

LCB File No. R025-99

PROPOSED REGULATION OF THE NEVADA TAX COMMISSION

February 10, 1999

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

**AUTHORITY:** NRS 360.090, NRS 372.025, NRS 372.050, NRS 372.055, NRS 372.085, NRS 372.725 AND NRS 372.735.

**Section 1.** NAC 372.460 is hereby amended to read as follows:

**Sec. 2.** 1. The sale of tangible personal property by a retailer includes the furnishing ~~[, pursuant to the guaranty provisions of the contract of sale, of replacement parts or materials. Sales of the parts and materials to the retailer are sales for resale to which the tax does not apply.]~~ *of replacement parts or materials for the repair of the tangible personal property ~~[sold by the retailer]~~ pursuant to the provisions of a warranty or guaranty ~~[contract included with the sale of the tangible personal property]~~ included in the contract of sale. No sales or use tax applies to the retailer's purchase and use of replacement parts or materials for the repair of tangible personal property under the provisions of ~~[a]~~ **the** warranty or guaranty ~~[contract]~~. ~~[A]~~ **Where a lessor ~~[who]~~ leases or rents tangible personal property to a retailer who will furnish the tangible personal property to a customer to fulfill the retailer's contractual obligations under ~~[a]~~ the warranty or guaranty, the lessor is not required to include the gross receipts from the lease or rental of the tangible personal property in the gross receipts subject to use tax. The lessor must keep clear documentation that a particular lease or rental was to a retailer, or the retailer's customer, for purposes of fulfilling warranty or guaranty obligations of the retailer.***