

# NEVADA TAX NOTES

The Official Newsletter of the Department of Taxation



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## Federal Income Tax

As the new year begins, so does a new tax season. The Nevada Department of Taxation would like to remind you that it is not associated with the Internal Revenue Service (IRS) and cannot assist with or answer any federal income tax questions.

The State of Nevada does not impose an individual or business income tax. The only time you will be asked for a federal income tax return will be if you are involved in an audit or payment plan arrangement. Please direct your federal income tax inquiries to the IRS website, [www.irs.gov](http://www.irs.gov).



The Department of Taxation is hiring! There are multiple open positions with the Department from entry level to senior level and in both the Northern and Southern Nevada office locations. If you are interested in applying, head to the careers page at: <https://careers.nv.gov/go/Taxation/8624700/>



### Carson City

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### Reno

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Reno, Nevada 89502  
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Fax: (775)688-1303

### Las Vegas

700 E. Warm Springs Road  
2nd Floor  
Las Vegas, Nevada 89119

### Call Center

(866)962-3707  
Monday - Friday  
6:30AM - 5:00PM

# Consumer Use Tax

*Do you have a use tax liability?*

Sales and use taxes were enacted in 1955. Use tax, as the counterpart of sales tax, is imposed upon the storage, use or other consumption in this State of tangible personal property purchased from a retailer when sales tax is not charged to the purchaser or consumer on an otherwise taxable sale. All sales of tangible items are considered taxable until proven exempt. The use tax rate is equivalent to the applicable sales tax rate.

The most common example of a use tax liability is a purchase of tangible personal property from an out of state retailer where sales tax is not charged in an otherwise taxable transaction. That purchase is subject to use tax as measured by the sales price. In Nevada, if a business or individual purchases goods from a retailer who does not collect the sales tax, the purchaser is responsible for reporting and paying the use tax directly to the State. A retail business must report an untaxed purchase in the Use Tax column of the Combined Sales and Use Tax Return. Purchasers who are not retailers are required to file a Consumer Use Tax Return to pay the use tax liability.

What type of business would utilize the Consumer Use Tax Return? An example would be a business that provides services but does not sell tangible goods.

Retailers are required by law to provide a receipt to purchasers showing sales tax was collected. Please review your purchase invoices and receipts to check for a potential use tax liability. Keep evidence of sales or use tax payments in your records for a minimum of 4 years. You may contact the Department if there is any uncertainty about the application of use tax to a particular invoice.

A Consumer Use Tax Return may be obtained either from visiting Department offices or via the website at the following link:

<https://tax.nv.gov/Forms/salesAndUseTaxForms/>.

For additional information, please see the FAQs on this topic:

[https://tax.nv.gov/uploadedFiles/taxnv.gov/Content/TaxLibrary/UseTaxQandA\(2\).pdf](https://tax.nv.gov/uploadedFiles/taxnv.gov/Content/TaxLibrary/UseTaxQandA(2).pdf)

(NRS 372.185, NRS 372.190, NRS 372.195, NRS 372.225 NRS 372.260 and NRS 372.735)



Still have questions?

Contact our call center at (866) 962-3707

Monday - Friday

6:30AM - 5:00PM

## Screen Printing

The Department of Taxation receives many questions on the taxability of screen printing. Screen printing a design onto any tangible property, such as a t-shirt or mug, which has been furnished either directly by the consumer or by the retailer, is considered a sale of tangible personal property and subject to Nevada sales tax. If a wholesaler is selling the products to a retailer, the retailer should present the wholesaler with a valid resale

certificate. Under these circumstances, the price charged to the retailer would not be subject to Nevada sales tax. When the retailer sells the finished product to the consumer, the full price is subject to sales tax.

NRS 372.025, NRS 372.060, NRS 372.155, NRS 372.185, NAC 372.227, NAC 372.370, and 372.380

## Tips for Taxpayers: Three Common Mistakes to Avoid

When opening a new business, you may register online or submit a Nevada Business Registration form. If you are adding a location, moving to a new location or updating an existing business name, you must submit a Nevada Business Registration form. Unfortunately, the Department of Taxation receives a number of forms from taxpayers that are unsigned, unreadable, or are missing information. In many cases, these forms must be sent back to the taxpayer with a letter explaining what is missing, delaying registration.

There are a few things that you can do to help make the process go more smoothly and quickly next time you submit a form to the Department of Taxation.

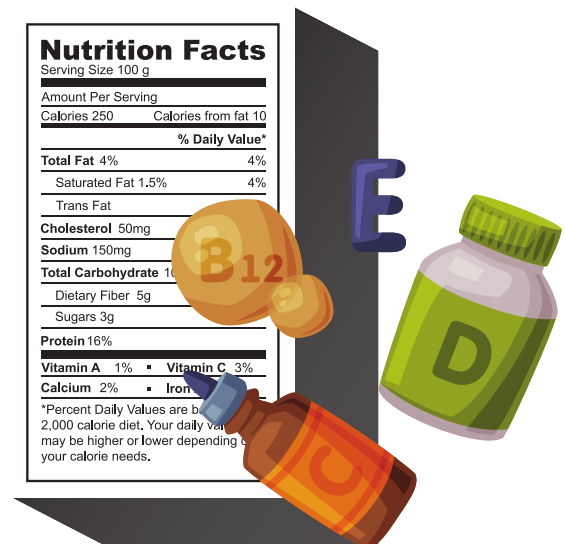
- *Sign the form* with black or blue ink and print the name of the signer in the appropriate box. Currently, the Department of Taxation cannot accept digital signatures, so all signatures must be with a pen. Typing with special font is *not* considered a signature.
- *Type the form or write neatly.* Handwritten forms are acceptable; however, if Department personnel have trouble reading your handwriting, processing could be delayed or incorrect information added to your account.

- *Include a start date.* When submitting a form, make sure to fill out the form *completely*. It is very common on a form for opening a new business or adding a location to be missing the *start date*. The start date is important because it determines when you need to start filing tax returns. Use a complete start date: MM/DD/YYYY.

To update authorized users, mailing addresses, or contact information, you can contact the Call Center (866) 962-3707 and request a Taxpayer Information Update form. Any requests for information or changes to the account must be initiated by an authorized person as reflected in the Department's records.

## Vitamins, Supplements, and Energy Drinks

Nevada Revised Statute (NRS) 372.284 exempts and defines food for human consumption. Certain items, such as tonics and vitamins, are excluded from the definition of food for human consumption and subject to the sales tax. Food is further defined in NRS 360B.445 and excludes dietary supplements. Dietary supplements include vitamins, minerals, herbs, and other ingredients which are not represented as conventional food. Typically, dietary supplements and vitamins come in the form of digestible pills or capsules, but they can also come in other forms as well, such as liquid, powder, or granulated form.



One of the ways to tell non-food items, such as supplements and vitamins, apart from items that are considered food, is the products labeled with a "Supplement Facts Panel" on the product instead of the "Nutritional Facts Panel" normally seen on food items. This is also the way to tell which energy drinks are considered taxable as non-food items because they are labeled with the Supplement Facts Panel rather than the Nutritional Facts Panel. After 2013, many energy drinks began to be labeled with a Nutritional Facts Panel, which places them in the food category and thus exempts them from taxation. Note that some energy drinks still come with a Supplement Fact Panel and are subject to tax. It should also be noted that true "meal replacements" or "food substitutes" are considered food and are not taxable.

Finally, an otherwise exempt food item may be taxable if it is determined to be prepared for immediate consumption. Please contact the Department for any questions.