PROPOSED REGULATION OF THE

NEVADA TAX COMMISSION

LCB File No. R140-26

August 5, 2026

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

AUTHORITY: §§ 1 and 2, NRS 360.090; § 3, NRS 360.090 and 360.300.

A REGULATION relating to taxation; revising provisions relating to the voluntary disclosure of the failure to file a tax return with the Department of Taxation; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

If a person fails to file a tax return as required by law or the Department of Taxation is not satisfied with the tax return filed, existing law authorizes the Department to compute and determine the amount required to be paid by the taxpayer. Existing law requires the Department to impose interest on the amount of tax determined to be due and, in the case where no tax return was filed, to impose a penalty of 10 percent. (NRS 360.300) Existing regulations provide that a taxpayer who fails to file a tax return with the Department as required by various provisions of law, and wishes to disclose that fact voluntarily to the Nevada Tax Commission, must file with the Department an application for voluntary disclosure before the Department has initiated an audit or investigation of the taxpayer. (NAC 360.440) Under existing regulations, if the Commission determines that a taxpayer has made a good faith effort to comply with the requirements relating to voluntary disclosure of the failure to file a tax return, the Department is prohibited from assessing the penalty and interest otherwise prescribed by law on the entire amount of the tax liability of the taxpayer. (NAC 360.446)

Section 1 of this regulation expands the applicability of the voluntary disclosure provisions to include, without limitation, the entirety of existing provisions of law relating to revenue and taxation while excluding provisions of existing law relating to property tax, taxes on agricultural real property and open space, taxes on patented mines and proceeds of minerals and taxes on transfers of real property. **Section 1** requires an application for voluntary disclosure to identify the taxpayer on whose behalf the application is submitted. **Section 1** expands the circumstances under which an extension of time to comply with the requirements of voluntary disclosure may be requested to include events beyond the control of the taxpayer.

Sections 2 of this regulation makes conforming changes related to the expanded applicability of voluntary tax disclosure as provided in section 1. **Section 2** further expands the compliance requirements necessary for a determination of voluntary disclosure to include a variance of not more than 10 percent between the estimated tax liability of the taxpayer and the actual tax liability of the taxpayer. **Section 3** of this regulation amends Department notification requirements to align with statutory provisions. **Section 3** sets forth the eligibility of a taxpayer to request a waiver or reduction of penalty, interest, or both, when assessed by the Department, while specifying the types of tax for which a taxpayer may dispute the determination of the Department related to the tax liability, penalty or interest assessed by the Department. Finally, **section 3** eliminates the timeline and notification requirements of the Department related to review of a petition filed by a taxpayer.

Section 1. NAC 360.440 is hereby amended to read as follows:

360.440 1. If a taxpayer fails to file a return as required by the applicable provisions of chapter ~~[360, 360B, 362, 363A, 363B, 363C, 363D, 369, 370, 372, 372B, 374, 377, 377a, 377C or]~~ 444A of NRS, NRS 482.313, 482C.230, 482C.240, or chapter 585 or 680B of NRS, ***or any provision of title 32 of NRS which is administered by the Department, excluding chapters 361, 361A, 362 and 375 of NRS,*** the taxpayer or the taxpayer's representative may file with the Department an application for voluntary disclosure in a form prescribed by the Department before the Department has initiated an audit or investigation of the taxpayer. ***The application must identify the taxpayer on whose behalf the application is submitted and, if applicable, the taxpayer's representative. The Department will not accept an anonymous application for voluntary disclosure.*** An application is deemed to be filed with the Department on the date the application is received by the Department.

2. If the Department verifies that it did not initiate an audit or investigation of the taxpayer before the date on which the application was filed, the Department shall ~~[accept the application and notify]~~ ***provide a notice to*** the taxpayer ~~[or]~~ ***and*** the taxpayer's representative, as applicable, ~~[of the acceptance]~~ ***acknowledging receipt*** of the application within 30 days after the date on which the application was filed.

3. For the purposes of subsections 1 and 2, the Department has initiated an audit or investigation of a taxpayer if the Department has:

(a) Contacted the taxpayer by telephone, in person or in writing regarding a possible tax liability or registration requirements; or

(b) Given the taxpayer written notice that an audit will be conducted by the Department concerning liability for the type of tax that the taxpayer wishes to disclose voluntarily pursuant to this section.

4. Except as otherwise provided in subsection 5, the Department shall not consider the tax liability of a taxpayer as being voluntarily disclosed unless, within 90 days after the date on which notice ~~[of acceptance]~~ ***acknowledging receipt*** of the taxpayer's application is given pursuant to subsection 2, the taxpayer or the taxpayer's representative ***, as applicable,*** complies with the requirements of this subsection. The taxpayer or the taxpayer's representative must:

(a) File with the Department any required registration and the delinquent tax returns for the tax estimated to be owed for the period being disclosed or, if the period being disclosed exceeds 8 years, for the 8 years immediately preceding the date on which the application was filed;

(b) Pay the tax estimated to be owed for the period being disclosed or, if the period being disclosed exceeds 8 years, for the 8 years immediately preceding the date on which the application was filed; and

(c) Submit any additional information or material required by the Department.

5. If a request for an extension of time to satisfy the requirements of subsection 4 is made in writing to the Department after the filing of an application and within 90 days after the date on which notice ~~[of acceptance]~~ ***acknowledging receipt*** of the application is given pursuant to subsection 2, the Director or a person designated by the Director may grant a taxpayer or the taxpayer's representative ***, as applicable,*** one extension of time, not to exceed 90 days, to satisfy those requirements. The request must be accompanied by proof satisfactory to the Director or his

or her designee that the requirements cannot be satisfied within the time otherwise required by subsection 4 despite the exercise of ordinary care by the taxpayer or the taxpayer's representative and because of circumstances beyond the control of the taxpayer or the taxpayer's representative.

6. The circumstances described in subsection 5 include, without limitation:

(a) A natural disaster or other ~~[disaster;]~~ ***event beyond the control of the taxpayer;***

(b) The death or hospitalization of the taxpayer or the taxpayer's representative; or

(c) Any other circumstance that could not reasonably have been anticipated at the time the application was filed.

Sec. 2. NAC 360.444 is hereby amended to read as follows:

360.444 The Department shall not consider the tax liability of a taxpayer as being voluntarily disclosed if, after filing an application for voluntary disclosure pursuant to NAC 360.440, the taxpayer or the taxpayer's representative ~~[:]~~ ***, as applicable:***

1. Fails to satisfy the requirements of subsection 4 of NAC 360.440 within the time provided by that subsection or extended pursuant to subsection 5 of NAC 360.440;

2. Fails to comply with the applicable provisions of chapter ~~[360, 360B, 362, 363A, 363B, 363C, 363D, 369, 370, 372, 372A, 372B, 374, 377, 377A, 377C, or]~~ 444A of NRS, NRS 482.313, 482C.230, 482C.240, or chapter 585 or 680B of NRS, ***or the applicable provisions of title 32 of NRS which are administered by the Department, excluding chapters 361, 361A, 362 and 375 of NRS,*** including, without limitation, registering with the Department, filing tax returns, paying any tax liability and remitting any taxes collected; or

3. Fails to provide an accurate estimate of ~~[his or her]~~ ***the taxpayer's*** tax liability in the application for voluntary disclosure filed pursuant to NAC 360.440. The taxpayer shall be deemed to have provided an inaccurate estimate of ~~[his or her]~~ ***the taxpayer's*** tax liability if:

(a) The ***estimated*** tax liability provided in the application for voluntary disclosure ~~[is less than]~~ ***differs from*** the taxpayer's actual tax liability by 10 percent or more; and

(b) The taxpayer is unable to demonstrate to the Department that ~~[he or she]~~ ***the taxpayer*** made a good faith effort to report accurately ~~[his or her]~~ ***the taxpayer's*** tax liability in the application for voluntary disclosure.

Sec. 3. NAC 360.446 is hereby amended to read as follows:

360.446 1. If the Department determines that the taxpayer has complied with the requirements set forth in NAC 360.440 and 360.444, the Department shall not assess the penalty and interest set forth in NRS 360.300 on the entire amount of the tax liability.

2. If the Department determines that the tax liability of a taxpayer has not been voluntarily disclosed pursuant to NAC 360.440 and 360.444, the Department shall:

(a) Assess the penalty and interest set forth in NRS 360.300 on the entire amount of the tax liability; and

(b) Notify the taxpayer ***and the taxpayer's representative, as applicable,*** of its determination and issue a bill for the amount of any tax, penalty or interest owed by the taxpayer. The notice and bill must be sent to the taxpayer ~~[by registered or certified mail, return receipt requested.]~~ ***and the taxpayer's representative, as applicable, in accordance with NRS 360.350.***

3. If the Department determines that the tax liability of a taxpayer has not been voluntarily disclosed and assesses a penalty or interest pursuant to NRS 360.300 and subsection 2, the taxpayer:

(a) Shall, within 60 days after receiving the notice and bill described in subsection 2, file any additional returns and pay the amount of any tax, penalty or interest that the Department has determined is owed by the taxpayer ***.*** ~~[; and]~~

(b) May ~~[,]~~ ***:***

(1) Request a waiver or reduction of a penalty or interest, or both, pursuant to NAC 360.396; or

(2) If NAC 360.396 is not applicable to the tax at issue, within 45 days after receiving the notice and bill described in subsection 2, file a written petition with the Department ***pursuant to NRS 360.360*** disputing its determination or the amount of any tax, penalty or interest assessed by the Department. The petition must set forth any information that supports the dispute.

~~[4. The Commission will review any petition filed pursuant to subsection 3 and determine the amount of any tax, penalty or interest owed by the taxpayer. The Commission will notify the taxpayer of its decision by registered or certified mail, return receipt requested.~~

~~5. The taxpayer shall file any additional returns and pay the amount of any tax, penalty or interest that the Commission determines is owed by the taxpayer pursuant to subsection 4 within 60 days after he or she receives the notification from the Commission pursuant to subsection 4.~~

~~6. Any action taken with respect to a taxpayer by the Department or Commission pursuant to this section does not affect the right of the taxpayer to request a waiver or reduction of a penalty or interest, or both, pursuant to NAC 360.396.]~~