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September 16, 2024

Ms. Sarah Glazner
Management Analyst III
Department of Taxation
3850 Arrowhead Drive
Carson City, Nevada 89706



Re: LCB File No. R040-24

Dear Ms. Glazner,

A regulation adopted by the Nevada Tax Commission has been filed today with the Secretary of State pursuant to NRS 233B.067 or 233B.0675 as appropriate. As provided in NRS 233B.070, this regulation becomes effective upon filing, unless otherwise indicated.

Enclosed are two copies of the regulation bearing the stamp of the Secretary of State which indicates that it has been filed. One copy is for your records and the other is for delivery to the State Library and Archives Administrator pursuant to subsection 6 of NRS 233B.070.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Killian".

Asher A. Killian
Legislative Counsel

Kelsey M. DeLozier
Deputy Legislative Counsel

Jessica F. Dummer
Senior Principal Deputy Legislative Counsel

AAK/amh
Enclosure

SECRETARY OF STATE
FILING DATA

FILED.NV.SOS
2024 SEP 16 AM 8:55

**Form For Filing
Administrative Regulations**

Agency: Department of Taxation

Permanent Regulation
LCB File No. R040-24

FOR EMERGENCY
REGULATIONS ONLY

Effective date _____

Expiration date _____

Governor's signature

Classification: ADOPTED BY AGENCY

Brief description of action: The Nevada Tax Commission adopted LCB File No. **R040-24**, to repeal the regulation requiring a business entity whose Nevada gross revenue for a taxable year is less than \$4,000,000 to file a commerce tax return; and provide other matters properly relating thereto.

Authority citation other than 233B: NRS 360.090 and NRS 360.245

Notice date: July 15, 2024

Date of Adoption by Agency: August 14, 2024

Hearing date: August 14, 2024

**APPROVED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R040-24

Filed on September 16, 2024

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

AUTHORITY: § 1, NRS 360.090, 363C.100 and 363C.200.

A REGULATION relating to taxation; repealing regulations requiring a business entity whose Nevada gross revenue for a taxable year is less than \$4,000,000 to file a commerce tax return; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes an annual commerce tax upon each business entity whose Nevada gross revenue in a taxable year exceeds \$4,000,000. (NRS 363C.200) Before the passage of Senate Bill No. 497 of the 2019 Legislative Session (S.B. 497), a business entity whose Nevada gross revenue in a taxable year was \$4,000,000 or less, while not liable for the payment of commerce tax, was nonetheless required to file a commerce tax report with the Department of Taxation. S.B. 497 removed the requirement for a business entity whose Nevada gross revenue in a taxable year is \$4,000,000 or less to file a commerce tax report. (NRS 363C.200, as amended by section 1 of Senate Bill No. 497, chapter 329, Statutes of Nevada 2019, at page 2021) Existing regulations: (1) require each business entity engaging in a business in this State during a taxable year to file a commerce tax return regardless of whether the business entity is liable for payment of the commerce tax; and (2) limit the information which a business entity whose Nevada gross revenue for a taxable year is less than \$4,000,000 is required to provide on its commerce tax return. (NAC 363C.220) This regulation repeals these provisions to reflect that a business entity whose Nevada gross revenue for a taxable year is less than \$4,000,000 is not required to file a commerce tax return.

Section 1. NAC 363C.220 is hereby repealed.

TEXT OF REPEALED SECTION

363C.220 Requirement to file Nevada Commerce Tax Return; simplified reporting method for business entity with gross revenue less than \$4,000,000. (NRS 360.090, 363C.100, 363C.200)

1. Each business entity engaging in a business in this State during a taxable year must file a Nevada Commerce Tax Return for that taxable year pursuant to subsection 2 of NRS 363C.200, regardless of whether the business entity is liable for payment of the commerce tax pursuant to NRS 363C.300 to 363C.560, inclusive.

2. A business entity engaging in a business in this State whose Nevada gross revenue for a taxable year is less than \$4,000,000 shall provide on its Nevada Commerce Tax Return only the following information:

- (a) The taxable year;
- (b) The tax identification number issued to the business entity by the Department;
- (c) The NAICS code that corresponds to the business category in which the business entity is primarily engaged, as set forth in NRS 363C.310 to 363C.550, inclusive, or, if the NAICS code of the business entity does not correspond to a business category set forth in those sections, the NAICS code of the business entity;

(d) The legal name and address of the business entity; and

(e) The affirmation of the business entity or the business entity's authorized representative, signed under penalty of perjury, that the Nevada gross revenue of the business entity for the taxable year was less than \$4,000,000.

LEGISLATIVE REVIEW OF ADOPTED REGULATIONS - NRS 233B.066
Informational Statement
LCB File No. R040-24

1. A clear and concise explanation of the need for the adopted regulation.

Proposed permanent regulation (R040-24) repeals the regulation requiring a business entity whose Nevada gross revenue for a taxable year is less than \$4,000,000 to file a commerce tax return.

This Regulation is necessary to update the current regulatory provisions consistent with recent legislation (Senate Bill 497, 2019 Legislative Session), which otherwise eliminated the requirement for business entities with Nevada gross revenue for a taxable year under \$4,000,000 to file a commerce tax return because these entities are not liable for the tax. This Regulation repeals provisions that otherwise required such tax returns to be filed.

2. Description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

The Department of Taxation, as staff to the Nevada Tax Commission, solicited comment from the public by issuing a questionnaire to interested parties regarding any impact on small businesses and sending notice of workshops and hearings by electronic or regular mail as follows:

<u>Date of Notice</u>	<u>Workshop/ Hearing</u>	<u>Date of Workshop/Hearing</u>	<u>Number Notified</u>
6/20/24	Workshop	7/9/24	202
7/15/24	Adoption Hearing	8/14/24	203

The mailing list included the interested parties list maintained by the Department. Notices were also posted at the Nevada State Library; Legislative Counsel Bureau; and various Department of Taxation locations throughout the State. Comments were also solicited by direct email.

No public responses.

A copy of the recorded comments, the record of proceedings, and/or the Small Business Impact Statement may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

3. The number of persons (not including Department staff or Commission Members) who:

- (a) **Attended each hearing:**
- (b) **Testified at each hearing:**
- (c) **Submitted written comments:**

Workshop date: July 9, 2024

- (a) Number in attendance: 12
- (b) Number testifying: 0
- (c) Written statements submitted: 0

Adoption Hearing date: August 14, 2024

- (a) Number in attendance: 15
- (b) Number testifying: 0
- (c) Written statements submitted: 0

4. **For each person identified in paragraphs (b) and (c) of number 3 above, the following information if provided to the agency conducting the hearing:**

Testified at Adoption Hearing:

None

Provided written public comment for Adoption Hearing:

None

5. **A description of how comment was solicited from affected businesses, a summary of their response and an explanation of how other interested persons may obtain a copy of the summary.**

See response to #2 for description of how comments were solicited from affected businesses and an explanation of how interested persons may obtain a copy of the summary.

Summary of public responses: None

Summary of workshop discussion: None

Summary of Public Comment at Adoption Hearing: None

A copy of the written and recorded comments or the record of proceedings may be obtained by calling the Nevada Department of Taxation at (775) 684-2059 or by writing to the

Department of Taxation, 3850 Arrowhead Dr., 2nd Floor, Carson City, Nevada 89706, or by e-mailing the Department at sglazner@tax.state.nv.us.

- 6. If the regulation was adopted without changing any part of the proposed regulation, a summary of the reasons for adopting the regulation without change.**

The Nevada Tax Commission adopted the regulation without changing any part of the proposed regulation. There was no opposition, and the language accomplished the intent of the regulation.

- 7. The estimated economic effect of the regulation on the business which it is to regulate and on the public. This must include adverse, beneficial, immediate and long-term effects.**

- (a) Estimated economic effect on the businesses which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse or beneficial economic effects on businesses. The regulation eliminates a filing requirement on businesses which do not owe the Commerce Tax. This will alleviate an undue burden and associated costs for businesses in the short-term and long-term.

- (b) Estimated economic effect on the public which they are to regulate.**

The adopted permanent regulation presents no reasonably foreseeable or anticipated adverse or beneficial economic effects to the public. The regulation streamlines processes for taxpayers and the Department. This will not have any short-term or long-term effects on the public.

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

Enforcement of the adopted regulation presents no significant foreseeable or anticipated cost or decrease in costs.

- 9. A description of any regulations of other State or governmental agencies which the regulation overlaps or duplicates and a statement explaining why the duplication or overlap is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.**

The adopted permanent regulation does not overlap or duplicate any regulation of other state or local governmental entities.

- 10. If the regulation includes provisions that are more stringent than a federal regulation that regulates the same activity, a summary of such provisions.**

The Department is not aware of any similar federal regulations of the same activity in which the state regulations are more stringent.

11. If the 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 adopted permanent regulation does not include new fees or increase an existing fee.