

NEVADA TAX NOTES

The Official Newsletter of the Department of Taxation

Upcoming Office Closures

The Nevada Department of Taxation will be closed on the following dates.



Monday, May 27
Memorial Day

Wednesday, June 19
Juneteenth Day

Thursday, July 4
Independence Day

Federal Income Tax

As tax season wraps up, 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 Department may ask for federal income tax returns as informational documents. Please direct your federal income tax inquiries to the IRS website, www.irs.gov. text

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The Department of Taxation is hiring! We are recruiting for multiple positions in our Northern and Southern Nevada offices. If you are interested in applying, check out the Department's [careers page](#).



Call Center: (866) 962-3707 Monday - Friday 7:30AM - 5:00PM

Carson City

3850 Arrowhead Dr., 2nd Floor
Carson City, Nevada 89706
Phone: (775) 684-2000

Reno

4600 Kietzke Lane Bldg L, Ste. 235
Reno, Nevada 89502
Phone: (775) 687-9999

Las Vegas

700 E. Warm Springs Road 2nd Floor
Las Vegas, Nevada 89119
Phone: (702) 486-2300

Live Entertainment Tax

Enacted in 2004, the Live Entertainment Tax (“LET”) is administered by two State agencies, the Gaming Control Board for live entertainment events held within licensed gaming establishments; and the Department of Taxation for live entertainment events held in other venues and live entertainment provided by escorts and escort services.

The laws governing the LET are set forth in Chapter 368A of the Nevada Revised Statutes (NRS) and the Nevada Administrative Code (NAC).

“Live entertainment” means “any activity provided for pleasure, enjoyment, recreation, relaxation, diversion or other similar purpose by a person or persons who are physically present when providing that activity to a patron or group of patrons who are physically present.” NRS 368A.090(1). Certain exceptions apply. See NRS 368A.090(2).

Who is responsible to collect Live Entertainment tax?

The owner or operator of the facility where the live entertainment is provided; or in the case of a publicly owned facility or public land, the person who collects the taxable receipts. It also includes an escort or escort service. “Facility” means “any area or premises, indoor or outdoor, where live entertainment is provided for which consideration is collected for the right or privilege of entering, or having access to, that area or those premises.” NRS 368A.060.

What is the tax rate for Live Entertainment?

Effective October 1, 2015, the LET rate is 9% of the admission charge to a facility that provides live entertainment with a minimum occupancy of 200; or 9% of the charge, expressed in money, for the live entertainment provided by an escort.

When is the Live Entertainment tax due?

The reporting frequency is monthly. The LET returns for non-gaming taxpayers must be filed on or before the last day of the month, reporting the amount of taxable receipts for the preceding month regardless of when the actual event may occur. A return must be filed even when there are no live entertainment admission charges in the month and the tax is zero.

For additional information, please visit: [Live Entertainment Tax & FAQ's \(nv.gov\)](https://www.nv.gov/taxation/live-entertainment-tax).

Wedding Chapels and Sales Tax

Wedding chapels are the retailers of tangible personal property which are sold or rented in connection with services provided. Examples of tangible personal property include, but are not limited to dresses, suits, tuxedos, themed costumes, jewelry, flowers, beverages, prepared food, and photograph albums.

Generally, photos that are delivered to the customer electronically for digital download are not tangible personal property and not subject to sales tax. The retail sale of photos provided on tangible medium such as a flash drive or other storage device, are taxable.

The charges for tangible personal property sold or rented should be separately itemized and subject to sales tax on the invoice to the customer. If the invoice shows only one non-itemized price, then the entire transaction is subject to sales tax.

One Time Events, Trade Shows and Conventions

PROMOTERS/ORGANIZERS of one-time events, tradeshow and conventions should contact the Department of Taxation at least two weeks prior to the scheduled event to obtain promoter instructions, related tax statutes, and the necessary number of “One-Time Permits.” The One-Time Event Application and specific information is located on the Department’s website at:

https://tax.nv.gov/Forms/General_Purpose_Forms/.

In addition to sales and use tax, certain products and business activities are subject to special laws and regulations. The Department should be contacted as soon as possible to ensure any excise tax obligations are satisfied.

Cigarettes and Other Tobacco Products (“OTP”) Sold During Trade Shows:

All trade show participants intending to sell cigarettes or OTP must first secure an Event Specific License, this includes current Nevada licensees. Event Specific Applications must be submitted at least 30 days prior to the event and must be granted prior to selling any cigarettes or OTP at the event. This license is for the sole purpose of selling approved cigarettes and/or selling or distributing OTP, including roll-your own (“RYO”) cigarette tobacco, at the approved location and date(s). If there will be cigarettes or other tobacco products sold or given away at the tradeshow or convention, please send an email to Taxation-AdminMSA@tax.state.nv.us or contact the Carson City Taxation office at 775-684-2000.

Give-Away Merchandise at One-Time Events:

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

NRS 372.7275, NRS 372.085 and NAC 372.180

Street Vendor Retailers

Street vendors in Nevada are obligated to obtain a Sales Tax Permit. The Department of Taxation (“Department”) has specific registration requirements and requirements for collecting and remitting sales tax to the Department.

Before commencing business operations, street vendors must complete the registration process to obtain a Sellers Permit (Sales Tax Permit) from the Department. Vendors may personally visit one of the Department’s offices situated in Las Vegas, Carson City or Reno. Alternatively, vendors may mail the Nevada Business Registration Form, along with the required payment, to the Department. Upon successful registration, the Department will issue a State of Nevada Sales Tax Permit containing the vendor’s Taxpayer Identification Number (TID). It is mandatory for vendors to prominently display the permit at their business premises for easy visibility to customers.

After opening for business, sales tax must be charged and collected from the customer on retail sales. The sales tax is collected by vendors on behalf of the State. Customers must be provided a sales receipt containing:

- (a) The name and place of business of the retailer;
- (b) The date on which the property was sold;
- (c) The sales price of the property; and
- (d) The amount of tax collected by the retailer from the purchaser.

Vendors report taxable sales activity on the Sales and Use Tax Return. The tax return form and the sales tax collected from the customers are due to the Department on or before the last day of the month following the reporting period. The tax return and collected tax may be filed and paid online, mailed to the address on the return, or it can be filed in person at one of the Department’s offices. Vendors must keep records of all sales transactions to support reported sales tax for a minimum of 4 years.

For assistance, please visit our website, call the Department’s Call Center at (866) 962-3707 or visit one of the Department of Taxation offices.

NRS 360B.460, NAC 372.605, NAC 372.065, and NAC 372.770

Ask the Advisor Upcoming Class: Tuesday, April 16, 2024

The Department is hosting Ask the Advisor classes again to all taxpayers which focus on general information about Sales & Use Tax and Modified Business Tax. There are also rotating guest presenters from other state agencies, as well as local small business resources in Northern and Southern Nevada. These classes will be available online to reach more taxpayers and the next class will be Tuesday, April 16, 2024, at 9:00am. Please visit <https://NevadaTax.as.me/AsktheAdvisor> to sign up to attend the class. These classes will be offered the third Tuesday of each month, except in November and December.

Party Equipment Rentals and Leases

Party planners and suppliers often rent equipment, furniture, tableware, and other items as part of providing festivities. The rental charges are retail sales for sales tax purposes, and sales tax is due on each rental charge. An alternative is provided specifically for purchases of property intended for rentals and leases. This article discusses the two methods of satisfying the tax liability.

The first way is to not pay sales or use tax on the purchase of property intended for rental. If sales tax is not paid on the purchase, such as a purchase from a retailer outside the state or by using a resale certificate, and the taxpayer also does not remit use tax to the State on the current tax return, the renter must charge sales tax on the rental charges for as long as the property is rented.

An alternative is for the rental business to pay the sales or use tax at the time of purchase. If sales tax is not paid, use tax must be paid on the acquisition cost on the tax return that covers the period during which the property was purchased. Should the taxpayer exercise this option, the tax liability is extinguished and there is no tax on the rental charges.

Because rentals are retail sales, making the “election” to pay sales or use tax on the purchase immediately upon purchase is a critical decision. Failure to pay sales or use tax timely will default to tax imposed on each rental charge for as long the item is rented.

Example A

Party Rentals acquired 10 tables for use in its business in NV from an out of state unregistered manufacturer/vendor. The two acceptable methods of reporting and paying the sales and/or use tax attributable the acquisition of the tables by Party Rentals and their rental for use at the event is shown below:

Method #1. On the next sales and use tax return, Party Rentals reports and pays use tax on the cost of the tables, and tax is not charged on the rental charge of the tables, and consequently, the invoice includes the charge for rental of the tables but does not include sales tax. Purchase documentation must be maintained for audit purposes.

Method #2. Tax is not paid on the cost of the tables, and Party Rentals is required to collect tax on the rental of the tables. The invoice would include the charge for rental and tax assessed on the rental charge, and Party Rentals would be required to collect and remit tax on all subsequent rentals of the tables for as long as they rent the tables.

Rent or Lease for Subrental or Sublease

Also, when a renter rents an item from another rental entity (i.e., a sub-renter) where the rental entity has paid tax on the purchase of the item or reported/paid use tax for the purchase, it does not extinguish or remove the tax liability for the sub-renter. The transactions involved are separate transactions for each entity, and therefore each transaction is a separate taxable event with a separate tax liability for both the renter and the rental entity. (continued)

Party Equipment Rentals and Leases, continued

Example B

Party Rentals customers has more guests coming than expected and now need 15 tables total. Party Rentals has committed 10 tables to the event and rents an additional 5 tables from Supply Warehouse. There are two acceptable ways of reporting and paying the tax attributable to the acquisition of the 10 tables by Party Rentals and its rental for use at the event, as noted previously. However, Party Rentals' rental of the additional 5 tables from Supply Warehouse for use at the event has additional tax liability. Supply Warehouse's rental of the tables to Party Rentals should be treated as a sale for resale and not subject to tax. Instead, Party Rentals would be responsible for the tax attributable for the 5 tables and its lease of those 5 tables to its customer. There are two acceptable methods of reporting and paying the tax on the rental of these 5 tables:

Method #1. On its next sales and use tax return, Party Rentals reports the acquisition of the 5 tables and pays tax on the cost/rent charged for the property by Supply Warehouse. Having paid the tax on its acquisition cost, Party Rentals should not collect tax on the rental of the 5 tables to its customer.

Method #2. Party Rentals does not pay tax on the acquisition of the 5 tables and, instead, taxes the rental charges from its rental of the tables. Using this method, Party Rentals' invoice would include the charge for rental of the tables and a tax assessed on the amount of the rental charge.

Other considerations when a party planner or supplier taxes the rental charges:

The tax on the rental charge is deemed to cover the tax on the repair parts, so the retailer is not required to pay tax on the parts or other equipment used on or to repair the rental property.

All mandatory charges are taxable whether or not separately stated on the rental agreement, which can include fees for mileage, drop off fees, management fees, collection fees and more. NAC 372.940(1).

Optional fees that are separately stated are not subject to tax, which may be fees for installation or assembly, charge for a person to operate or instruct another person how to operate the equipment, or a charge for a collision damage waiver. NAC 372.940 (2) and (3).

Generally, party leases and rentals should be taxed at the county rate where the property is delivered.

NAC 372.940(1), NAC 372.940(2) and (3)

Tips to Taxpayers - Important Reminders!

Where to find publications, forms, and other resources to answer Nevada Taxation questions?

ONLINE SERVICES

For your new or expanding business, start by visiting Nevada Secretary of State SilverFlume at <https://www.nvsilverflume.gov/home>.

For Department of Taxation general information, forms, publications, FAQs, Sales Tax Permit search, visit our website: <https://tax.nv.gov/>.

Register your business and file and pay the most common Nevada taxes at Nevada Tax Center: <https://www.nevadatax.nv.gov/>.



CALL CENTER (866) 962-3707

Contact our Call Center for questions regarding general tax inquiries, Sales Tax, Use Tax, Modified Business Tax, or for information on establishing a new business or location. Hours of operation are Monday through Friday: 7:30am to 5:00pm Pacific Time.

The Department's Call Center has been located in Carson City since its inception. To serve callers more reliably, particularly during weather events, the Department is in the process of moving some Call Center positions to Las Vegas. Your patience is appreciated during this transition.

OFFICE LOCATIONS

There may be times when we can better serve you during a visit to one of our local offices. The Department of Taxation's regular hours of operation are Monday through Friday: 8:00am to 5:00pm. For best service, please make an appointment at your local Taxation office: [Schedule Appointment](#).

Tips to Taxpayers Column: The Nevada Department of Taxation's newsletter was called Tips to Taxpayers from its 1968 inception until 1990. The Department is paying homage to the newsletter's first decades of taxpayer assistance by including a Tips to Taxpayers column with tax account tips and hints in each edition of Nevada Tax Notes.

If you have any questions with any matters addressed in this newsletter, please call our call center at (866) 962-3707.

The information expressed in this Newsletter constitutes general guidance regarding the interpretation of the statutes and regulations under the jurisdiction of the Department of Taxation. No reliance should be placed on any information herein for fact-specific purposes not described herein. Any subsequent statutory or administrative rule change or judicial interpretation of the statutes or rules upon which these articles are based may result in contrary interpretations or guidance. The articles in this Newsletter are not binding on any administrative body or court of law, but rather serve as the Department's summaries of applicable statutes, regulations and other rules within its jurisdiction. Nothing contained in this Newsletter should be construed as legal advice.