

LCB File No. R161-04

PROPOSED REGULATION OF THE  
NEVADA TAX COMMISSION

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

AUTHORITY: NRS 360.090

Section 360.760 of the Nevada Administrative Code is hereby amended as follows:

**NAC 360.760 Interpretation of certain statutory terms.** (NRS 360.090, 360.765, 360.770, 360.780, 360.785) For the purposes of NRS 360.760 to 360.795, inclusive, and NAC 360.750 to 360.770, inclusive, the Commission interprets the term:

**1. *“Activities of a natural person”***

**(a) *To include, without limitation:***

**(I.) *The activities of a natural person when conducted in furtherance of the business of a limited-liability company which is disregarded, for the purposes of federal income taxation, as an entity separate from its owner; and***

**(II.) *The activities of a natural person when conducted in furtherance of the business of a trust, or portion thereof, if the natural person is regarded as a substantial owner of the trust, or portion thereof, pursuant to the provisions of 26 U.S.C. §§ 671 to 679, inclusive.***

**(b) *To exclude the activities of a natural person when items of income, deduction or credit attributable to those activities may be reported on page 2 of Schedule E (IRS Form 1040), Supplemental Income and Loss Form, or its equivalent or successor form.***

**2. ~~[1.]~~ *“Business trust” [to exclude any trust or portion thereof for which any income, tax deductions or tax credits are attributable to a grantor or another person as a substantial owner of the trust or portion pursuant to the provisions of 26 U.S.C. §§ 671 to 679, inclusive.] to mean a business trust organized under chapter 88A of the Nevada Revised Statutes.***

**3. ~~[2.]~~ *“Convention” to mean an event of limited duration primarily attended by members of a particular trade or industry to discuss matters of interest to members of that trade or industry.***

**4. ~~[3.]~~ *“Limited-liability company” to exclude any limited-liability company which consists of a single member if the limited-liability company is disregarded, for the purposes of federal income taxation, as an entity separate from its owner.***

**~~[4.] *“Natural person” to include, without limitation:*~~**

~~—(a) *A natural person who is the single member of a limited-liability company which is disregarded, for the purposes of federal income taxation, as an entity separate from its owner;*~~

~~—(b) *A natural person who is regarded as a substantial owner of any trust or portion thereof pursuant to the provisions of 26 U.S.C. §§ 671 to 679, inclusive;*~~

~~—(c) *A married couple who jointly report, on one or more of the forms described in NRS 360.785, any income, tax deductions or tax credits attributable to a business which is jointly operated by that couple; and*~~

~~—(d) *A married person who reports, either individually or jointly with his spouse, on one or more of the forms described in NRS 360.785, any income, tax deductions or tax credits attributable to a business which is individually operated by that person.]*~~

5. “Partnership” to include any association of two or more persons described in NRS 87.060, regardless of whether the partnership reports items of partnership income, deduction or credit on a Partnership Return of Income (IRS Form 1065), or its equivalent or successor form.

6. “Person that conducts an activity for profit” to exclude:

(a) Any trust or portion thereof for which any income, tax deductions or tax credits are attributable to a grantor or another person as a substantial owner of the trust or portion pursuant to the provisions of 26 U.S.C. §§ 671 to 679, inclusive;

(b) Any trust, or portion thereof, not otherwise described in this section when the only activity conducted by the trust, or portion thereof, is of type that would not qualify as a business, pursuant to NRS 360.785, if it were conducted by a natural person; and

(c) Any estate when the only activity conducted by the estate is of a type that would not qualify as a business, pursuant to NRS 360.785, if it were conducted by a natural person.

7. ~~5.~~ “Person who operates a business from his home” to mean a natural person *or married couple* who operates a business from ~~his~~ a personal residence and who:

(a) Does not hold any part of ~~his~~ the personal residence open to the general public for use in furtherance of that business; and

(b) Does not own, lease, rent or license any real property for use in furtherance of that business, other than ~~his~~ the personal residence and any real property ~~he owns~~ owned, ~~leases~~ leased, ~~rents~~ rented or ~~licenses~~ licensed for the sole purpose of:

(I) Maintaining a post office box;

(II) Posting a business license in accordance with the requirements of a municipal or county ordinance; or

(III) Periodically exhibiting or selling goods or services at a temporary fair, market, show or exhibition.

8. ~~6.~~ “Trade show” to mean an event of limited duration primarily attended by members of a particular trade or industry to exhibit their merchandise or services to other members of that trade or industry.

**Section 360.770 of the Nevada Administrative Code is hereby amended as follows:**

NAC 360.770 ~~Refunding~~ *Prorating* of licensing fees. (NRS 360.090, 360.780) The fees required by NRS 360.780 ~~are nonrefundable~~ *will not be prorated by the Department.*