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CKR Financial Services

monthly journal

HELPING OUR CLIENTS RISE ABOVE THE COMPETITION

The forest is full of predators, not to mention witches and flying monkeys! When paperwork appears on your doorstep accusing you of not filing one tax form or another, you feel like a haunted forest is closing in on you with threats of financial penalties and seizures. Let's try to demystify some of these taxes.



Understanding Nevada Taxes

Nevada Sales & Use Tax

What: The Nevada Sales & Use Tax is a tax imposed on the sale, transfer, barter, exchange, license, lease, rental, use, or other consumption of tangible personal property in the state. It applies to both retail and wholesale sales, as well as leases and rentals of tangible personal property. The tax rate varies depending on the location within the state and the type of goods or services being sold.

Who has to pay the NV Sales & Use Tax? All businesses engaged in selling tangible personal property in Nevada are required to collect and remit the Sales & Use Tax to the Nevada Department of Taxation. This includes retailers, wholesalers, manufacturers, and service providers who sell taxable goods or services within the state.

When is the NV Sales & Use Tax due? The NV Sales & Use Tax is due on a regular basis, typically monthly, quarterly, or annually, depending on the volume of sales made by the business. The specific due dates are determined by the Nevada Department of Taxation and it's important for businesses to file and pay the tax on time to avoid penalties.

Penalties for non-filing or late filing of the NV Sales & Use Tax: Failure to file or pay on time can result in penalties such as interest charges, additional fees, and even legal action in extreme cases.

Nevada Consumer Use Tax

What: The Nevada Consumer Use Tax is a tax imposed on tangible personal property purchased for use, storage, or consumption in the state of Nevada when sales tax was not collected at the time of purchase. Essentially, it is a way to ensure that consumers who buy goods from out-of-state retailers or online vendors pay a similar tax as they would if they had made the purchase within the state.

Who has to pay the NV Consumer Use Tax? Businesses and individuals who purchase taxable items for use in Nevada without paying sales tax at the time of purchase are required to pay the Consumer Use Tax. This includes online purchases, catalog sales, and items purchased out of state.

When is the NV Consumer Use Tax due? The NV Consumer Use Tax is due on the last day of the month following the end of the quarter in which the purchases were made. For example, if you made purchases in the first quarter (January to March), the tax would be due by the last day of April.

Penalties for not filing or filing late: Failure to file or late filing of the NV Consumer Use Tax can result in penalties. The penalties include fines, interest on the unpaid tax amount, and potential legal action by the Nevada Department of Taxation.

Nevada Commerce Tax

What: The Nevada Commerce Tax is a tax imposed on businesses operating in the state of Nevada. It is based on the gross revenue of a business and is designed to fund essential services and infrastructure within the state.

Who has to pay the NV Commerce Tax? Companies with gross revenues exceeding \$4 million. This includes corporations, partnerships, LLCs, and other entities engaged in business activities within the state.

When is the NV Commerce Tax due? The NV Commerce Tax is due annually 45 days after the end of the state's fiscal year. Generally, the due date is August 14.

Penalties for late or non-filing Failing to file or paying the NV Commerce Tax on time can result in penalties and interest charges. The penalties for late filing or non-filing are as follows:

- A penalty of \$100 or 10% of the tax due, whichever is greater, for each month the return is late, up to a maximum of 100% of the tax due.
- Interest is also charged on any unpaid tax at a rate of 0.75% per month.

How to avoid penalties

To avoid penalties associated with the NV Commerce Tax, it is imperative to file your tax return on time and pay any tax due promptly.

Nevada Modified Business Tax

The NV Modified Business Tax is a tax imposed on businesses operating in Nevada. It is a tax based on payroll that is derived from the total wages paid by businesses (less healthcare deductions) to their employees. However, this does not apply to the first \$50,000 of their gross wages. Example: if your total wages for the first quarter of the year is \$101,000, you'll only be taxed for the remaining \$51,000 less healthcare benefits. The tax rate varies depending on the industry in which the business operates whether it is a general business or financial institutions and mining.

Who has to pay it? Any business that pays wages to employees in Nevada is required to pay the NV Modified Business Tax. This includes corporations, partnerships, LLCs, and sole proprietors.

When is it due? The NV Modified Business Tax is due quarterly, with the following deadlines:

- **1st Quarter (January - March):** Due on April 30
- **2nd Quarter (April - June):** Due on July 30
- **3rd Quarter (July - September):** Due on October 31
- **4th Quarter (October - December):** Due on January 31 of the following year

Penalties for late or non-filing: Failure to file or pay the NV Modified Business Tax on time can result in penalties and interest. The penalties for late or non-filing include:

- **Late Filing Penalty:** 2% of the tax due per month, up to a maximum of 25%
- **Late Payment Penalty:** 0.5% of the tax due per month, up to a maximum of 6%
- **Interest:** Interest accrues on the unpaid tax at a rate of 0.75% per month

Final Thoughts:

These are the taxes specific to Nevada. Business owners are responsible to know when these are due for their company.



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