

**APPROVED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R174-22

Filed December 29, 2022

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

AUTHORITY: § 1, NRS 360.090, 372.725 and 374.725.

A REGULATION relating to taxation; revising provisions governing the imposition and collection of sales and use tax for repair work performed pursuant to a contract with the State or a political subdivision; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing regulations provide that, for the purpose of the imposition and collection of the sales and use tax, a repairer is a retailer of parts and materials furnished in connection with repair work if the value of the parts and materials is substantial in relation to the total charge or if a separate price is stated for the parts and materials. (NAC 372.390) This regulation provides that, if a repairer enters into a contract with the State or a political subdivision of the State to perform repair or maintenance work, the repairer and any subcontractor of the repairer is the consumer of the parts and materials furnished in connection with such work unless the repairer or subcontractor has a permit, is registered to collect sales and use tax or is required to have such a permit or register pursuant to the contract with the State or political subdivision. As the consumer of such parts or materials, the repairer or subcontractor of the repairer would be required to either pay sales tax at the time the repairer or subcontractor purchases the parts or materials or pay the use tax at the time the parts or materials are used by the repairer or subcontractor in this State. (NRS 372.105, 372.110, 372.185, 372.190, 374.110, 374.111, 374.115, 374.190, 374.191, 374.195)

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

372.390 1. Except as *otherwise* provided in *subsection 4 and* 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. Except as otherwise provided in this subsection, a repairer who enters into a contract with the State or a political subdivision of the State to perform repair work on, or to maintain, property belonging to the State or political subdivision, and any subcontractor of the repairer, is the consumer of any parts and materials furnished in connection with such repair work. If such a repairer or subcontractor has obtained a permit pursuant to NRS 360.5971 or registered pursuant to NRS 360B.200, or is required to obtain a permit pursuant to NRS 360.5971 or register pursuant to NRS 360B.200 pursuant to the contract with the State or

political subdivision, the provisions of subsections 1, 2 and 3, as applicable, apply to the repair work performed pursuant to the contract.

5. As used in this section, “political subdivision” means any county, city or other local government as defined in NRS 354.474.