

Nevada Commerce Tax Narrative



Prepared by Commerce Tax Division

Commerce Tax Highlights

- Annual tax on business entities engaged in business in Nevada
- Each business entity engaged in business in Nevada has to file a separate return NOT consolidated with others
- Tax on Nevada gross revenue that exceeds \$4,000,000
- Certain deductions from gross revenue are available
- Rate based on the Industry in which business entity is primarily engaged (NAICS code)
- Reporting period is July 1 through June 30
- Return due 45 days after the end of the taxable year (for TY15-16 on August 15, 2016)

Filing Requirements

Reporting Entity:

- Meets definition of business entity
- Engaged in business
- Has nexus with Nevada
- Not one of the exceptions

Business Entities

Business Entity means:

- ✓ Corporation: S-Corporation or C-Corporation
- ✓ Partnership
- ✓ Sole proprietorship
- ✓ Limited liability company
- ✓ Limited liability partnership
- ✓ Business trust
- ✓ Holding company

Business Entities

Business Entity means:

- ✓ Natural person engaged in business:
 - Files a Schedule C (Form 1040):
 - Sole proprietorship, or Single member LLC
 - Files a Schedule F (Form 1040)
 - Farming
 - Files a Schedule E (Form 1040, part I)
 - Rental Real Estate
 - Royalties
- ✓ Or any other person engaged in a business.

Engaging in Business and Business

- “Engaging in a business” - commencing, conducting or continuing a business, the exercise of corporate or franchise powers regarding a business, and the liquidation of a business which is or was engaging in business when the liquidator holds itself out to the public as conducting that business.
- “Business “- any activity engaged in with the object of gain, benefit, or advantage to any person or governmental entity.

Nexus: Engaged in Business Activities

Examples of business activities that create nexus:

- Selling real and personal property in Nevada
- Providing services in Nevada while physically present
- Maintaining place of business, facilities or phone in Nevada
- Having employees or representatives in Nevada
- Entering contracts to be performed in Nevada
- Entering Nevada for purchasing, placing or displaying advertising for benefit of another
- Delivering sold items into Nevada on own vehicles, etc.

For the full list of activities that create nexus see section 16 of the Regulations and the [nexus questionnaire](#) .

Exempt Entities

Not required to file commerce tax return:

- ✘ Natural person NOT engaged in business
- ✘ Governmental entity
- ✘ Non-Profit - IRC § 501 (c), NRS 82, or NRS 84
- ✘ Credit union
- ✘ Grantor trust
- ✘ Estate of a natural person

Exempt Entities

Not required to file commerce tax return:

- ✘ Passive Entity
- ✘ Certain REITs – Real Estate Investment Trusts
- ✘ REMIC – Real Estate Mortgage Investment Conduit
- ✘ Participant in an exhibition NOT required to obtain state business license (NRS 360.780)
- ✘ Entity, which only owns and manages intangible investments, such as stocks, bonds, patents, trademarks

Registration for Commerce Tax

- If your business is organized or incorporated in Nevada it will be registered for the commerce tax automatically based on the Nevada Secretary of State records.
- If your business is organized or incorporated in a state other than Nevada, review the [nexus questionnaire](#) and determine if you need to register for the commerce tax.

Registration for Commerce Tax

- Entities registered for the Commerce Tax will receive a “Welcome to Commerce Tax” letter
- The Welcome letter will contain your business entity **Tax ID number** that you will need for filing the commerce tax return and [Additional Information Form](#) for data verification purposes
- Fill in Additional Information Form and submit it to the Department via mail or e-mail
- Once the Department receives your form, the registration will be complete

Claiming Exemption Status

- If your entity is not a business entity, but it is organized or incorporated in Nevada and registered with NV Secretary of State, you will also receive The Welcome letter
- The Welcome letter will contain your **Tax ID number** and include a link to the [Exempt Status Entity Form](#)
- Fill in the Exempt Status Entity form and submit it to the Department via mail or e-mail
- The election is valid until changed, but the status should be monitored yearly
- If the status changes, the entity should file the commerce tax return for the year in which the status change occurred

Filing Commerce Tax Return

- Commerce Tax return can be filed electronically or mailed to the Department
 - To file electronically go to: <https://www.nevadatax.nv.gov/>
 - To mail the return:

Commerce Tax returns with
payment

NEVADA DEPARTMENT OF
TAXATION
ATTN COMMERCE TAX
REMITTANCE
PO BOX 51180
LOS ANGELES
CA 90051-5480

Commerce Tax returns with
no payment

NEVADA DEPARTMENT OF
TAXATION
ATTN COMMERCE TAX
NONREMITTANCE
PO BOX 51133
LOS ANGELES
CA 90051-5433

Filing Commerce Tax Return

- Commerce Tax return and instructions will be available at:
[http://tax.nv.gov/FAQs/Commerce Tax/](http://tax.nv.gov/FAQs/Commerce_Tax/)
- Commerce Tax return is due on or before 45th day after the end of taxable year
 - For 2016 the due date is August 15
- Waiver of interest and penalty for failure to file and pay first time by February 15, 2017 may be applied, if:
 - Occurred despite exercise of ordinary care and
 - Not intentional or due to willful neglect

Filing for a Short Tax Year

- If your business ceases to exist before the end of the taxable year, input the date the entity ceased to exist in the second box of line “For the taxable year... through” on the return
- The box “Final return” should also be checked

Nevada Department of Taxation		Form TXR-030.01					
Nevada Commerce Tax Return							
Business Entity NAICS code category	0 4 4	Tax ID No	1 0 2 3 4 5 6 7 8 9				
For the taxable year	07/01/2015	through	09/23/2015				
Business Entity legal name	FABULOUS BOATS, LLC						
Business entity address	1 CENTRAL STREET, LOVELOCK, NV 89419						
<input type="checkbox"/>	I declare that the Gross Revenue from engaging in business in Nevada of the above Business Entity did not exceed \$4,000,000 during the taxable year.						
IF THE BOX ABOVE IS CHECKED, SKIP LINES 1 THROUGH 35							
<input checked="" type="checkbox"/>	Final return	<input type="checkbox"/>	Amended return	<input type="checkbox"/>	Alternative situsing method	<input type="checkbox"/>	Estimates used
Gross Revenue from engaging in business in Nevada							

Under \$4M Threshold Filers

- If the gross revenue of your business entity from engaging in business in Nevada is less than \$4,000,000, a simplified reporting method is used
- On the commerce tax return form:
 - Complete business entity information section
 - Check “Gross revenue under \$4M” box
 - Attest to the accuracy of the return
 - Sign and date the return
- Do NOT complete lines 1 through 35 of the return

Under \$4M Threshold Filers

Nevada Department of Taxation Form TXR-030.01
Nevada Commerce Tax Return

Business Entity NAICS code category Tax ID No

For the taxable year through

Business Entity legal name

Business entity address

I declare that the Gross Revenue from engaging in business in Nevada of the above Business Entity did not exceed \$4,000,000 during the taxable year.

IF THE BOX ABOVE IS CHECKED, SKIP LINES 1 THROUGH 35

Final return Amended return Alternative situsing method Estimates used

Under penalty of perjury, I certify that I have examined this return and to the best of my knowledge and belief it is true, correct and complete.

Business entity authorized representative's signature:	<input type="text"/>	Phone number:	<input type="text" value="(775) 123-4567"/>
Name and title:	<input type="text" value="A. Walkerstein, Owner"/>	Date:	<input type="text" value="08/14/2016"/>

Over \$4M Threshold Filers

- Report Gross revenue sitused to Nevada , including FMV of property or services received and debt transferred or forgiven
 - A detailed list of revenue that is not to be included on the return can be found on page 2 of the Instructions to the return
 - For situsing rules refer to section 22 of SB 483 and the Proposed Regulations

Over \$4M Threshold Filers

- Deduct only amounts specifically stated in the Commerce Tax law:
 - Cost of goods sold or other expenses contributing to the production of gross income are not allowed
 - Deductions allowed to the extent the amounts of the deductions are included in Gross Revenue
- Department will provide free training sessions for Commerce Tax. If you are interested in hosting such training for your group, please send a request to Nadia Vasheko at vashekon@tax.state.nv.us

Selecting and Changing NAICS Code

➤ Each Business Entity:

Selects NAICS Code on first
Commerce Tax Return.

If multiple activities
Business - Category with
highest percentage of
Nevada Gross Revenue.

Change to different NAICS
Code after filing first
Commerce Tax Return:
written permission from
Department of Taxation

Selecting and Changing NAICS Code

North American Industry Classification System:

<http://www.census.gov/eos/www/naics/>

The screenshot shows a web browser window with the URL <http://www.census.gov/cgi-bin/sssd/naics/naicsrch>. The page features the United States Census Bureau logo and a navigation menu with links for Topics, Geography, Library, Data, Surveys/Programs, and Newsroom. Below the navigation menu, the breadcrumb trail reads: "You are here: [Census.gov](#) > [Business & Industry](#) > [NAICS](#) > NAICS Search/Tools". The main heading is "North American Industry Classification System". A horizontal menu contains buttons for "Main", "History", "Development Partners", "Federal Register Notices", "NAPCS", and "FAQs". The "NAICS Search:" section is highlighted with a red box and contains three search forms. The first form is for "2002 NAICS Key Word Search" and shows search results for "Vegetable starches manufacturing" with one record found, identified by the code "311221".

United States Census Bureau

Topics: Population, Economy | Geography: Maps, Products | Library: Infographics, Publications | Data: Tools, Developers | Surveys/Programs: Respond, Survey Data | Newsroom: News, Blogs

You are here: [Census.gov](#) > [Business & Industry](#) > [NAICS](#) > NAICS Search/Tools

North American Industry Classification System

Main | History | Development Partners | Federal Register Notices | NAPCS | FAQs

NAICS Search:

Enter keyword or 2-6 digit code

2012 NAICS Search

Enter keyword or 2-6 digit code

2007 NAICS Search

Enter keyword or 2-6 digit code

2002 NAICS Search

2002 NAICS Key Word Search

Search results for: Vegetable starches manufacturing
Number of records found: 1

[311221](#) Vegetable starches manufacturing

Tax Rate Based on NAICS Category Code

Industry	NAICS Category	Tax Rate %
Accommodation	721	0.200%
Administrative and Support Services	561	0.154%
Agriculture, Forestry, Fishing, and Hunting	11	0.063%
Air Transportation	481	0.058%
Arts, Entertainment, and Recreation	71	0.240%
Construction	23	0.083%
Educational Services	61	0.281%
Finance and Insurance	52	0.111%
Food Services and Drinking Places	722	0.194%
Management of Companies and Enterprises	55	0.137%
Manufacturing	31, 32, 33	0.091%
Mining, Quarrying, and Oil and Gas Extraction	21	0.051%
Other Business Services	81	0.142%

Tax Rate Based on NAICS Category Code

Industry	NAICS Category	Tax Rate %
Other Transportation	483, 485, 486, 487, 488, 491, 492	0.129%
Professional, Scientific, and Technical Services	54	0.181%
Publishing, Software, and Data Processing	511, 512, 515, 518	0.253%
Rail Transportation	482	0.331%
Real Estate Rental and Leasing	53	0.250%
Retail Trade	44 and 45	0.111%
Truck Transportation	484	0.202%
Telecommunications	517	0.136%
Unclassified		0.128%
Utilities	22	0.136%
Warehousing and Storage	493	0.128%
Waste Management and Remediation Services	562	0.261%
Wholesale Trade	42	0.101%

Use of Estimates

- Reliance on the previous federal tax return - waiver of interest and penalty request:
 - Timely filing
 - Full payment of commerce tax
 - Later amendment is required

Nevada Department of Taxation Form TXR-030.01
Nevada Commerce Tax Return

Business Entity NAICS code category Tax ID No

For the taxable year through

Business Entity legal name

Business entity address

I declare that the Gross Revenue from engaging in business in Nevada of the above Business Entity did not exceed \$4,000,000 during the taxable year.

IF THE BOX ABOVE IS CHECKED, SKIP LINES 1 THROUGH 35

Final return Amended return Alternative situsing method Estimates used

Gross Revenue from engaging in business in Nevada

Commerce Tax Credit against MBT

- Commerce tax credit for the members of an affiliated group (50% ownership)
- Application as a payroll provider to the Department
- Partial credit on paid amount
- MBT amended return within statutory period (NRS 363A.160 or NRS 363B.150)
- 50% of the Commerce Tax paid
- Commerce Tax Credit will reduce amount owed for MBT
- Non-refundable
- Carry-forward for 4 calendar quarters; any remaining credit expires

Commerce Tax Resources

Research
Department's
website

<http://tax.nv.gov/>

Ask Commerce Tax
team

comtax@tax.state.nv.us

Request advisory
opinion

fax: (775) 684-2020

NRS search

<http://search.leg.state.nv.us/NRS/NRS.html>