



STATE OF NEVADA  
DEPARTMENT OF TAXATION

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Posted 5/8/24

## NOTICE OF WORKSHOPS

### Proposed Permanent Regulations LCB File R100-22, R149-22, R152-22, R157-22 and R158-22

**Date and Time of Meeting:** **May 23, 2024** **9:00 a.m.**

**Place of Meeting:**

**Nevada Department of Taxation**  
**4600 Kietzke Lane, Suite L235**  
**Reno, NV 89502**

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This meeting will also be available by zoom. Please use the link below to join the webinar:  
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312 626 6799 US (Chicago) or +1 360 209 5623 US or +1 386 347 5053 US or +1 507 473 4847  
US or +1 564 217 2000 US or +1 646 558 8656 US (New York) or +1 646 931 3860 US or +1  
689 278 1000 US or +1 301 715 8592 US (Washington DC) or +1 305 224 1968 US

Webinar ID: **881 7336 3195**

International numbers available: <https://us02web.zoom.us/j/88173363195>

The Department of Taxation will hold workshops to solicit comments from interested parties on the following proposed permanent regulations:

**LCB File No. R-100-22**, revises provisions governing certain credits which a wholesale dealer of tobacco products, other than cigarettes, may claim against the tax imposed on such tobacco products; eliminates the requirement that a wholesale dealer of tobacco products, other than cigarettes, include on invoices certain information regarding the tax required to be paid on such tobacco products; and provides other matters properly relating thereto.

Existing law imposes a tax upon the receipt, purchase, or sale in this State of tobacco products, other than cigarettes, at a rate of 30 percent of the wholesale price of such other tobacco products. (NRS 370.0318, 370.450) Before Senate Bill No. 81 of the 80th Session of the Nevada Legislature (SB81) became effective on January 1, 2020, a wholesale dealer of other tobacco products was required to pay the tax to the Department of Taxation not later than 20 days after the end of the month in which the wholesale dealer sold or distributed the other tobacco products. (Sections 73.3, 73.7 and 84 of Senate Bill No. 81, chapter 118, Statutes of Nevada 2019, at pages 636-37, 643) SB81 revised the manner in which a wholesale dealer pays the tax on other tobacco products by requiring that the tax be paid to the Department not later than 20 days after the end of the month in which: (1) such tobacco products are first possessed or received by a wholesale dealer who maintains a place of business in this State for sale or disposition in this State; (2) such tobacco products are sold by a wholesale dealer who does not maintain a place of business in this State to a retail dealer or ultimate consumer in this State; or (3) for other tobacco products manufactured, produced, fabricated, assembled, processed, labeled or finished in this State, such tobacco products are sold in this State to a wholesale dealer of other tobacco products, a retail dealer or an ultimate consumer. (NRS 370.450, 370.465)

Existing law authorizes a wholesale dealer of other tobacco products to claim a tax credit in an amount equal to the tax paid to the Department by the wholesale dealer for other tobacco products which: (1) may no longer be sold; or (2) are shipped outside this State for retail sale and consumption outside this State. (NRS 370.490) Existing regulations provide that the Department will allow this tax credit only to the wholesale dealer who originally reported and paid the tax to the Department. If another wholesale dealer who would otherwise be entitled to claim the credit furnishes certain substantiating evidence to the wholesale dealer who originally reported and paid the tax, the wholesale dealer who did not originally report and pay the tax is authorized to obtain payment of an amount equal to the credit from the wholesale dealer who originally reported and paid the tax. (NAC 370.165) Section 1 of this regulation removes the specific regulatory authority for a wholesale dealer who did not originally report and pay the tax to obtain payment of an amount equal to the credit from the wholesale dealer who originally reported and paid the tax.

Existing law requires: (1) a wholesale dealer of other tobacco products to obtain an itemized invoice from each manufacturer or other wholesale dealer from whom other tobacco products are purchased or otherwise acquired; and (2) a retail dealer of other tobacco products to obtain from each wholesale dealer of other tobacco products a separate, itemized invoice of each purchase of other tobacco products from the wholesale dealer. (NRS 370.470) Section 2 of this regulation eliminates the requirement of existing regulations that a wholesale dealer of other tobacco products include in such invoices as part of the total price of such products the amount of the tax required to be paid by the wholesale dealer. (NAC 370.150)

**LCB File No. R149-22**, revises provisions relating to filing a claim for refund; and provides other matters properly relating thereto.

NAC 360.480(2) provides that a claim for a refund of interest or a penalty that was paid by the Taxpayer related to a tax administered by the Department must be filed within 3 years after the date of payment of the interest or penalty. However, there is no guidance in the tax statutes for when a claim must be filed if the Taxpayer has paid the tax but not the penalty and interest.

To address this situation, the title of NAC 360.480 should be updated as well as make changes to the NAC for further clarification. In addition, the Regulation adds guidance for crediting out of statute money to unclaimed property.

**LCB File No. R152-22**, revises provisions relating to the voluntary disclosure of a taxpayer's failure to file a tax return with the Department of Taxation; authorizes the Executive Director of the Department or a person designated by the Executive Director to extend the time for completion of an application for voluntary disclosure; transfers from the Nevada Tax Commission to the Department the responsibility of determining the sufficiency of such an application and the amount of any tax, penalty or interest owed by the taxpayer; and provides other matters properly relating thereto.

Existing regulations provide that a taxpayer who fails to file a tax return with the Department of Taxation pursuant to various provisions of statute, and who wishes to voluntarily disclose that fact to the Nevada Tax Commission, must file with the Department an application for voluntary disclosure. Any such application must be filed before the Department has initiated an audit or investigation of the taxpayer. (NAC 360.440) **Section 1** of this regulation provides for the "completion" of an application for disclosure through the filing of any required registration and delinquent tax returns for the period being disclosed, the payment of the tax estimated to be owed for that period and the submission of any additional information or material required by the Department. Under specified circumstances, **section 1** also authorizes the Executive Director of the Department or a person designated by the Executive Director to grant an extension of time for the completion of an application. **Section 2** of this regulation makes conforming changes and transfers, from the Commission to the Department, the responsibility for determining whether the tax liability of a taxpayer has been voluntarily disclosed.

Under existing regulations, if the Commission determines that a taxpayer has made a good faith effort to comply with the requirements for voluntary disclosure, the Department is prohibited from assessing the penalty and interest otherwise prescribed by statute on the entire amount of the taxpayer's tax liability. If the Commission determines that the taxpayer's tax liability has not been voluntarily disclosed, the Department is required to assess the prescribed penalty and interest on the entire amount of that liability. A taxpayer who wishes to dispute the assessed penalty or interest must file a petition with the Executive Director for consideration and action by the Commission. (NAC 360.446) **Section 3** of this regulation transfers the various administrative duties imposed by existing regulations from the Commission and the Executive Director to the Department. **Section 3** further clarifies that any action taken by the Department under its authority does not affect the right of a taxpayer to request a waiver or reduction of a penalty or interest, or both, pursuant to regulatory provisions that authorize the Department to grant such a waiver or reduction in extenuating circumstances.

**LCB File No. R157-22**, revises provisions governing the scheduling of an audit; revises provisions governing the calculation of delinquent taxes due if a taxpayer fails to provide necessary records to an auditor; and provides other matters properly relating thereto.

Existing law requires the Department of Taxation to notify a taxpayer who is the subject of an audit by the Department. (NRS 360.232) Existing regulations require an auditor to attempt to contact a taxpayer who is the subject of an audit first by telephone to schedule an appointment for conducting the audit. (NAC 360.700) **Section 1** of this regulation removes the requirement that an auditor attempt to contact a taxpayer who is the subject of the audit by telephone and, instead, requires the auditor to attempt to contact the taxpayer by one of the preferred methods of contact for the taxpayer that is on file with the Department.

Existing regulations authorize an auditor to determine an amount of delinquent taxes due from records provided by a taxpayer in the event the taxpayer fails to provide all of the records necessary to complete an audit by the estimated completion date or revised estimated completion date of the audit. (NAC 360.700) **Section 1** of this regulation authorizes an auditor to determine or estimate an amount of delinquent taxes due from the records provided.

**LCB File No. R158-22**, revises provisions relating to the waiver or reduction of a penalty or interest, or both, for the late payment of certain taxes and fees; and provides other matters properly relating thereto.

If a taxpayer fails timely to pay certain taxes and fees, existing law provides for the imposition of a penalty and interest, but also authorizes or requires the Department of Taxation to waive all or part of the penalty or interest, or both, in certain circumstances. (NRS 360.294, 360.417, 360.419). Under existing regulations, the Department is required to waive or reduce a penalty or interest, or both, for a late payment if the total penalty and interest for the late payment is \$15 or less. (NAC 360.396) This regulation clarifies that this amount is to be computed as of the date the payment is made.

Existing regulations also authorize the Department to waive or reduce a penalty or interest, or both, for a late payment if the delinquency is determined to have been caused by circumstances beyond the control of the taxpayer or the taxpayer's agent. (NAC 360.396) This regulation: (1) expands the scope of these provisions to include any penalty or interest resulting from the late filing of a return; (2) limits the applicability of any waiver or reduction to any reporting period for which a payment is required to have been made or a return is required to have been filed; and (3) clarifies that the Department's consideration of the taxpayer's history of compliance and timely payment may include history of previous waivers, delinquencies, late payments or other missed payments within the statute of limitations.

A copy of the regulations referenced above can be found on the Department's website at [https://tax.nv.gov/Boards/Public\\_Meetings/](https://tax.nv.gov/Boards/Public_Meetings/) and at the Nevada Legislature's website at <https://www.leg.state.nv.us/App/Notice/A/>.

All interested parties will have the opportunity to present their ideas. Please submit all suggestions in writing at least one week prior to the Workshop so the suggestions can be disseminated at the meeting. Written comments may be accepted at any time. Please email any comments to Sarah Glazner at [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us) so they may be posted to the Departments website. All public input will be considered in preparing a proposed regulation to be presented to the Nevada Tax Commission for adoption.

In compliance with the Americans with Disabilities Act, individuals requiring special accommodations to participate in this workshop should notify Tina Padovano at 775-684-2096 or [tpadovano@tax.state.nv.us](mailto:tpadovano@tax.state.nv.us)

at least 3 days before the workshop. In order to comply with the security procedures of the Department, you will be required to show identification and sign a visitor's log prior to entering the meeting room.

If you need an accommodation in order to communicate during the workshop, the Department will provide one at no cost to you. Arrangements for an interpreter should be made as soon as possible, but no later than 14 days before the scheduled meeting. Please contact Tina Padovano at 775-684-2096 at least 14 days in advance to request an interpreter in your preferred language. You may also submit your request to [tpadovano@tax.state.nv.us](mailto:tpadovano@tax.state.nv.us).

Si necesita una ayuda para comunicarse durante la audiencia, el Departamento se lo proporcionará sin costo alguno. Los trámites para conseguir un intérprete deben hacerse lo antes posible, pero a más tardar 14 días antes de la cita programada. Por favor, póngase en contacto con Tina Padovano al 775-684-2096 con al menos 14 días de anticipación para solicitar un intérprete en su idioma de preferencia. También puede solicitarlo a través de [tpadovano@tax.state.nv.us](mailto:tpadovano@tax.state.nv.us).

**Notice has been posted at the following location:** The Department of Taxation – 3850 Arrowhead Drive, Carson City.

**Notice has been EMAILED/MAILED for posting at the following locations:** Department of Taxation - 4600 Kietzke Lane, Building L, Ste 235, Reno; Department of Taxation - 700 E. Warm Springs Rd, Ste 200, Las Vegas; The Legislative Building - Capitol Complex, Carson City; The Nevada State Library -100 Stewart Street, Carson City; Interested Parties Group, and the Mailing List maintained by the Department. Notice of this meeting was posted on the Department of Taxation website at <https://tax.nv.gov/>, on the Legislative website at <https://www.leg.state.nv.us/>, and the Nevada Public Notice Website at <https://notice.nv.gov/>.

If you have any questions, please feel free to call Sarah Glazner at 775-684-2059.

**Nevada Tax Commission**  
**Proposed Regulations**  
**R100-22, R149-22, R152-22, R157-22 and R158-22**  
**Regulatory Workshops**

**Agenda**

Conducted by:

NEVADA DEPARTMENT OF TAXATION

*Date and Time of Meeting:* *March 23, 2024* *9:00 a.m.*

**Place of Meeting:**

**Nevada Department of Taxation  
4600 Kietzke Lane, Suite L235  
Reno, NV 89502**

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3325 US or +1 312 626 6799 US (Chicago) or +1 360 209 5623 US or +1 386 347 5053  
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or +1 646 931 3860 US or +1 689 278 1000 US or +1 301 715 8592 US (Washington  
DC) or +1 305 224 1968 US

Webinar ID: **881 7336 3195**

International numbers available: <https://us02web.zoom.us/j/88173363195>

- I. **\*\*Public Comment** – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes. Please email any comments to Tina Padovano at [tpadovano@tax.state.nv.us](mailto:tpadovano@tax.state.nv.us) so they may be posted to the Departments website.

To provide public comment by telephone, please dial:

+1 669 444 9171 US or +1 669 900 9128 US (San Jose) or +1 719 359 4580 US +1 253 205 0468 US or + 1 253 215 8782 or +1 346 248 7799 US (Houston) or +1 309 205 3325 US or +1 312 626 6799 US (Chicago) or +1 360 209 5623 US or +1 386 347 5053 US or +1 507 473 4847 US or +1 564 217 2000 US or +1 646 558 8656 US (New York) or +1 646 931 3860 US or +1 689 278 1000 US or +1 301 715 8592 US (Washington DC) or +1 305 224 1968 US

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- II. Workshop to solicit comments from interested parties regarding the proposed permanent regulation of the Nevada Tax Commission, LCB File No. R100-22, which revises provisions governing certain credits which a wholesale dealer of tobacco products, other than cigarettes, may claim against the tax imposed on such tobacco products; eliminates the requirement that a wholesale dealer of tobacco products, other than cigarettes, include on invoices certain information regarding the tax required to be paid on such tobacco products; and provides other matters properly relating thereto.
- III. Workshop to solicit comments from interested parties regarding the proposed permanent regulation of the Nevada Tax Commission, LCB File No. R149-22, which revises provisions relating to filing a claim for refund; and provides other matters properly relating thereto.
- IV. Workshop to solicit comments from interested parties regarding the proposed permanent regulation of the Nevada Tax Commission, LCB File No. R152-22, which revises provisions relating to the voluntary disclosure of a taxpayer's failure to file a tax return with the Department of Taxation; authorizes the Executive Director of the Department or a person designated by the Executive Director to extend the time for completion of an application for voluntary disclosure; transfers from the Nevada Tax Commission to the Department the responsibility of determining the sufficiency of such an application and the amount of any tax, penalty or interest owed by the taxpayer; and provides other matters properly relating thereto.
- V. Workshop to solicit comments from interested parties regarding the proposed permanent regulation of the Nevada Tax Commission, LCB File No. R157-22, which revises provisions governing the scheduling of an audit; revises provisions governing the calculation of delinquent taxes due if a taxpayer fails to provide necessary records to an auditor; and provides other matters properly relating thereto.
- VI. Workshop to solicit comments from interested parties regarding the proposed permanent regulation of the Nevada Tax Commission, LCB File No. R158-22, which revises

provisions relating to the waiver or reduction of a penalty or interest, or both, for the late payment of certain taxes and fees; and provides other matters properly relating thereto.

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- VII. \*\*Public Comment – In consideration of others, who may also wish to provide public comment, please avoid repetition and limit your comments to no more than five (5) minutes.

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- VIII. Adjourn

**Note: Items on this agenda may be taken in a different order than listed.**  
**Items may be combined for consideration by the Department of Taxation.**  
**Items may be pulled or removed from the agenda at any time.**

\*\*This item is to receive public comment on any issue and any discussion of those issues, provided that comment will be limited to areas relevant to and within the authority of the Nevada Department of Taxation. No action will be taken on any items raised in the public comment period. Public Comment may not be limited based on viewpoint.

Please contact Sarah Glazner at 775-684-2059 or [sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us) for any support materials. The support materials will be available at <https://tax.nv.gov/> and made available during the meeting located at the Nevada Department of Taxation, 4600 Kietzke Lane, Ste L235, Reno.

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**SMALL BUSINESS IMPACT STATEMENT AS REQUIRED BY  
NRS 233B.0608 and NRS 233B.0609**

**LCB File No. R152-22**

**1. Background**

**LCB File No. R152-22**, revises provisions relating to the voluntary disclosure of a taxpayer's failure to file a tax return with the Department of Taxation; authorizes the Executive Director of the Department or a person designated by the Executive Director to extend the time for completion of an application for voluntary disclosure; transfers from the Nevada Tax Commission to the Department the responsibility of determining the sufficiency of such an application and the amount of any tax, penalty or interest owed by the taxpayer; and provides other matters properly relating thereto.

Existing regulations provide that a taxpayer who fails to file a tax return with the Department of Taxation pursuant to various provisions of statute, and who wishes to voluntarily disclose that fact to the Nevada Tax Commission, must file with the Department an application for voluntary disclosure. Any such application must be filed before the Department has initiated an audit or investigation of the taxpayer. (NAC 360.440) **Section 1** of this regulation provides for the "completion" of an application for disclosure through the filing of any required registration and delinquent tax returns for the period being disclosed, the payment of the tax estimated to be owed for that period and the submission of any additional information or material required by the Department. Under specified circumstances, **section 1** also authorizes the Executive Director of the Department or a person designated by the Executive Director to grant an extension of time for the completion of an application. **Section 2** of this regulation makes conforming changes and transfers, from the Commission to the Department, the responsibility for determining whether the tax liability of a taxpayer has been voluntarily disclosed.

Under existing regulations, if the Commission determines that a taxpayer has made a good faith effort to comply with the requirements for voluntary disclosure, the Department is prohibited from assessing the penalty and interest otherwise prescribed by statute on the entire amount of the taxpayer's tax liability. If the Commission determines that the taxpayer's tax liability has not been voluntarily disclosed, the Department is required to assess the prescribed penalty and interest on the entire amount of that liability. A taxpayer who wishes to dispute the assessed penalty or interest must file a petition with the Executive Director for consideration and action by the Commission. (NAC 360.446) **Section 3** of this regulation transfers the various administrative duties imposed by existing regulations from the Commission and the Executive Director to the Department. **Section 3** further clarifies that any action taken by the Department under its authority does not affect the right of a taxpayer to request a waiver or reduction of a penalty or interest, or both, pursuant to regulatory provisions that authorize the Department to grant such a waiver or reduction in extenuating circumstances.

**2. A description of the manner in which comment was solicited from affected small businesses, a summary of their responses, and an explanation of the manner in which other interested persons may obtain a copy of the summary.**

The Department of Taxation prepared and disseminated a questionnaire seeking information from small businesses regarding the possible impact of LCB File No R152-22. The proposed language and questionnaire were dispersed to the following:

- Emailed by the Department to 187 members of its interested parties list.
- Mailed to 10 Rural Businesses
- Emailed by the Nevada Taxpayers Association to its list of interested taxpayers.

The content responses are summarized below:

- One response was received for LCB Draft of Proposed Regulation – File No. R152-22 and had no impact.

Anyone interested in obtaining a copy of the completed small business impact questionnaire used for this summary, can contact:

Sarah Glazner  
Nevada Department of Taxation  
3850 Arrowhead Drive, 2<sup>nd</sup> Floor  
Carson City, NV 89706  
[sglazner@tax.state.nv.us](mailto:sglazner@tax.state.nv.us)  
Phone: (775) 684-2059  
Fax: (775) 684-2020

**3. The manner in which the analysis was conducted, including the methods used to determine the impacts of the proposed regulation on small businesses.**

One response was received for LCB Draft of Proposed Regulation R152-22 for the questionnaire regarding the impact of the regulation on small businesses. The questionnaire showed no impact. Accordingly, the Department analyzed the proposed language and used informed, reasonable judgment in determining that there will not be an impact on small businesses due to the nature of the regulatory changes.

**4. The estimated economic effect of the proposed regulation on small businesses which it is to regulate:**

**Direct and indirect adverse effects**

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect adverse economic effect on small businesses.

**Direct and indirect beneficial effects**

The Department finds that there is no reasonable, foreseeable or anticipated direct or indirect beneficial economic effect on small businesses.

- 5. A description of the methods that the agency considered to reduce the impact of the proposed regulation on small businesses and a statement regarding whether the agency actually used any of those methods.**

The proposed regulation presents no reasonable, foreseeable or anticipated adverse impact to small businesses; therefore, no efforts were required to reduce the impact on small businesses.

- 6. The estimated cost to the agency for enforcement of the proposed regulation.**

The proposed regulation presents no significant foreseeable or anticipated cost or decrease in costs for enforcement.

- 7. If the proposed regulation provides a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.**

The proposed permanent regulation does not include new fees or increase an existing fee.

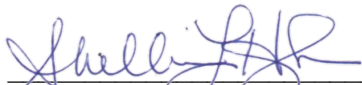
- 8. If the proposed regulation includes provisions which duplicate or are more stringent than federal, state or local standards regulating the same activity, an explanation of why such duplicative or more stringent provisions are necessary.**

The proposed regulation does not overlap or duplicate any regulation of other federal, state or local government entities.

- 9. The reasons for the conclusion of the agency regarding the impact of a regulation on small businesses.**

The Department has determined that there will be no adverse impacts to small businesses based on its analysis of the proposed regulations and lack of public comment.

**I hereby certify, to the best of my knowledge or belief, a concerted effort was made to determine the impact of the proposed regulation on small businesses and that this statement was properly prepared, and the information contained herein is accurate.**



\_\_\_\_\_  
**Shellie Hughes**, Executive Director

May 7, 2024

**REVISED PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB File No. R152-22**

April 23, 2024

EXPLANATION – Matter in *italics* is new; matter in brackets [~~omitted material~~] is material to be omitted.

AUTHORITY: §§ 1 and 2, NRS 360.090; § 3, NRS 360.090 and 360.300.

A REGULATION relating to taxation; revising provisions relating to the voluntary disclosure of a taxpayer's failure to file a tax return with the Department of Taxation; expanding the applicability of those provisions to include taxpayers subject to certain additional taxes and fees; transferring from the Nevada Tax Commission to the Department the responsibility for determining in the first instance whether the tax liability of a taxpayer has been voluntarily disclosed; revising the requirements to be met by a taxpayer or the taxpayer's representative before the Department may make a determination of voluntary disclosure; authorizing the Executive Director of the Department or a person designated by the Executive Director to extend the time for complying with those requirements; requiring a taxpayer whose tax liability has been determined not to have been voluntarily disclosed to file any additional returns and pay any tax, penalty or interest determined to be owed; and providing other matters properly relating thereto.

**Legislative Counsel's Digest:**

Existing regulations provide that a taxpayer who fails to file a tax return with the Department of Taxation as required by various provisions of law, and who wishes to voluntarily disclose that fact to the Nevada Tax Commission, must file with the Department an application for voluntary disclosure. Any such application must be filed before the Department has initiated an audit or investigation of the taxpayer. (NAC 360.440) **Section 1** of this regulation expands the applicability of those provisions to include, without limitation, taxpayers who are subject to the modified business tax, the tax imposed on the gross revenue of gold and silver mining businesses, the taxes imposed on transportation network companies and other passenger carriers and the taxes and fees imposed in connection with the operation of peer-to-peer car sharing programs. **Section 1** also sets forth the requirements that must be complied with by a taxpayer or the taxpayer's representative before the Department may consider the tax liability of the taxpayer to have been voluntarily disclosed, and provides that those requirements must generally be met within 90 days after notice is given by the Department of its acceptance of the taxpayer's application for voluntary disclosure. Under those provisions, the taxpayer or the taxpayer's representative must file any required registration and delinquent tax returns for the period being disclosed, pay the tax estimated to be owed for that period and submit any additional information or material required by the Department. Under specified circumstances, **section 1** also authorizes

the Executive Director of the Department or a person designated by the Executive Director to grant one extension of time for compliance with those requirements. **Sections 2 and 3** of this regulation make conforming changes and transfer, from the Commission to the Department, the responsibility for determining in the first instance whether the tax liability of a taxpayer has been voluntarily disclosed.

Under existing regulations, if the Commission determines that a taxpayer has made a good faith effort to comply with the requirements for voluntary disclosure, the Department is prohibited from assessing the penalty and interest otherwise prescribed by statute on the entire amount of the taxpayer's tax liability. If the Commission determines that the taxpayer's tax liability has not been voluntarily disclosed, the Department is required to assess the prescribed penalty and interest on the entire amount of that liability. A taxpayer who wishes to dispute the amount of the assessed penalty or interest must file a petition with the Executive Director for consideration and action by the Commission. (NAC 360.446) **Section 3** eliminates the "good faith effort" language from the existing provisions. If the Department determines that the taxpayer's tax liability has not been voluntarily disclosed, **section 3** requires the Department to notify the taxpayer of that determination and issue a bill for the amount of any tax, penalty or interest owed by the taxpayer. In such a case, **section 3** also: (1) requires the taxpayer to file any additional returns and pay any tax, penalty or interest determined to be owed; and (2) provides that the taxpayer may file a petition with the Department, for review by the Commission, disputing the Department's determination or the amount of any tax, penalty or interest assessed by the Department. **Section 3** further clarifies that any action taken by the Commission or Department under their authority does not affect the right of a taxpayer to request a waiver or reduction of a penalty or interest, or both, pursuant to regulatory provisions that authorize the Department to grant such a waiver or reduction in extenuating circumstances.

**Section 1.** NAC 360.440 is hereby amended to read as follows:

360.440 1. If a taxpayer fails to file a return as required by the applicable provisions of chapter 360, **360B**, 362, **363A**, **363B**, 363C, **363D**, 369, 370, 372, 372A, **372B**, 374, 377, 377A, **377C** or 444A of NRS, NRS 482.313, **482C.230**, **482C.240**, or chapter 585 or 680B of NRS, ~~[and he or she wishes to disclose that fact voluntarily to the Commission,]~~ the taxpayer or the taxpayer's representative ~~[must]~~ **may** file with the Department an application for voluntary disclosure ~~[on]~~ **in** a form prescribed by the ~~[Commission]~~ **Department** before the Department has initiated an audit or investigation of the taxpayer. ***An application is deemed to be filed with the Department on the date the application is received by the Department.***

2. ~~[The Commission will not accept an application filed pursuant to subsection 1 until the application has been approved and signed by the Director. The Director shall not approve and~~

~~sign the application until he or she has verified that the Department did not initiate an audit or investigation of the taxpayer before the date that the taxpayer filed an application with the Department pursuant to subsection 1. An application is deemed to be filed with the Department on the date the application is received by the Department.]~~ *If the Department verifies that it did not initiate an audit or investigation of the taxpayer before the date on which the application was filed, the Department shall accept the application and notify the taxpayer or the taxpayer's representative, as applicable, of the acceptance of the application within 30 days after the date on which the application was filed.*

3. ~~[After the Director has signed and approved the application, the Commission will provide the taxpayer with a copy of the approved application.~~

~~—4.]~~ For the purposes of ~~[subsection]~~ *subsections 1 and 2*, the Department has initiated an audit or investigation of a taxpayer if the Department has:

(a) Contacted the taxpayer by telephone, in person or in writing regarding a possible tax liability ~~;~~ *or registration requirement; or*

(b) Given the taxpayer written notice that an audit will be conducted by the Department concerning liability for the type of tax that the taxpayer wishes to disclose voluntarily pursuant to this section.

*4. Except as otherwise provided in subsection 5, the Department shall not consider the tax liability of a taxpayer as being voluntarily disclosed unless, within 90 days after the date on which notice of acceptance of the taxpayer's application is given pursuant to subsection 2, the taxpayer or the taxpayer's representative complies with the requirements of this subsection.*

*The taxpayer or the taxpayer's representative must:*

*(a) File with the Department any required registration and the delinquent tax returns for the tax estimated to be owed for the period being disclosed or, if the period being disclosed exceeds 8 years, for the 8 years immediately preceding the date on which the application was filed;*

*(b) Pay the tax estimated to be owed for the period being disclosed or, if the period being disclosed exceeds 8 years, for the 8 years immediately preceding the date on which the application was filed; and*

*(c) Submit any additional information or material required by the Department.*

*5. If a request for an extension of time to satisfy the requirements of subsection 4 is made in writing to the Department after the filing of an application and within 90 days after the date on which notice of acceptance of the application is given pursuant to subsection 2, the Director or a person designated by the Director may grant a taxpayer or the taxpayer's representative one extension of time, not to exceed 90 days, to satisfy those requirements. The request must be accompanied by proof satisfactory to the Director or his or her designee that the requirements cannot be satisfied within the time otherwise required by subsection 4 despite the exercise of ordinary care by the taxpayer or the taxpayer's representative and because of circumstances beyond the control of the taxpayer or the taxpayer's representative.*

*6. The circumstances described in subsection 5 include, without limitation:*

*(a) A natural disaster or other disaster;*

*(b) The death or hospitalization of the taxpayer or the taxpayer's representative; or*

*(c) Any other circumstance that could not reasonably have been anticipated at the time the application was filed.*

**Sec. 2.** NAC 360.444 is hereby amended to read as follows:



360.444 The ~~[Commission will]~~ *Department shall* not consider the tax liability of a taxpayer as being voluntarily disclosed if, after filing an application for voluntary disclosure pursuant to NAC 360.440, the taxpayer ~~[ ]~~ *or the taxpayer's representative:*

1. ~~[Within 90 days after the taxpayer has received a copy of the approved application, fails to file with the Department the delinquent tax returns for the tax owed for the period being disclosed or, if the period being disclosed exceeds 8 years, for the 8 years immediately preceding the date the application was filed pursuant to NAC 360.440;~~

~~—2.— Within 90 days after the taxpayer has received a copy of the approved application, fails to pay any tax owed for the period described in subsection 1;~~

~~—3.]~~ *Fails to satisfy the requirements of subsection 4 of NAC 360.440 within the time provided by that subsection or extended pursuant to subsection 5 of NAC 360.440;*

2. Fails to ~~[make a good faith effort to]~~ comply with the applicable provisions of chapter 360, *360B*, 362, *363A, 363B*, 363C, *363D*, 369, 370, 372, 372A, *372B*, 374, 377, 377A, *377C* or 444A of NRS, NRS 482.313, *482C.230, 482C.240*, or chapter 585 or 680B of NRS, including, without limitation, registering with the Department, filing tax returns, paying any tax liability and remitting any taxes collected; or

~~[4.]~~ 3. Fails to provide an accurate estimate of his or her tax liability in the application for voluntary disclosure filed pursuant to NAC 360.440. The taxpayer shall be deemed to have provided an inaccurate estimate of his or her tax liability if:

(a) The tax liability provided in the application for voluntary disclosure is less than the taxpayer's actual tax liability by 10 percent or more; and

(b) The taxpayer is unable to demonstrate to the Department that he or she made a good faith effort to report accurately his or her tax liability in the application for voluntary disclosure.

**Sec. 3.** NAC 360.446 is hereby amended to read as follows:

360.446 1. If the ~~[Commission]~~ *Department* determines that the taxpayer has ~~[made a good faith effort in complying]~~ *complied* with the requirements set forth in NAC *360.440 and 360.444*, the Department shall not assess the penalty and interest set forth in NRS 360.300 on the entire amount of the tax liability.

2. If the ~~[Commission does not consider]~~ *Department determines that* the tax liability of a taxpayer ~~[to be]~~ *has not been* voluntarily disclosed pursuant to NAC *360.440 and 360.444*, the Department shall ~~[assess]~~ :

(a) *Assess* the penalty and interest set forth in NRS 360.300 on the entire amount of the tax liability ~~[.]~~ ; *and*

(b) *Notify the taxpayer of its determination and issue a bill for the amount of any tax, penalty or interest owed by the taxpayer. The notice and bill must be sent to the taxpayer by registered or certified mail, return receipt requested.*

3. ~~[A taxpayer who wishes to dispute the amount of any penalty or interest assessed by the Department pursuant to subsection 1 or 2 must]~~ *If the Department determines that the tax liability of a taxpayer has not been voluntarily disclosed and assesses a penalty or interest pursuant to NRS 360.300 and subsection 2, the taxpayer:*

(a) *Shall, within 60 days after receiving the notice and bill described in subsection 2, file any additional returns and pay the amount of any tax, penalty or interest that the Department has determined is owed by the taxpayer; and*

(b) *May, within 45 days after receiving the notice and bill described in subsection 2, file a written petition with the* ~~[Director within 45 days after the taxpayer receives a bill from the Department for that amount.]~~ *Department disputing its determination or the amount of any tax,*

*penalty or interest assessed by the Department.* The petition must set forth any information that supports the dispute.

4. The Commission will review any petition filed ~~[with the Director]~~ pursuant to subsection 3 and determine the amount of any tax, penalty or interest owed by the taxpayer. The Commission will notify the taxpayer of its decision by registered or certified mail, return receipt requested.

5. The taxpayer ~~[must]~~ *shall* file any additional returns and pay the amount of any tax, penalty or interest that the Commission determines is owed by the taxpayer pursuant to subsection 4 within 60 days after he or she receives the notification from the Commission pursuant to subsection 4.

*6. Any action taken with respect to a taxpayer by the Department or Commission pursuant to this section does not affect the right of the taxpayer to request a waiver or reduction of a penalty or interest, or both, pursuant to NAC 360.396.*