



# Nevada Tax Notes

The Official Newsletter of the Department of Taxation

Issue No. 186 October 2014

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Visit Our Website at  
<http://tax.nv.gov/>

## Office Closures

Veterans Day – November 11<sup>th</sup>  
Thanksgiving Day November 27<sup>th</sup>  
Family Day November 28<sup>th</sup>  
Christmas Day December 25<sup>th</sup>  
New Year's Day January 1<sup>st</sup>  
MLK Day January 19<sup>th</sup>

Call Center  
(866) 962-3707

## Hours of Operations

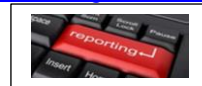
Monday through Friday  
8:00 AM to 5:00 PM  
Pacific Time

## Industry Spotlight:

### WEBSITE ENHANCED TO ACCEPT REPORTING OF TAX EVASION

The Department announces a new enhancement to our website (also launched mid-July) which gives citizens of Nevada a way to report suspected tax evasion and non-compliance issues. Taxes are a major source of revenue for many cities and counties, which depend on revenues for police and fire services, schools, roads, health care and more. Sellers who do not remit taxes are taking the tax money you paid— and reducing funding for essential services.

They place an additional burden on the shoulders of those taxpayers who do meet their tax obligations. To protect our businesses and citizens; report non-compliant businesses and individuals by downloading and completing the form titled 'Tax Evasion Tip' found under the Online Services tab at <http://archive.tax.nv.gov/search/> Automatically submit or email the Tax Tip form with any supporting documentation to [investigations@tax.state.nv.us](mailto:investigations@tax.state.nv.us)



### ALCOHOL AWARENESS TRAINING REQUIRED IN NEVADA COUNTIES

NRS 369.630 requires owners or operators of liquor establishments to make sure employees who sell or serve alcohol, alcoholic beverages, or act as a security guard at such establishments, complete a State Certified Alcohol Beverage Awareness program and hold a valid alcohol education card. NRS 369.630 provides that a violation of the requirements of this section is a civil infraction, and that when an owner or operator of an establishment is found in violation a notice of infraction must be

issued. This statute provides that any peace officer as well as any person who is authorized by the Department may issue the notice of infraction. These provisions apply to establishments in counties whose population is 100,000 or more (Clark and Washoe Counties). An establishment is defined as a business that sells alcoholic beverages by the drink for consumption on the premises and business that sell alcoholic beverages in corked or sealed containers or receptacles for consumption off the premises. These provisions do

#### MAIN OFFICE

Carson City  
1550 College Parkway  
Carson City, Nevada 89706  
Phone: (775) 684-2000  
Fax: (775) 684-2020

#### LAS VEGAS DISTRICT OFFICE

Grant Sawyer Office Building  
555 E. Washington Avenue, Suite 1300  
Las Vegas, Nevada 89101  
Phone: (702) 486-2300  
Fax: (702) 486-2373

#### HENDERSON FIELD OFFICE

2550 Paseo Verde Parkway,  
Suite 180  
Henderson, Nevada 89074  
Phone: (702) 486-2300  
Fax: (702) 486-3377

#### RENO DISTRICT OFFICE

Kietzke Plaza  
4600 Kietzke Lane Building L, Suite 235  
Reno, Nevada 89502  
Phone: (775) 687-9999  
Fax: (775) 688-1303

Follow us on Twitter

The Department of Taxation utilizes social media to increase communication and outreach to the Public.

Please follow us at @NVTaxDept for up to date information and reminders.

## Taxation Call Center Hours

The Nevada Department of Taxation announces new operating hours for the Call Center to better address the thousands of calls we receive each month. The Call Center hours are now 8:00 am to 5:00 pm Pacific Time and will no longer be closed during the lunch hour. The mission of the Call Center is to help Taxpayers resolve issues with their accounts, give information on registering, and answer general tax questions. If you have questions regarding Sales Tax, Use Tax, Modified Business Tax, general tax questions or need information on an established account, please contact the Call Center at our toll-free number, **1-866-962-3707**. Please be sure the person calling on the account is authorized to receive information on your account.



## ALCOHOL AWARENESS TRAINING REQUIRED IN NEVADA COUNTIES (cont)

not apply to a Nevada Licensed Wholesale Dealer, or a private club, or other facility which is not open to the public. An establishment who violates provisions pertaining to Alcohol Awareness Training is subject to a fine ranging from \$500.00 to \$5000.00.

A list of approved Alcohol Awareness Training Schools can be found on the Commission on Postsecondary Education's website, the link can also be found on our website at:

<http://www.cpe.state.nv.us/Alcohol%20Awareness%20Trainer%20List.doc>

## ADOPTED REGULATION OF THE NEVADA TAX COMMISSION

**LCB File No. R073-13  
Effective June 23, 2014**

**AUTHORITY: §§1-11, NRS 360.090, 372A.050 and 372A.075.**

Section 1. Chapter 372A of NAC is hereby amended by adding thereto the provisions set forth as sections 2 to 10, inclusive, of this regulation.

Section 2. As used in sections 2 to 10, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 to 6, inclusive, of this regulation have the meanings ascribed to them in those sections.

Section 3. Excise tax on medical marijuana" means any of the excise taxes imposed by section 24.4 of Senate Bill No. 374, chapter 547, Statutes of Nevada 2013, at page 3726 (NRS372A.075).

Section 4. "Medical marijuana" means marijuana, edible marijuana products and marijuana-infused products sold for a medical use as authorized by chapter 453A of NRS.

Section 5. "Seller" means a taxpayer who makes any sale of medical marijuana.

Section 6. "Taxpayer" means a:

1. Cultivation facility;
2. Facility for the production of edible marijuana products or marijuana-infused products;
- or
3. Medical marijuana dispensary.

Section 7. 1. For the purposes of section 24.4 of Senate Bill No. 374, chapter 547, Statutes of Nevada 2013, at page 3726 (NRS 372A.075), the Nevada Tax Commission will interpret the term "sales price" to mean the total amount for which medical marijuana is sold, valued in money, whether received in money or otherwise, without any deduction for:

- (a) The cost to the seller for the medical marijuana sold;
- (b) The cost of materials used, the cost of labor or services, interest, losses, costs of transportation to the seller or any other expenses of the seller;
- (c) Any amount for which credit is given to the purchaser by the seller;
- (d) Any charges by the seller for any services necessary to complete the sale; or
- (e) Except as otherwise provided in this subsection, any tax imposed upon the seller

## Notification of Automated Program to Assess Deficiency

When a registered taxpayer does not file a return, the Department of Taxation has the authority to determine the amount of unreported taxes due pursuant to NRS 360.300 through 360.400.

Beginning on October 8, 2014, the Department implemented a new program to notify and assess a taxpayer who has not filed sales or use tax returns for any period within the statutory period. The assessment is based on the taxpayer's historic reporting and includes, interest, and a failure to file penalty, calculated at 10% of the tax due. (Internally, we refer to this program as a "Best Information Available" or the "BIA" program). The assessment letter will have the terms "INITIAL BILL Delinquent Tax Assessment."

Should a taxpayer receive an INITIAL BILL Delinquent Tax Assessment, it has 45 days to take action. The taxpayer has the following options in dealing with the assessment billing.

1. The taxpayer should file the missing tax return(s) with payment based on its returns. If the taxpayer chooses to file the return, regularly assessed penalties and interest will apply. These should be calculated and remitted with the tax payment.

2. Pay the amount calculated and billed by the Department. If the taxpayer chooses to pay the billed amount, it must pay the entire amount indicated on the INITIAL BILL – Delinquent Tax Assessment that the taxpayer receives.

3. If the taxpayer believes that the Delinquent Tax Assessment has been sent in error, it must call the Department at (866) 962-3707 to discuss the account.

Finally, if a taxpayer does not respond to the "INITIAL BILL – Delinquent Tax Assessment" within 45 days, an additional 10% failure to pay penalty will be assessed on the base tax amount and the taxpayer is deemed to waive the right to contest the amount.

## ADOPTED REGULATION OF THE NEVADA TAX COMMISSION (Cont)

or the seller's predecessors in the supply chain. The term does not include the amount of the seller's obligation for the excise tax on medical marijuana.

2. For the purposes of this section, the legal incidence of the excise tax on medical marijuana is deemed to be on the seller regardless of whether the seller passes the cost of the tax on to the purchaser.

Section 8. Each taxpayer shall, on or before the last day of the month immediately following each month for which the taxpayer is subject to the imposition of the excise tax on medical marijuana, file with the Department a return on a form prescribed by the Department and tax due for the month covered by the return. Each taxpayer shall file a return even if the taxpayer has no liability for the tax.

Section 9. Each taxpayer shall:

1. Keep such records as are necessary to determine the amount of the liability of the taxpayer for the excise tax on medical marijuana;
2. Preserve those records for not less than 4 years or until any proceedings pursuant to NRS 360.300 to 360.400, inclusive, are finally determined, whichever is longer; and
3. Make the records available for inspection by the Department upon demand at reasonable times during regular business hours.

Section 10. A taxpayer who believes that it has made an overpayment of the excise tax on medical marijuana may file with the Department a claim for a refund or credit of the amount of the alleged overpayment. The claim must be filed as prescribed by NRS 363B.150 for claims filed pursuant to chapter 363B of NRS. The Department shall process and administer the claim as prescribed by NRS 363B.140 to 363B.230, inclusive, for claims filed pursuant to chapter 363B of NRS.

Section 11. NAC 372A.020 is hereby amended to read as follows:

1. Each dealer in controlled substances who purchases revenue stamps from the Department pursuant to NRS 372A.090 shall affix the stamps to each package, packet or container of a controlled substance he or she sells.

2. This section does not apply to any sale that is subject to an excise tax imposed by section 24.4 of Senate Bill No. 374, chapter 547, Statutes of Nevada 2013, at page 3726 (NRS 372A.075).

## ADOPTED REGULATION OF THE NEVADA TAX COMMISSION

**LCB File No. R129-13  
Effective October 24, 2014**

**AUTHORITY: §1, NRS 360.090 and 372.725.**

Section 1. Chapter 372 of NAC is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsections 2 and 3, if a vehicle dealer who purchases and gives a resale certificate for a motor vehicle uses the motor vehicle or loans the motor vehicle to any person, the use or loan of the motor vehicle is taxable to the dealer and the measure of the tax is the purchase price of the motor vehicle by the dealer.

## ADOPTED REGULATION OF THE NEVADA TAX COMMISSION

LCB File No. R142-13  
Effective October 24, 2014

**AUTHORITY: §1, NRS 369.150  
and 369.485**

Section 1. Chapter 369 of NAC is hereby amended by adding thereto a new section to read as follows:

1. A retail liquor store may make payment to a wholesale dealer for liquor pursuant to NRS 369.485 by use of the electronic transfer of money if the wholesale dealer:

(a) Consents to the use of the electronic transfer of money for such payment; and

(b) Does not pay any costs incurred by the retail liquor store for use of the electronic transfer of money.

2. A retail liquor store shall not condition any purchase of liquor from a wholesale dealer upon the consent of the wholesale dealer to the use of the electronic transfer of money to make payment for the liquor.

3. As used in this section, "electronic transfer of money" means any transfer of money, other than a transaction initiated by a check, draft or other similar instrument, that is initiated through an electronic terminal, telephone, computer or magnetic tape for the purpose of ordering, instructing or authorizing a financial institution or person holding an account on behalf of another to debit or credit an account.

## ADOPTED REGULATION OF THE NEVADA TAX COMMISSION (Cont)

2. A use or loan described in subsection 1 is not taxable to the dealer if each use or loan of the motor vehicle by the dealer is:

(a) Exempt from taxation pursuant to NRS 372.327; or

(b) Made for the purpose of retention, demonstration or display of the motor vehicle while holding it for sale in the regular course of business.

3. The loan of a motor vehicle by a vehicle dealer will be presumed to be made for the purpose of retention, demonstration or display of the motor vehicle while holding it for sale in the regular course of business if:

(a) The motor vehicle is being operated with a special license plate issued by the Department of Motor Vehicles in accordance with NRS 482.320 and 482.330 and NAC 482.032 to 482.048, inclusive;

(b) The cumulative period of all the loans of the motor vehicle by the dealer is less than 180 days; and

(c) The vehicle dealer maintains, and provides to the Department upon request, a written record stating:

(1) The vehicle identification number and stock number of the motor vehicle;

(2) The number of the special license plate; and

(3) Each date on which the special license plate was displayed on the motor vehicle.

4. If the motor vehicle is sold following its taxable use or loan pursuant to this section to a purchaser who receives delivery of the motor vehicle in this State, the sales tax applies to the sales price of the motor vehicle to the purchaser without any deduction or credit for the use tax paid by the dealer pursuant to this section.

5. As used in this section:

(a) "Dealer" or "vehicle dealer" has the meaning ascribed to it in NRS 482.020.

(b) "Loan" means the gratuitous transfer of possession or control of a motor vehicle for a fixed or indeterminate term.

(c) "Motor vehicle" has the meaning ascribed to it in NRS 482.075.

## ADOPTED REGULATION OF THE NEVADA TAX COMMISSION

LCB File No. R134-13  
Effective October 24, 2014

**AUTHORITY: §1, NRS 360.759**

Section 1. Chapter 360 of NAC is hereby amended by adding thereto a new section to read as follows:

1. If the Office certifies the audit provided by a producer pursuant to paragraph (e) of subsection 3 of NRS 360.759 and determines that all other requirements for transferable tax credits have been met, at the same time that the Office notifies the producer that transferable tax credits will be issued, the Office shall notify the Department that the transferable tax credits will be issued. The notice must provide the name of the producer and the amount of transferable tax credits that will be issued.

## REQUESTING REFUND OF SALES TAX PAID TO VENDORS IN ERROR

If a taxpayer discovers it has paid Nevada sales tax to its vendor in error, the taxpayer must contact its vendor and request a refund of the taxes paid.

A taxpayer, registered with the Department of Taxation as a retailer, who discovers it has overcharged sales tax to its customer, and has already paid that tax to the Department must first refund the tax to its customer before they can receive a refund from the Department, the retailer may request a refund of the taxes from the Department through amended sales tax returns stating clearly the reason for the request, and providing proof that a refund or credit has been given to their customer who was overcharged. The person requesting the credit or refund must be the person who was legally obligated to remit the tax to the Department. No refund from the Department may be allowed unless a claim for it is filed with the Department within three (3) years after the last day of the month following the close of the period for which the overpayment was made.

## ADOPTED REGULATION OF THE NEVADA TAX COMMISSION (Cont)

2. Upon receipt of the irrevocable declaration filed by a producer pursuant to subsection 6 of NRS 360.759 to declare the amount of transferable tax credits that will be applied to each tax or fee set forth in subsection 1 of NRS 360.759, the Office shall forward to the Department a copy of the certificate of eligibility which:

(a) Identifies the amount of transferable tax credits to be applied to the taxes imposed by chapters 363A, 363B and 680B of NRS, segregated by the amount of credit to be applied to each of those taxes; and

b) Accounts for all of the credits which will be applied to those taxes.

3. Within 5 calendar days after receiving notice from a producer of the transfer of transferable tax credits pursuant to subsection 6 of NRS 360.759, the Office shall notify the Department of all transferable tax credits transferred, segregated by each credit applied to the taxes imposed by chapter 363A, 363B or 680B of NRS. The notification must include, without limitation:

(a) Contact information for the current holder of the transferable tax credits and each person to whom the transferable tax credits will be transferred;

(b) The current state of residence of the current holder of the transferable tax credits and each person to whom the transferable tax credits will be transferred;

(c) The dollar amount of the transfer; and

(d) The proposed date of the transfer.

4. A holder of the transferable tax credits, other than a producer, who intends to transfer any credit applied to the taxes imposed by chapter 363A, 363B or 680B of NRS must notify the Department of all such credits to be transferred, segregated by each credit applicable to the taxes set forth in chapters 363A, 363B and 680B of NRS. The notification must include, without limitation:

a) Contact information for the current holder of the transferable tax credits and each person to whom the transferable tax credits will be transferred;

(b) The current state of residence of the current holder of the transferable tax credits and each person to whom the transferable tax credits will be transferred;

(c) The dollar amount of the transfer; and

(d) The proposed date of the transfer.

5. A holder of transferable tax credits who is applying such a credit to an amount of taxes due pursuant to chapter 363A, 363B or 680B of NRS shall include with the applicable return a form provided by the Department that indicates the amount of credit applied to the taxes due for that return.

6. A return in which any transferable tax credits are applied to a tax due pursuant to chapter 363A, 363B or 680B of NRS must be mailed to the Department at the following address:

Film Tax Credit Return Processing  
Nevada Department of Taxation  
Carson City, NV 89706

7. The amount of credit claimed in a single tax return may not exceed the amount of tax due for that return.

8. As used in this section:

(a) "Certificate of eligibility" means a certificate of eligibility for transferable tax credits.

(b) "Office" means the Office of Economic Development.

(c) "Transferable tax credits" means transferable tax credits issued by the Office pursuant to NRS 360.759.

