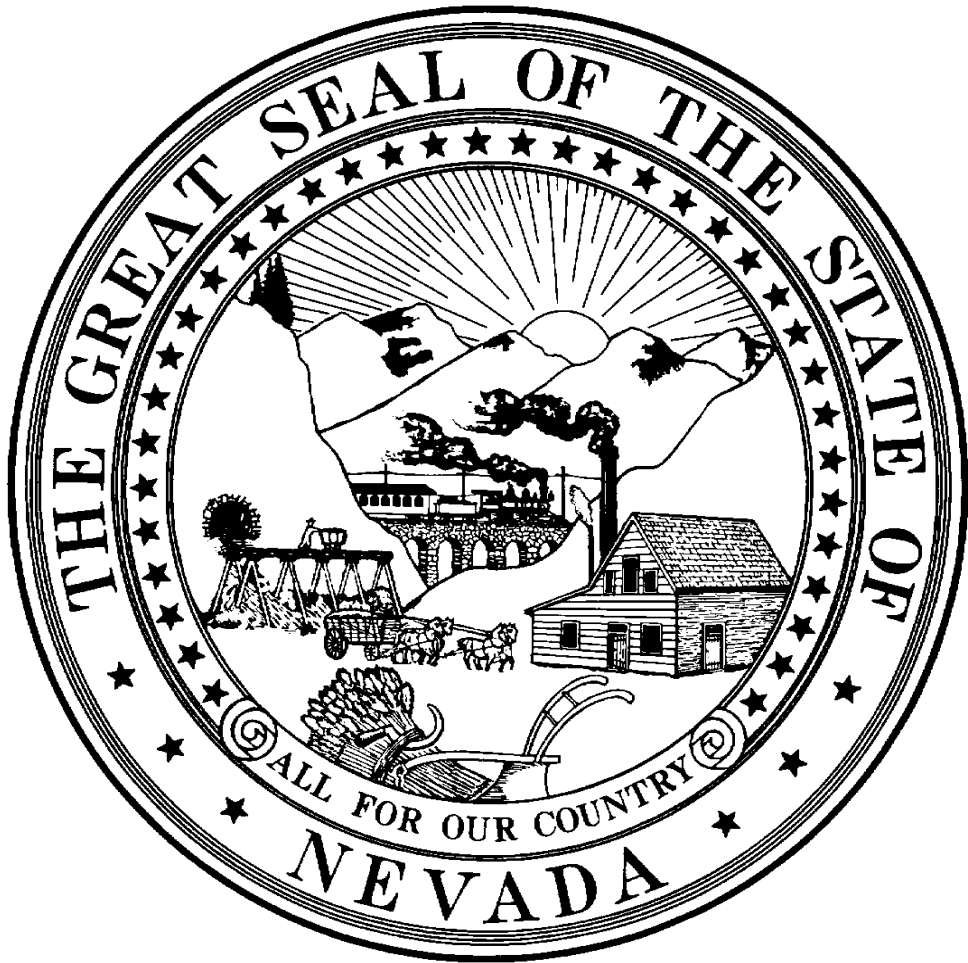


STATE OF NEVADA DEPARTMENT OF TAXATION

SHORT-TERM LEASES



Leases in General

Lease or rental means

- “Any transfer of possession or control of tangible personal property for a fixed or indeterminate term for consideration”
- Applies “regardless of whether a transaction is characterized as a lease or rental under generally accepted accounting principles...”
(GAAP)

Leases in general

(continued)

- Lessors do not have to pay the tax up front
- Resale certificates accepted
- Re-rentals okay
- End user pays the tax
- Considered a sales tax
- Reportable as a sale (*collection allowance*)
- And.....



Leases in general

(continued)



- Since leases/rents are considered a sale
- and since sales to Nevada exempted entities are tax-free
- Therefore, no sales tax is due by either the lessor or the lessee when the lessee is an exempt entity! However, Government Services Fee and County Car Rental fee still apply.

Leases in general (continued)

• *NAC 372.938: Provisions for paying tax on purchase of rental equipment or paying tax on the rental stream requires lessor to make election to pay tax on purchase; otherwise, must report tax on the rental stream.*

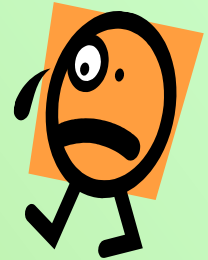
• *NAC 372.946: Sale-leaseback timeframe allows 180 days to complete transaction which will provide for leasing back to initial purchaser*

Discontinuing a lease

- A lease may be discontinued:

- Repossession

- Property wrecked,
damaged, stolen



- New lease
replaces old



- Property returned

- Formal notice of
termination

Taxation of Leases

Included in the taxable price of a lease are any charges by the lessor for any services necessary to complete the lease. (*NRS 360B.480*)

Examples for charges necessary to complete the lease are:

Fee or charge for mileage

Drop-off charge

Fee for reinstatement of lease/rental agreement

Reimbursement for fixed costs

Taxation of Leases

(continued)

Optional charges made in connection with a lease/rental, if separately stated, are not subject to sales tax. (*NRS 360B.480*)

Examples include:

Charge for collision damage waiver

Charges for fuel

Charge for services of a person to operate/instruct another in operation of the rental property

Delivery fee

Fee for maintaining, cleaning or altering

Charge for insurance, such as personal accident

Legal fees for negotiation of lease terms

Other Sales/Use tax issues



- Replacement parts

Non-taxable if used for leased equipment pursuant to the provisions of a warranty or guaranty since tax is being charged to the customer

NAC 372.460

- Sale of leased property

Taxable



NAC 372.938

- Gross lease/rental between related or affiliated persons must be reported at fair market value.

(NAC 372.940(5))

Short Term Leases

- Administered by the Department of Taxation since 1997



- One rental will require an entity to be registered as a short-term lessor

NRS 482.300

- Passenger cars carrying 10 people or less
 - (*Not motorcycles, power cycles, motor homes, motor trucks*)

NRS 482.087



Short Term Leases

- Rental period is for 31 days or less; by the day; or by the trip.
- One rental will require an entity to be registered as a short-term lessor

NRS 482.300

- Exempt: Federal Government, State of Nevada and its political subdivisions
- Not Exempt: Charities, religious groups
- Does not include Taxicabs and Limousines

Gross lease charges

Do not **tax** any of the following *if separately stated* NAC 372.940(3):

- *Airport access fees*
- *Reimbursement of property taxes*
- *Filing fees under Uniform Commercial Code*
- *Late payment penalty*
- *Disposition fee*

EXCEPTION:

Charges for damages for which lessee is held responsible are exclusive of the original rental or lease contract, including “charge-back” fee or “damage reimbursement” and will be considered as a taxable sale of tangible personal property from either the person making the repair for the lessor or from the lessor for the responsible party.

NAC 372.940(4)

Fees for short-term leases

Fees for short-term leases are as follows:

- 10% to the State of Nevada +
- 2% for Clark and Washoe Counties (*Exemption from 2% if purpose of rental is as a replacement vehicle for lessee's car while being repaired*)
- Lessor allowed to charge customer a fee to recover its vehicle licensing costs

Calculation of Fees

- 10% Governmental Services Fee
 - Excluded in tax calculation
 - The amount of any fee charged and collected by a governmental entity (2% Clark/Washoe county fee, sales tax, airport concession fee, and/or vehicle licensing costs)
 - The amount of any charge for fuel used to operate the passenger car
 - The amount of any fee or charge for the delivery, transportation or other handling of the passenger car
 - The amount of any fee or charge for insurance, including without limitation, personal accident insurance, extended coverage or insurance coverage for personal property
 - The amount of any charges assessed against a short-term lessee for damages for which the short-term lessee is held responsible

Calculation of Fees

(continued)

- 2% Clark/Washoe County Car Rental Fee
 - Excluded in Tax Calculation
 - The amount of any fee charged and collected by a governmental entity
 - **10% Governmental Services fee**
 - **Sales tax**
 - **Airport concession fee**
 - Replacement vehicles

NRS 244A.810 and NRS 244A.860

Replacement Vehicle form

NEVADA DEPT OF TAXATION

ACKNOWLEDGEMENT OF LESSEE

SHORT TERM LEASE REPLACEMENT OF VEHICLE

I _____ understand and acknowledge that if I am renting this vehicle for the purpose of using it in place of a motor vehicle I own that is unavailable for use because of mechanical breakdown, repair, service, damage or loss as defined in my policy of liability insurance for that unavailable motor vehicle, I may claim an exemption from the county fee imposed pursuant to chapter 244A of the Nevada Revised Statutes upon the short-term lease of a passenger vehicle.

I understand and acknowledge that by placing my initials below, I am affirming that I am in fact renting this vehicle for the purpose of using it in place of a motor vehicle I own that is unavailable for use as described above.

I further understand and acknowledge that if I place my initials below and I am not in fact renting this vehicle for the purpose of using it in place of a motor vehicle I own that is unavailable for use as described above, I may be held liable for any fee that is waived or refunded to me by virtue of my having placed my initials below.

_____ (initials)

Retailer must retain acknowledgement in records and make available to the Department of Taxation for inspection upon request.

Other Information for Short-Term Leases

A short-term lessor shall annually report to the Department of Taxation:

- a. The amount of its vehicle licensing costs for the immediately preceding calendar year and;
- b. The amount of money collected for the recovery of its vehicle licensing costs for the immediately preceding calendar year.

Vehicle Licensing Costs

“Vehicle Licensing Costs” refers to the costs incurred by the short-term lessor on vehicles being leased by that lessor and include:

- **Fees paid for registration/issuance of certificates of title**
- **Fees for license plates**
- **Fees for license plate decals, stickers and tabs**
- **Inspection fees**
- **Basic/supplemental governmental services taxes paid**

NRS 482.31527

NRS 482.3158

Vehicle Licensing Costs Report Form

NEVADA DEPARTMENT OF TAXATION
SHORT TERM LESSOR ANNUAL REPORT
OF VEHICLE LICENSING COSTS

MAIL TO:
 NEVADA DEPARTMENT OF TAXATION
 1550 COLLEGE PARKWAY #115
 CARSON CITY, NV 89706

TID No:	
FOR YEAR ENDING:	DECEMBER 31, _____
DUE ON OR BEFORE:	APRIL 30, _____

VEHICLE ID / PLATE ID	FEES PAID DURING REPORTING YEAR (REPORTED ON LINE 3 OF THE QUARTERLY STS-1 RETURN)	AMOUNT COLLECTED FOR RECOVERY (REPORTED ON LINE 4 OF THE QUARTERLY STS-1 RETURN)
GRAND TOTALS:		

SEE REVERSE SIDE FOR INSTRUCTIONS

SIGNATURE		NAME OF PREPARER	
TITLE	FEDERAL TAX ID OR SSN	PHONE NUMBER	DATE

Sample Lease

The following is an example of what is taxable under Sales Tax, Governmental Services Fee and County Car Rental Fee. This example is not intended to include all possible rental scenarios, but will provide a guideline.

General Fee Overview

Charge	Mandatory or Optional	Sales Tax NRS 372	Government Service Fee NRS 482	County Car Rental NRS 244A
Base Lease	M	Yes	Yes	Yes
Drop-Off	M	Yes	Yes	Yes
Cell Phone	O	No	Yes	yes
Add Driver	M	Yes	Yes	Yes
Under Age	M	Yes	Yes	Yes
Fuel	O	No	No	Yes
Insurance	O	No	No	Yes
CDW	O	No	Yes	Yes
Airport Fee	n/a	No	No	No ¹
Replace Vehicle	n/a	No	Yes	No
Vehicle Licensing Cost	O	No	No	No
U. S. Gov't	n/a	No	No	No
State of Nevada	n/a	No	No	No
Any <u>Nevada</u> County, City, District	n/a	No	No	No
<u>Nevada</u> National Guard	n/a	No (NRS 372.7281)	Yes	Yes
Religious - Charitable – Educational	n/a	No (NRS 372.326)	Yes	Yes

* If separately stated NAC 372.940(3)

Governmental Services Fee Return

NEVADA DEPARTMENT OF TAXATION

PASSENGER CAR, GOVERNMENTAL SERVICES FEE RETURN

Mail to:
Nevada Department of Taxation
1550 College Parkway #115
Carson City NV 89706

TID No. _____

Or Account No: _____

FOR DEPARTMENT USE ONLY

Postmark Date: _____

Amount: _____

Check #: _____

For Quarter Ending:

Due on or before:

If postmarked after the due date penalty and interest will apply

***NOTE: PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING THIS RETURN
A RETURN MUST BE FILED EVEN IF NO RENTALS WERE MADE***

1	DOLLAR AMOUNT OF LEASES DURING CALENDAR QUARTER From passenger car short-term leases	\$ _____	
2	FEE DUE (Multiply Total Leases (Line 1) by 10% or 010)		\$ _____
3	TOTAL VEHICLE LICENSING FEES PAID TO DMV DURING CALENDAR QTR Separate form for full calendar year will also be submitted by Lessor	\$ _____	
4	AMOUNT COLLECTED FOR THE RECOVERY OF VEHICLE LICENSING COST Separate form for full calendar year will also be submitted by Lessor	\$ _____	
5	LESS CREDITS APPROVED & VERIFIED BY THE DEPARTMENT		\$ _____
6	PENALTY (SEE INSTRUCTIONS FOR RATE).		\$ _____
7	INTEREST (change in rate effective 7/1/2011 - 0.75% (or .0075) for each month or fraction of a month late See reverse for further instructions on figuring interest.		\$ _____
8	PLUS LIABILITIES ESTABLISHED BY THE DEPARTMENT		\$ _____
9	TOTAL AMOUNT DUE AND PAYABLE		\$ _____
10	TOTAL AMOUNT REMITTED WITH RETURN		\$ _____

I hereby certify that this return including any accompanying schedules and statements has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

Signature		Name Of Preparer	
Title	Fed Id Or Soc Sec #	Phone Number	Date

SHORT TERM LESSORS LOCATED IN WASHOE OR CLARK COUNTIES MUST FILE THE WASHOE OR CLARK COUNTY CAR RENTAL FEE RETURN IN ADDITION TO THE PASSENGER CAR, GOVERNMENTAL SERVICES FEE RETURN

STS-1
Effective 7/1/2011

County Car Rental Fee Return

NEVADA DEPT OF TAXATION

CLARK COUNTY CAR RENTAL FEE RETURN

Mail to:
Nevada Department of Taxation
1550 College Parkway #115
Carson City NV 89706

Taxpayer ID No.
Or Account No:

FOR DEPARTMENT USE ONLY

Postmark Date: _____
Amount: _____ Check #: _____

For quarter ending _____
Due on or before _____

If postmarked after due date
penalty and interest will apply

***NOTE: PLEASE READ INSTRUCTIONS ON REVERSE SIDE BEFORE COMPLETING RETURN. A
RETURN MUST BE FILED EVEN IF NO RENTALS WERE MADE***

1.	DOLLAR AMOUNT OF LEASES DURING CALENDAR QUARTER COMMENCING IN CLARK COUNTY from passenger car short-term leases	\$
2.	TOTAL DOLLAR AMOUNT OF PASSENGER CARS LEASED AS REPLACEMENT VEHICLES	\$
3.	NET LEASES (LINE 1 MINUS 2)	\$
4.	FEE DUE (Multiply Total Leases (Line 3) by 2% or .02)	\$
5.	LESS CREDITS APPROVED BY THE DEPARTMENT	\$
6.	TOTAL CLARK COUNTY CAR RENTAL FEES DUE (LINE 4 MINUS LINE 5)	\$
7.	PENALTY (SEE INSTRUCTIONS FOR RATE) For periods prior to April 1, 2007 the penalty is 10%.	\$
8.	INTEREST (change in rate effective 7/1/2011 – 0.75% (or .0075) for each month or partial month) see reverse instructions	\$
9.	PLUS LIABILITIES ESTABLISHED BY THE DEPARTMENT	\$
10.	TOTAL AMOUNT DUE AND PAYABLE (Add Lines 6 through 9)	\$
11.	TOTAL AMOUNT REMITTED WITH RETURN	\$

I hereby certify that this return including any accompanying schedules and statements has been examined by me and to the best of my knowledge and belief is a true, correct and complete return.

Signature		Name Of Preparer	
Title	Fed Id Or Soc Sec #	Phone Number	Date

STC-02
EFFECTIVE 7/1/2011

There is a similar form for Washoe County

DEPARTMENT OF TAXATION

Contact Information

Our offices are open Monday-Friday
8:00 AM – 5:00 PM



Contact our Call Center at
1-866-962-3707

Southern Nevada:

Grant Sawyer Office
Building
555 E. Washington
Avenue
Suite 1300
Las Vegas, NV 89101

OR

2550 Paseo Verde
Parkway
Suite 180
Henderson, NV 89074

Carson City:

1550 College
Parkway
Suite 115
Carson City, NV
89706-7937

Reno:

4600 Kietzke Lane
Building L, Suite 235
Reno, NV 89502

Short-Term Lease

Contact Information

Jo Lynn Smith

Tax Administrator II

(775) 684-2029

Written Response

Most tax issues can be addressed by the Department of Taxation. Please be advised that any responses to inquiries made to the Department are only binding if put in writing, such as Nevada Revised Statutes, Administrative Code, Nevada Tax Notes, or in written correspondence.

