PROPOSED REGULATION OF THE

NEVADA TAX COMMISSION

LCB File No. R111-26

July 17, 2026

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

AUTHORITY: §§ 1-6, NRS 360.090, 363A.070, 363A.139 and 388D.288; § 7, NRS 360.090, 360.255, 363A.070 and 363A.139; §§ 8-13, NRS 360.090, 363B.060, 363B.119 and 388D.288; § 14, NRS 360.090, 360.255, 363B.060 and 363B.119.

A REGULATION relating to taxation; requiring a scholarship organization that receives a donation for which a credit against the modified business tax is approved to report certain information to the Department of Taxation; establishing the manner in which the Department will verify the eligibility of a scholarship organization to receive a donation for which such a tax credit may be approved; authorizing the Department to take certain actions if a scholarship organization fails to submit certain information to the Department; providing for the confidentiality of certain taxpayer information submitted to the Department; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law imposes an excise tax on financial institutions, mining businesses and other employers based on the wages paid by those employers, commonly known as the modified business tax. (NRS 363A.130, 363B.110) Existing law also establishes the Nevada Educational Choice Scholarship Program, pursuant to which a taxpayer receives a credit against the modified business tax equal to the amount of a donation of money made by the taxpayer to a scholarship organization that provides grants on behalf of pupils who are members of a household with a household income of not more than 300 percent of the federally designated level signifying poverty to allow those pupils to attend schools in this State, including private schools, chosen by the parents or legal guardians of those pupils. (NRS 363A.139, 363B.119, 388D.250, 388D.270)

Under existing law, to participate in the Program and receive donations for which such a tax credit may be approved, a scholarship organization is required to register with the Department of Education and satisfy certain other requirements. (NRS 388D.282) To obtain approval of a tax credit under the Program, a scholarship organization is required to apply for and obtain the approval of the Department of Taxation of the tax credit. The Department of Taxation is required to approve or deny such applications in the order in which they are received until the maximum amount of tax credits authorized by existing law has been approved and to notify the scholarship organization of the approval or denial of the application. Upon receiving notice from the Department of Taxation of the approval of the application for the tax credit, the scholarship organization is required to notify the taxpayer of the approval of the tax credit and the taxpayer is required to make the donation to the scholarship organization within 30 days after receiving the notice. If the taxpayer does not make the donation within 30 days after receiving the notice from the scholarship organization of the approval of the tax credit, the taxpayer forfeits eligibility for the tax credit. (NRS 363A.139, 363B.119) If the taxpayer makes the donation, the scholarship organization is required to notify the Department of Taxation in writing of the amount of the donation not more than 10 days after receiving the donation. (NRS 388D.288)

Sections 2-4 and 9-11 of this regulation provide definitions of terms used in this regulation. **Sections 5 and 12** of this regulation require a scholarship organization to notify the Department of Taxation of a donation for which a tax credit has been approved in the form of a report that is submitted electronically using the system prescribed by the Department of Taxation and that includes certain information concerning the donation and the taxpayer who made the donation. **Sections 5 and 12** additionally require a scholarship organization that discovers an error in such a report to submit an amended report to the Department of Taxation not later than 5 business days after the discovery of the error. **Sections 5 and 12** further establish the dates on which a scholarship organization is deemed to have received a donation for which a tax credit is approved and the date on which the Department of Taxation is deemed to have received the report notifying the Department of Taxation of the receipt of the donation. Under **sections 5 and 12**, the Department of Taxation is authorized to request a scholarship organization to submit any additional information or documentation that is necessary to verify the information submitted in a report, and a scholarship organization is required to maintain records of a donation for which a tax credit is approved for at least 5 years after the donation is received and make such records available to the Department of Taxation. Finally, **sections 5 and 12** provide that if a scholarship organization fails to submit a report in accordance with **sections 5 and 12**, respectively, the Department of Taxation is authorized to consider the tax credits approved for the donation that was required to be reported to be forfeited.

Sections 6 and 13 of this regulation require the Department of Taxation to use the list of scholarship organizations that are registered with the Department of Education, which is maintained by the Department of Education and submitted to the Department of Taxation at the end of each calendar quarter, to verify the eligibility of a scholarship organization to receive a donation for which a tax credit may be approved. (NRS 388D.292) Under **sections 6 and 13**, if the Department of Taxation finds that a scholarship organization is not eligible to receive such a donation, the Department of Taxation is authorized to notify the scholarship organization and request such additional information from the scholarship organization as is necessary to determine whether the scholarship organization is eligible to receive a donation for which a tax credit may be approved. **Sections 6 and 13** authorize the Department of Taxation to delay approval of an application for a tax credit until such information is received, deny approval of such an application if such information is not received by the Department of Taxation within a certain period or consider tax credits that have been approved to be forfeited if such information is not received within a certain period.

Sections 7 and 14 of this regulation require the Department of Taxation to consider any report, document or any other information concerning a taxpayer submitted to it under **sections 2-6, and sections 9-13**, respectively, to be records concerning the administration of the modified business tax, which has the effect of requiring the Department of Taxation to consider such reports, documents and information to be confidential and privileged under existing law. (NRS 360.255)

Section 1. Chapter 363A of NAC is hereby amended by adding thereto a new section to consist of the provisions set forth as sections 2 to 7, inclusive, of this regulation.

Sec. 2. ***As used in sections 2 to 7, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this regulation have the meanings ascribed to them in those sections.***

Sec. 3. ***"Donation" means a contribution of money made by a taxpayer to a scholarship organization for which a tax credit may be claimed pursuant to NRS 363A.139.***

Sec. 4. ***"Scholarship organization" has the meaning ascribed to it in NRS 388D.260.***

Sec. 5. ***1. Pursuant to NRS 388D.288, a scholarship organization that is registered with the Department of Education shall notify the Department of Taxation not later than 10 days after receiving a donation by submitting to the Department of Taxation a report concerning the donation. The report must be submitted electronically using the system designated by the Department of Taxation and include, without limitation:***

(a) The name and taxpayer identification number of the donor;

(b) The amount of the donation;

(c) The date on which the scholarship organization received the donation;

(d) The tax credit program number assigned to the scholarship organization by the Department of Taxation;

(e) The amount of any tax credit forfeited by the taxpayer because the donation by the taxpayer is less than the amount of credit authorized by the Department of Taxation;

(f) The date on which the scholarship organization notified the taxpayer of the amount of tax credit authorized by the Department of Taxation; and

(g) Any other information required by the Department of Taxation to administer the provisions of NRS 363A.139.

2. Not later than 5 business days after discovering that a report submitted pursuant to subsection 1 contains an error, the scholarship organization shall submit electronically using the system designated by the Department of Taxation an amended report which corrects the error.

3. For the purposes of reporting a donation pursuant to subsection 1:

(a) A donation is deemed to be received by the scholarship organization on the date on which the money donated is deposited or otherwise made available for use in the bank account of the scholarship organization.

(b) A report is deemed to be filed on the date on which the report is accepted in the electronic system of the Department of Taxation.

4. The Department of Taxation may request such additional information or documentation from a scholarship organization as the Department determines is necessary to verify any information reported pursuant to this section.

5. A scholarship organization shall maintain records of each donation for not less than 5 years and shall make such records available to the Department of Taxation upon request at reasonable times during regular business hours.

6. If a scholarship organization fails to submit a report in accordance with the requirements of this section, the Department of Taxation shall notify the scholarship organization of the deficiency. If the scholarship organization does not cure any such deficiency within 15 days after receiving notice of the deficiency, the Department may consider

the credit approved by the Department pursuant to NRS 363A.139 for the donation to be forfeited.

Sec. 6. ***1. To be eligible to apply to the Department of Taxation for approval of a credit authorized by NRS 363A.139 and to receive a donation for which such a credit may be claimed, a scholarship organization must be registered with the Department of Education pursuant to NRS 388D.282. The Department of Taxation shall use the list of scholarship organizations submitted by the Department of Education pursuant to NRS 388D.292 to verify the eligibility of a scholarship organization to apply for approval of a credit authorized by NRS 363A.139 and to receive a donation.***

2. If the Department of Taxation finds that a scholarship organization that has applied for approval of a credit authorized by NRS 363A.139, or that has submitted a report of the receipt of a donation pursuant to section 5 of this regulation, is not eligible to receive a donation, the Department may request additional information from the scholarship organization and:

(a) Delay approval of the application for approval of a credit until the Department receives information establishing that the scholarship organization is eligible to receive a donation.

(b) Deny the application for approval of a credit if information establishing that the scholarship organization is eligible to receive a donation is not received by the Department within the period in which the Department is required to approve or deny the application pursuant to NRS 363A.139.

(c) Consider a credit authorized by NRS 363A.139 to be forfeited if the Department has approved an application for the credit and does not receive information establishing that the

scholarship organization is eligible to receive the donation within 15 days of requesting such information.

Sec. 7. ***The Department of Taxation shall consider any report, document or other information received by the Department pursuant to sections 2 to 7, inclusive, of this regulation that contains information concerning a taxpayer to be a record or file concerning the administration or collection of the tax imposed pursuant to chapter 363A of NRS, and shall consider such reports, documents and other information to be confidential and privileged pursuant to NRS 360.255 and subject to disclosure only as authorized by that section.***

Sec. 8. Chapter 363B of NAC is hereby amended by adding thereto the provisions set forth as sections 9 to 14, inclusive, of this regulation.

Sec. 9. ***As used in sections 9 to 14, inclusive, of this regulation, unless the context otherwise requires, the words and terms defined in sections 10 and 11 of this regulation have the meanings ascribed to them in those sections.***

Sec. 10. ***"Donation" means a contribution of money made by a taxpayer to a scholarship organization for which a tax credit may be claimed pursuant to NRS 363B.119.***

Sec. 11. ***"Scholarship organization" has the meaning ascribed to it in NRS 388D.260.***

Sec. 12. ***1. Pursuant to NRS 388D.288, a scholarship organization that is registered with the Department of Education shall notify the Department of Taxation not later than 10 days after receiving a donation by submitting to the Department of Taxation a report concerning the donation. The report must be submitted electronically using the system designated by the Department of Taxation and include, without limitation:***

(a) The name and taxpayer identification number of the donor;

(b) The amount of the donation;

(c) The date on which the scholarship organization received the donation;

(d) The tax credit program number assigned to the scholarship organization by the Department of Taxation;

(e) The amount of any tax credit forfeited by the taxpayer because the donation by the taxpayer is less than the amount of credit authorized by the Department of Taxation;

(f) The date on which the scholarship organization notified the taxpayer of the amount of tax credit authorized by the Department of Taxation; and

(g) Any other information required by the Department of Taxation to administer the provisions of NRS 363B.119.

2. Not later than 5 business days after discovering that a report submitted pursuant to subsection 1 contains an error, the scholarship organization shall submit electronically using the system designated by the Department of Taxation an amended report which corrects the error.

3. For the purposes of reporting a donation pursuant to subsection 1:

(a) A donation is deemed to be received by the scholarship organization on the date on which the money donated is deposited or otherwise made available for use in the bank account of the scholarship organization.

(b) A report is deemed to be filed on the date on which the report is accepted in the electronic system of the Department of Taxation.

4. The Department of Taxation may request such additional information or documentation from a scholarship organization as the Department determines is necessary to verify any information reported pursuant to this section.

5. A scholarship organization shall maintain records of each donation for not less than 5 years and shall make such records available to the Department of Taxation upon request at reasonable times during regular business hours.

6. If a scholarship organization fails to submit a report in accordance with the requirements of this section, the Department of Taxation shall notify the scholarship organization of the deficiency. If the scholarship organization does not cure any such deficiency within 15 days after receiving notice of the deficiency, the Department may consider the credit approved by the Department pursuant to NRS 363B.119 for the donation to be forfeited.

Sec. 13. *1. To be eligible to apply to the Department of Taxation for approval of a credit authorized by NRS 363B.119 and to receive a donation for which such a credit may be claimed, a scholarship organization must be registered with the Department of Education pursuant to NRS 388D.282. The Department of Taxation shall use the list of scholarship organizations submitted by the Department of Education pursuant to NRS 388D.292 to verify the eligibility of a scholarship organization to apply for approval of a credit authorized by NRS 363B.119 and to receive a donation.*

2. If the Department of Taxation finds that a scholarship organization that has applied for approval of a credit authorized by NRS 363B.119, or that has submitted a report of the receipt of a donation pursuant to section 12 of this regulation, is not eligible to receive a donation, the Department may request additional information from the scholarship organization and:

(a) Delay approval of the application for approval of a credit until the Department receives information establishing that the scholarship organization is eligible to receive a donation.

(b) Deny the application for approval of a credit if information establishing that the scholarship organization is eligible to receive a donation is not received by the Department within the period in which the Department is required to approve or deny the application pursuant to NRS 363B.119.

(c) Consider a credit authorized by NRS 363B.119 to be forfeited if the Department has approved an application for the credit and does not receive information establishing that the scholarship organization is eligible to receive the donation within 15 days of requesting such information.

Sec. 14. ***The Department of Taxation shall consider any report, document or other information received by the Department pursuant to sections 9 to 14, inclusive, of this regulation that contains information concerning a taxpayer to be a record or file concerning the administration or collection of the tax imposed pursuant to chapter 363B of NRS, and shall consider such reports, documents and other information to be confidential and privileged pursuant to NRS 360.255 and subject to disclosure only as authorized by that section.***