

LCB File No. R002-02

PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION

OCTOBER 25, 2001

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

AUTHORITY: NRS 100.065, NRS 360.090 and 372.510

**Section 1.** NAC 372.825 is hereby amended to read as follows:

**NAC 372.825** 1. Except as otherwise provided in subsection 3 and NRS 377B.210, a person who obtains a permit to collect sales tax after July 1, 1985, shall deposit with the department security in an amount equal to twice the estimated average tax due quarterly, or three times the estimated average tax due monthly if he files monthly returns, ~~but not less than \$100~~ *but not based on less than an a minimum average taxable sales amount of \$500.00.*

2. Any person holding a permit in good standing on July 1, 1985, who becomes delinquent or files a late return or whose check tendered as payment is dishonored shall deposit additional security with the department pursuant to subsection 1.

3. ~~Unless habitually delinquent, an organization which obtains a permit to collect sales tax will not be required to deposit with the department the security required by subsection 1 if the department determines that it is entitled to the exemption from tax on its purchases of tangible personal property pursuant to NRS 372.326.~~ The department shall require ~~such an organization~~ *any person* ~~which~~ *who* is habitually delinquent to deposit with the department security in an amount equal to ~~three times the average actual tax due quarterly if the organization files its returns quarterly, or~~ five times the average actual tax due monthly ~~if the organization files its~~ *of persons filing* returns for monthly periods *and three times the average actual tax due quarterly of persons filing quarterly returns.*

4. *The department may reexamine and adjust the security requirements after a business has operated for a period of months but no more than twelve months to determine if the originally estimated amount of taxable sales is shown to be inaccurate. If a business has*

*knowingly made false statements relating to sales volume to minimize the amount of security, that entity's security requirement may be increased or adjusted accordingly.*

*5. Except as otherwise provided in subsection 4, if a period of twelve months has passed, the department may not demand a further increase in the security deposit based solely on business volume. Only accounts with compliance problems will be increased in accordance with subsection 3.*

*6. Non-corporate taxpayers having a perfect payment record for a period of three years may have the security deposit requirement waived by the commission. A perfect payment record is defined as no more than one delinquency or late return, regardless of reason, or returned check for 36 consecutive months.*

*7. Corporate taxpayers with a perfect payment record may substitute a personal surety of at least two corporate officers for any other form of security deposit. Corporate taxpayer's include, but are not limited to; corporations, limited liability companies, limited partnerships including partnerships that consist of corporations and trusts.*

*8. Waivers will be granted only upon a written request of the taxpayer addressed to the director and approved by the commission. Any waiver granted by the commission is subject to cancellation if the taxpayer violates the perfect payment record requirement.*

*9. When a business changes its structure, such as a sole proprietorship or partnership incorporating, or a sale of one corporation to another corporation but the ownership remains virtually intact (e.g., same corporate officers, etc.); the department may not require new or additional security. The reporting history of the previous account will be taken into consideration when determining whether or not new or additional security is required.*

~~[4.]~~ *10. Except as otherwise provide in subsection 7, ~~[The]~~ the* department will accept as security pursuant to this section only:

- (a) Cash.
- (b) Time certificates or certificates of deposit that are issued or confirmed by a bank, savings bank or savings and loan association situated in this state.
- (c) Passbook savings accounts located in a bank, savings bank or savings and loan association situated in this state.
- (d) Surety bonds executed by an insurance company.
- (e) Bearer bonds of the United States, except savings bonds.

(f) Liens upon real property created by a recorded instrument vesting the lien in the State of Nevada.

(g) Irrevocable letters of credit which are issued or confirmed by a bank, savings bank or savings and loan association situated in the State of Nevada upon the conditions prescribed by the department.