NRS 360.090](#), [362.120](#)) "Plant" means any facility at which the processing of a geothermal resource occurs, including, without limitation, a plant for generating power.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.358 "Processing" defined.** ([NRS 360.090](#), [362.120](#)) "Processing" means any activity that occurs beyond the inlet of a plant that:

1. Changes the physical or chemical characteristics of the production stream of a geothermal resource; or
2. Enhances the marketability of the production stream or the value of any separate component of the production stream.

Ê The term includes, without limitation, any beneficiation, compression, flashing, separation or stabilization that occurs within the plant, other than any reinjection, regulation of wellhead pressure, changing of pressures or temperatures in a reservoir or any other compression that occurs during the production of the geothermal resource.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.360 "Processing allowance" defined.** ([NRS 360.090](#), [362.120](#)) "Processing allowance" means any cost associated with converting a geothermal resource into any electricity, heat or other by-product. The term includes, without limitation, any cost associated with an activity occurring after the completion of all mining functions but before the processed product is transported to a market for the product.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.362 "Repowering" defined.** ([NRS 360.090](#), [362.120](#)) "Repowering" means to:

1. Remove any inefficient, obsolete or aging equipment that is used in the production stream of a geothermal resource; and



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2. Replace that equipment with any new technology or equipment that increases or may increase the efficiency of the processing of the geothermal resource.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.364 "Transaction" defined. (NRS 360.090, 362.120)** "Transaction" means a bona fide transaction conducted at arms length involving a geothermal resource at the wellhead.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.366 "Transportation allowance" defined. (NRS 360.090, 362.120)** "Transportation allowance" means any cost incurred for the movement of a geothermal resource that is converted to any electricity, heat or other by-product, if the movement of the geothermal resource is performed by the operator and occurs after the geothermal resource is processed.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**NAC 362.368 Determination of gross yield. (NRS 360.090, 362.120)**

1. To assess and tax the net proceeds of an operating facility which extracts geothermal resources, the gross yield of the geothermal resources must be determined pursuant to this section.

2. If the transaction involves the direct, arms-length sale of the geothermal resource, the gross yield of the geothermal resource equals the proceeds of the sale of the geothermal resource.

3. If the transaction involves the indirect sale of the geothermal resource, the gross yield of the geothermal resource is the total revenue received from the sale of any electricity, heat or other by-product of the geothermal resource that is agreed upon by the parties to the sale, less any processing allowance or transportation allowance. If the selling price includes any costs for processing or transportation, the person extracting the geothermal resource shall report those costs on a form prescribed by the Department. The Department shall consider those costs in determining the gross yield of the geothermal resource.

4. In the case of an indirect sale of a geothermal resource that is used to produce electricity, all energy, capacity and other payments received, if any, must be included in the gross yield of the geothermal resource.

5. If the costs associated with the processing allowance or transportation allowance are included in a bona fide arms-length contract, the costs shall be deemed to be an appropriate deduction from the selling price. Such costs may include the negotiated costs for the operation, maintenance and replacement of the plant which are paid by the operator of the field, reduced by any negotiated costs for the operation, maintenance and replacement of the field which are paid by the operator of the plant. The negotiated costs must be set forth in a written contract or other document specified by the Department and may include, but are not limited to:

(a) A negotiated sharing by percentage of the operating and maintenance costs of the field and the plant; or

(b) A negotiated agreement that the operator of the field will pay for necessary improvement to the plant.

6. If the costs associated with the processing allowance or transportation allowance are not included in a bona fide arms-length contract, the Department must consider the following:

(a) The annual total cost of operating and maintaining the plant, transmission line and any other facility or equipment used to transport the geothermal product after all mining functions and processing are complete, including, but not limited to, any reasonable and prudent costs incurred for direct wages, benefits,



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workers' compensation, supplies, materials and charges for overhead, general liability insurance incurred because of the plant and transmission line and costs for obtaining and maintaining any permit for a site, permit relating to air quality or any other permit or license required to operate the plant or transmission line. The transportation allowance for a transmission line is allowed only in direct proportion to the relationship of the field operator's investment to the total cost of the transmission line.

(b) The depreciation of the capital investment in the plant and transmission line using the straight-line method over the useful life of the asset established in accordance with the *Personal Property Manual*.

(c) Any charges for wheeling electricity or for loss of power in the transmission line.

(d) Amortization of each long-term contract to purchase power using the straight-line method over the stated life of the contract. Any amount amortized pursuant to this paragraph must not exceed 60 percent of the original book value of the plant and transmission line.

(e) An allowance for return on the investment in the plant and transmission line, calculated by multiplying the cost of acquiring the plant and transmission line, as recorded in the books and records of the operator, by the overall rate of return on capital. The overall rate of return on capital must be based on the appropriate electric industry cost of capital study conducted by the Department pursuant to [NAC 361.408](#) and [361.425](#).

7. For the purpose of paragraph (e) of subsection 6:

(a) If an agreement for the purchase of power is in effect, the Department may grant an allowance for a return on the investment for a period that is equal to the remaining term of the agreement or 15 years, whichever is less. If such an agreement is not in effect, the Department may grant the allowance for a period that is equal to the remaining useful life of the plant and transmission line or 15 years, whichever is less.

(b) If the plant or transmission line is repowered or a reinvestment in the plant or transmission line occurs, the taxpayer may apply to the Department for an extension of the allowance specified in paragraph (a). The Department may grant an extension pursuant to this paragraph for a period that is equal to the remaining life of the assets purchased for the repowering or reinvestment or 15 years, whichever is less. The remaining life of those assets must reasonably reflect the useful life of those assets established in accordance with the *Personal Property Manual*.

(c) To calculate the allowance specified in paragraph (a), the Department may require the taxpayer to submit any additional information specified by the Department, including, without limitation:

(1) A statement setting forth the amount of any recapitalization or repowering of the plant or transmission line;

(2) A statement setting forth the established life of the assets purchased; or

(3) An audit of the books and records of the taxpayer.

(d) If the Department grants an extension pursuant to paragraph (b), the amount of the return on the investment must not exceed the amount of the recapitalization or repowering of the plant or transmission line.

8. As used in this section, "*Personal Property Manual*" has the meaning ascribed to it in [NAC 361.1361](#).

(Added to NAC by Tax Comm'n, eff. 10-9-87; A 9-13-91; R012-07, 10-31-2007; R172-12, 12-23-2013)—(Substituted in revision for NAC 362.015)

**REVISER'S NOTE.**



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The regulation of the Nevada Tax Commission filed with the Secretary of State on December 23, 2013 (LCB File No. R172-12), which amended this section, contains the following provision not included in NAC:

“Sec. 4. Sections 1, 2 and 3 of this regulation [[NAC 362.040](#) and [362.368](#)] do not apply to or affect:

1. Any depreciation of assets approved by the Nevada Tax Commission before December 23, 2013; or
2. Any powers or duties of the Department of Taxation or any mining operator relating to any depreciation of assets approved by the Nevada Tax Commission before December 23, 2013.”

**NAC 362.370 Calculation of net proceeds.** ([NRS 360.090](#), [362.120](#)) The net proceeds of a geothermal resource must be calculated using the gross yield of the geothermal resource, as determined pursuant to [NRS 362.120](#) and [NAC 362.368](#), less the amount of any deduction that is available pursuant to [NRS 362.120](#) and this chapter.

(Added to NAC by Tax Comm'n by R012-07, eff. 10-31-2007)

**PATENTED MINES**

**NAC 362.410 Assessment; removal from secured roll for miscellaneous property.** ([NRS 360.090](#), [362.030](#), [362.095](#))

1. A patented mine which is used for a purpose related to mining or agriculture must be assessed:

- (a) At 35 percent of the taxable value of a site of comparable size and similar terrain and location which is used for purposes other than mining; or

(b) At \$500,

Ê whichever is greater.

2. Any portion of a patented mine which is used for a purpose unrelated to mining or agriculture and taxed as other property is taxed must be removed from the secured roll of miscellaneous property and added to the secured roll of real property.

(Added to NAC by Tax Comm'n, eff. 1-8-86; A 6-23-86)