

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB File No. R129-13

December 3, 2013

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

AUTHORITY: §1, NRS 360.090 and 372.725.

A REGULATION relating to taxation; providing for the application of sales and use taxes when a vehicle dealer uses or loans a motor vehicle purchased for resale; and providing other matters properly relating thereto.

Section 1. Chapter 372 of NAC is hereby amended by adding thereto a new section to read as follows:

1. Except as otherwise provided in subsections 2 and 3, if a vehicle dealer who purchases and gives a resale certificate for a motor vehicle uses the motor vehicle or loans the motor vehicle to any person, the use or loan of the motor vehicle is taxable to the dealer and the measure of the tax is the purchase price of the motor vehicle by the dealer.

2. A use or loan described in subsection 1 is not taxable to the dealer if each use or loan of the motor vehicle by the dealer is:

(a) Exempt from taxation pursuant to NRS 372.327; or

(b) Made for the purpose of retention, demonstration or display of the motor vehicle while holding it for sale in the regular course of business.

3. The loan of a motor vehicle by a vehicle dealer will be presumed to be made for the purpose of retention, demonstration or display of the motor vehicle while holding it for sale in the regular course of business if:

(a) The motor vehicle is being operated with a special license plate issued by the Department of Motor Vehicles in accordance with NRS 482.320 and 482.330 and NAC 482.032 to 482.048, inclusive;

(b) The cumulative period of all the loans of the motor vehicle by the dealer is less than 180 days; and

(c) The vehicle dealer maintains, and provides to the Department upon request, a written record stating:

(1) The vehicle identification number and stock number of the motor vehicle;

(2) The number of the special license plate; and

(3) Each date on which the special license plate was displayed on the motor vehicle.

4. If the motor vehicle is sold following its taxable use or loan pursuant to this section to a purchaser who receives delivery of the motor vehicle in this State, the sales tax applies to the sales price of the motor vehicle to the purchaser without any deduction or credit for the use tax paid by the dealer pursuant to this section.

5. As used in this section:

(a) “Dealer” or “vehicle dealer” has the meaning ascribed to it in NRS 482.020.

(b) “Loan” means the gratuitous transfer of possession or control of a motor vehicle for a fixed or indeterminate term.

(c) “Motor vehicle” has the meaning ascribed to it in NRS 482.075.