

**PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION**

**LCB FILE NO. R157-22I**

**The following document is the initial draft regulation proposed  
by the agency submitted on 06/30/2022**

## AUDITS

### Audits of Taxpayers

**NAC 360.700 Contact to schedule appointment; contents of auditor's letter; period covered by audit; written request for extension of commencement date or estimated completion date; consequences of failure to provide necessary records. ([NRS 360.090](#), [360.232](#), [360.2915](#))**

1. As soon as practicable after selection of an account for audit, the auditor assigned to the audit shall attempt to contact the taxpayer by ~~telephone~~ *the taxpayer's first (or primary) preferred method of contact, as reflected in Department system of record*, to schedule an appointment that is convenient for the taxpayer and the auditor for the purpose of performing the audit. If the auditor is unable to contact the taxpayer by ~~telephone~~ *the first (or primary) preferred method, the auditor shall attempt to use the secondary preferred method of contact if provided. If the auditor is unable to contact the taxpayer by either method(3) then* the auditor shall send a letter to the taxpayer requesting the taxpayer to contact the auditor to schedule an appointment for the purpose of performing the audit.

2. In scheduling an audit, the auditor and the taxpayer must discuss:

- (a) A date on which to commence the audit;
- (b) An estimate of the date by which the audit *should be* ~~will be~~ completed;
- (c) The first and last months of the audit period;
- (d) The nature of the business being audited and the availability of records;
- (e) The hours during which the records will be available for review by the auditor;
- (f) The contact person with whom the auditor is to work in conducting the audit and reviewing the results of the audit; and
- (g) The criteria set forth in subsection 4 for changing the period that the audit will cover and extending the commencement date or estimated completion date, or both, of the audit.

3. After contacting the taxpayer pursuant to subsection 1, the auditor shall send a letter to the taxpayer which includes:

- (a) The date, time and location of the first appointment for the audit;
- (b) The first and last months of the audit period;
- (c) The records that the taxpayer must make available for the audit;
- (d) The estimated completion date of the audit;
- (e) A copy of the Taxpayers' Bill of Rights;
- (f) A copy of each statute that authorizes the Department to perform an audit and issue a deficiency determination, if necessary, and the process for appealing such a determination; and
- (g) The name and telephone number of the auditor and the supervisor of the auditor.

4. The criteria to be used by the Department in determining whether to change the period that the audit will cover and to extend the commencement date or estimated completion date, or both, of the audit include, without limitation:

- (a) The time required by the taxpayer to gather records necessary for the audit; and
- (b) Circumstances determined by the Department to be beyond the control of the taxpayer or the Department.

5. A taxpayer may request an extension of the commencement date or estimated completion date, or both, of the audit. Such a request must be submitted in writing to the auditor and must set forth the reason for the request. The auditor shall, on good cause shown, grant a reasonable extension and shall notify the taxpayer in writing of the revised commencement date or the revised estimated completion date, or both, of the audit. If an extension is granted, the statute of limitations for the finding of a deficiency will not be tolled during the period of the extension and a waiver of the statute of limitations must be obtained from the taxpayer or the audit period must be adjusted to account for the extension.

6. If a taxpayer fails to provide the records necessary to complete an audit by the estimated completion date or revised estimated completion date, the auditor may:

- (a) Determine *or estimate* an amount of delinquent taxes due from the records provided;
- (b) If the taxpayer has not provided any records, estimate an amount of delinquent taxes due based on information regarding the taxpayer that the Department has in its possession, including, without limitation, any returns filed by the taxpayer; or
- (c) Request the Department to issue a subpoena for the production of records by the taxpayer.

(Added to NAC by Tax Comm'n by R045-01, eff. 11-1-2001)