

## LCB File No. R200-08

### PROPOSED REGULATION OF THE NEVADA TAX COMMISSION

Explanation – Matter in *italics* is new; matter in brackets ~~omitted material~~ is material to be omitted.

AUTHORITY: §§1 and 2, NRS 360.090; and NRS 372.185 and NRS 372.265

A REGULATION relating to taxation of vehicles used as loaner cars by vehicle dealers.

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

*1. Notwithstanding NRS 372.327, NRS 372.7283, and NRS 372.7287, if the use of a vehicle purchased under a resale certificate is limited to the loan, but not the rental, of the vehicle to customers while they are awaiting delivery of vehicles purchased or leased from the dealer, or while their vehicles are being repaired by the dealer, the measure of tax is the fair rental value of the vehicle for the duration of each loan so made. The fair rental value is the amount for which the dealer rents similar vehicles for similar periods to persons who are not customers awaiting delivery of vehicles purchased or leased from the dealer or being repaired by the dealer. If the dealer does not rent vehicles under such circumstances, the fair rental value is the amount for which other dealers in the area rent similar vehicles for similar periods to persons who are not customers awaiting delivery of vehicles purchased or leased from the other dealers or being repaired by the other dealers.*

*2. If a lessor loans a vehicle to a lessee while the lessee is awaiting delivery of the leased vehicle, or while the leased vehicle is being repaired, and the regular lease payments continue to accrue during the period of the loan, the regular lease payments will be*

*considered to cover the use of the substitute loan vehicle. No additional tax beyond the tax measured by the regular lease payments will be due as a result of the loan.*

*3. If a vehicle dealer removes a vehicle from resale inventory and loans it to persons other than those specified under subsection 1 and the vehicle is not frequently demonstrated or displayed, tax must be paid measured by the purchase price of the vehicle, unless the loan is of such short duration as to constitute only incidental use. If the loan constitutes only incidental use, preceded and followed by frequent demonstration or display, the measure of tax is the fair rental value of the vehicle as defined in subsection 1 for the period of such use. A loan for a period of 30 days or less will be considered incidental use.*