

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB FILE NO. R106-201

**The following document is the initial draft regulation proposed
by the agency submitted on 06/26/2020**

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[Date]

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

AUTHORITY: §1, NRS 360.090, 372.725

A REGULATION relating to taxation; clarifying, for purposes of the sales and use tax, provisions concerning maintaining and repairing vehicles; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law provides that repairers are retailers of parts and materials furnished in connection with repair work in which the value of the parts and materials is substantial in relation to the total charge. Existing law also provides that repairers are consumers of parts and materials furnished in connection with repair work in which the value of the parts and materials is insubstantial in relation to the total charge if no separate charge is made for the parts and materials.

This regulation provides that contractors and subcontractors contractually obligated to maintain and repair public property in performance of a contract entered into with any public body in this state is deemed to be the consumer of parts and materials and must pay sales tax at the time of purchase or report and remit the use tax unless otherwise specifically agreed that the person would be the retailer of the parts and materials.

Section 1. NAC 372.390 is hereby amended to read as follows:

Sec. 2. 372.390 1. Except as provided in NAC 372.420 and 372.450, repairers are retailers of parts and materials furnished in connection with repair work in which the value of the parts and materials is substantial in relation to the total charge. Those repairers who segregate on invoices and in their records the fair retail-selling price of the parts and materials from the charges for labor, installation and other service charges must collect the tax on the retail selling price of

the parts and materials. If the labor and other service charges are not separately stated, the tax applies to the entire charge made to the customer.

2. The repairers are consumers of parts and materials furnished in connection with repair work in which the value of the parts and materials is insubstantial in relation to the total charge if no separate charge is made for the parts and materials. To be considered a consumer of the parts and materials used in connection with the repair services rendered, the repairer must pay the tax on the purchase and must not give a resale certificate to his or her suppliers. Even though the value of the parts and materials is insubstantial in relation to the total charge, repairers will be considered retailers, and not consumers, if a separate price is stated for the parts and materials.

3. If the method of repairing or reconditioning certain tangible personal property involves commingling property delivered to a repairer or reconditioner with similar property so that the customer received repaired or reconditioned property which may not be the identical property delivered to the repairer or reconditioner but which is exactly the same kind of property or derived from exactly the same kind of property as that so delivered, the tax applies to the amount charged by the repairer or reconditioner for the repaired or reconditioned property.

4. Contractors and subcontractors that have been awarded a contract with a public body involving repairs or maintenance to public property, are deemed the consumers of the parts and materials furnished in connection with the repairs services regardless of the value of the parts and materials in relation to the total charge, unless the contractor or subcontract complies with NRS 372.123 or NRS 372.125.