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NEVADA TAX NOTES

The Official Newsletter of the Department of Taxation



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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 career page.



Upcoming Office Closures

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

Friday, October 25

Nevada Day (Observed)

Monday, November 11

Veteran's Day

Thursday, November 28

Thanksgiving Day

Friday, November 29

Family Day

Wednesday, December 25

Christmas Day

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

Taxation Going Cashless

The Department of Taxation is proud to announce a significant modernization initiative as it transitions to a cashless operation across all of its offices. This move, effective October 24, 2024, is part of the Department's commitment to enhancing efficiency, improving transaction tracking and aligning with best practices observed in other jurisdictions and agencies.

With the shift to a cashless system, the Department aims to streamline operations, reduce the risk of cash handling errors and increase security for both staff and taxpayers. This transition supports the Department's ongoing efforts to leverage technology and modernize services for the benefit of the community.

Key Benefits of the Cashless Transition:

- **Enhanced Tracking and Recording:** Digital transactions offer superior tracking capabilities, ensuring accurate and real-time recording of payments. This advancement reduces the potential for errors and improves financial oversight.
- **Increased Security:** Eliminating cash transactions minimizes the risk of theft and fraud. Digital payments are encrypted and processed through secure systems, safeguarding sensitive financial information.
- **Operational Efficiency:** A cashless system simplifies administrative tasks related to cash handling, such as counting, reconciliation and deposit preparation. This efficiency allows staff to focus more on providing excellent service to taxpayers.
- **Alignment with Best Practices:** Many jurisdictions and agencies have successfully implemented cashless operations, demonstrating its effectiveness in enhancing service delivery and operational integrity. The Department is proud to adopt this forward-thinking approach.

How This Affects Taxpayers:

Taxpayers will be required to use electronic payment methods for all transactions at Department of Taxation offices. Accepted payment methods include credit/debit card, check (personal, business or Cashiers) or Money Order. Detailed information on acceptable payment methods and instructions will be available on the Department's website and at all office locations. Online returns and payments are highly recommended.

Ask the Advisor: Tuesday, October 15

The Department is hosting Ask the Advisor classes 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, October 15, 2024, at 9:00am.

Please visit <https://nevadatax.as.me/AsktheAdvisor> to sign up to attend the class.

These classes will not be offered in November and December.

Nevada National Guard Sales Tax Holiday

The Nevada National Guard Sales Tax Holiday is coming October 25-27, 2024. Effective July 1, 2023, Senate Bill 50 revised the way certain members of the Nevada National Guard or a qualifying relative of such members claim the Nevada sales tax exemption. Instead of seeking the exemption by presenting a letter to the retailer, the qualifying member will seek a refund of the sales tax directly from the Department.

Retailers no longer have a role in the exemption and must charge sales tax like any other retail sale. Retailers should not request a copy of the Nevada National Guard exemption letter. Nevada National Guard members must contact their Administrative Personnel to apply for an exemption letter before the statutorily imposed deadline each year.

For more information, please visit our website FAQs: <https://tax.nv.gov/news-publications/>

Successor's Liability

Taxpayers should contact the Department if they intend to purchase or sell a business, to ensure the proper actions are taken for transfer of ownership. A contract entered where one party agrees to pay the tax liability due does not absolve the other party from the tax liabilities as the Department is not a party to the contract.

Buyers of existing businesses should understand they may have a tax liability as a successor. When a person buys a business, they may be liable for any tax or fees the business owes the Department. A buyer is required to withhold a sufficient portion of the purchase price to cover the seller's liability of any tax or fee owed. If the buyer does not withhold any tax liability, the buyer will become liable for the payment of the taxes up to the extent of the consideration paid for the business or any stock of goods.

For this reason, it is very important that the buyer of the business obtain a "Certificate of Amount Due" from the Department of Taxation before the proceeds of the sale are released. To request the certificate, the seller must submit the properly completed and notarized "Authorization for Release of Information to Purchaser Successors Liability" form to the Department. This form can be found on the Department's website <http://tax.nv.gov> by searching the form name.

If the buyer acquires the business through a business escrow service, the escrow officer may either obtain the necessary releases from the taxing authorities prior to closing escrow or withhold enough of the purchase price from the seller to pay any taxes that are due.

Service (or Maintenance) Contracts

Service (or maintenance) contracts may be subject to sales tax in certain circumstances. Generally, service contracts included in the total taxable selling price of tangible personal property are subject to sales or use tax. The tax treatment of service contracts that are sold separately depends on whether the contract is mandatory or optional for the sale to occur. The tax treatment of the parts and materials used to fulfill the contract will also be addressed in this article.

Mandatory service contracts sold separately in conjunction with the taxable sale of tangible personal property are subject to sales or use tax on the sales price. Mandatory includes contracts that are negotiated for a price at the time of sale or contracts that are required to be purchased to complete the sale.

Optional service contracts that are invoiced separately from the sale of tangible personal property are not subject to sales or use tax on the sales price of the contract.

The service contract provider may perform its own repairs to service a mandatory contract. Alternatively, the contract provider may hire a third-party repairer to perform the repairs. (Third-party repairers should refer to the Nevada Tax Notes 198 January 2024 for information related to performing repairs on behalf of the service contract provider.)

Parts and materials purchased by the contract provider to fulfill a mandatory service contract are not subject to sales or use tax, since the tax liability is deemed to be satisfied at the time the service contract is sold. Parts and materials purchased by the contract provider to fulfill an optional service contract are subject to sales or use tax on the parts and materials.

NRS 360B.480, NRS 372.025, NRS 372.105, NAC 372.390, NAC 372.400, NAC 372.460

Computer Software

Products that can be transferred electronically to a purchaser include computer software (pre-written and custom) and specified digital products. Specified digital products include digital audio works, digital audiovisual works, and digital books.

Products delivered or transferred electronically to a purchaser that are not delivered on a tangible storage device are not subject to sales or use tax.

NRS 360B.415, NRS 360B.420, NRS 360B.440, NRS 360B.483, NRS 360B.485

Tips to Taxpayers - My Nevada Tax

The Department of Taxation's My Nevada Tax will replace the Nevada Tax Center as part of a multi-year, multi-phase project. My Nevada Tax is a user-friendly and state-of-the-art online system that will make filing your Nevada taxes simpler and more efficient, while offering additional self-service options 24 hours a day, 7 days a week.

Each year, additional tax types will be transitioned out of the Nevada Tax Center and into My Nevada Tax, including tax types that will offer online services for the first time. Tax types included in the first phase are listed below.

Coming December 2024!

- Sales & Use
- Consumer Use
- Cigarette & Other Tobacco Products (OTP)
- Liquor Tax
- Live Entertainment (LET)
- Real Property Transfer (RPTT)

New with My Nevada Tax

If you are a taxpayer needing access to your tax accounts or you are a paid preparer needing access to multiple clients' tax accounts, you only need one username and one password. Users will complete a set of authentication steps to gain access to My Nevada Tax. Instructions will be available for users before we go live.

Additional new and enhanced features available with My Nevada Tax:

- Mobile-device friendly
- View and print Department of Taxation correspondence
- Secure mailbox (web messages)
- Advanced filing reminders
- Submit and review amended returns

What do I need to do now?

For most taxpayers, continue to monitor Department of Taxation communications for additional information prior to My Nevada Tax's launch. If you are a current Nevada Tax Center user and you receive a pop-up requesting a federal ID for your account, please submit that ID, which will enable you to sign up for My Nevada Tax on day one.

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.