



## USE TAX 2

### QUESTIONS AND ANSWERS REGARDING USE TAX

1. **Q.** *What is Use Tax?*  
**A.** Use Tax is a tax imposed on tangible personal property used in Nevada on which Nevada Sales Tax has not been paid. Use Tax, the counterpart of Sales Tax, applies to mail order, out-of-state, toll-free "800" numbers, purchases made on the internet and other purchases of tangible personal property on which Nevada Sales Tax has not been paid.
2. **Q.** *Is this something new?*  
**A.** No. However, taxpayers are often less familiar with Use Tax than with Sales Tax. Nevada first imposed a Use Tax in 1955. All states which impose a Sales Tax also impose a companion Use Tax.
3. **Q.** *Why is Use Tax important?*  
**A.** Nevada Use Tax is important because it protects Nevada businesses from a competitive disadvantage with out-of-state vendors. Use Tax puts in-state and out-of-state businesses on the same competitive footing. Use Tax also helps generate the funds needed to provide services such as police and fire protection, road construction and repair, and for schools.
4. **Q.** *Who is liable for Use Tax?*  
**A.** Any individual, business, corporation or other entity can be liable for Use Tax, when Sales Tax is not collected by the seller. Below are examples in which Nevada Sales Tax is not collected by the seller and therefore, Use Tax is due from the purchaser.

**Examples:**

1. An individual buys a video cassette recorder from a mail order firm for use in Nevada.
  2. An individual orders furniture from an out-of-state dealer who delivers or ships it to the Nevada resident's home.
  3. All purchases of tangible personal property by mail order or from catalogs are subject to Use Tax if Nevada Sales Tax is not charged by the seller.
  4. A Nevada business orders a computer system from an out-of-state dealer who delivers or ships the system to its Nevada business address.
  5. A contractor orders a truckload of sheet rock from an out-of-state vendor who delivers or ships the sheet rock to Nevada for the contractor's construction job in Nevada. The contractor must pay Use Tax.
  6. An out-of-state resident purchases a vehicle from an out of state dealer who delivers the vehicle to Nevada for the individual's company operating in Nevada.
  7. An individual purchases clothing from a clothing company on the internet.
  8. A business purchases office supplies from a company on the internet.
5. **Q.** *Don't all companies automatically add Sales Tax to taxable mail order, out-of-state and telephone purchases?*  
**A.** No. Some companies do because they are registered to collect Nevada Sales Tax. If a seller is not registered to collect and remit Nevada Sales Tax, the Nevada purchaser must pay Use Tax directly to the State of Nevada.

**QUESTIONS AND ANSWERS REGARDING USE TAX (cont.)**

6. **Q.** *Are boats, watercraft, motor vehicles and off highway vehicles purchased in another state through mail order, over the internet and toll free “800” numbers subject to Nevada tax?*  
**A.** Yes. In order to register or operate all boats, watercraft, off highway vehicles and motor vehicles (cars, trucks, and motorcycles) in Nevada, proof that Sales Tax has been paid to Nevada or another state is required. If proof cannot be provided, Use Tax must be paid.
  
7. **Q.** *Is there a credit for Sales or Use Tax paid to another state?*  
**A.** Yes. Nevada does recognize Sales Tax paid to another state.
  
8. **Q.** *How do I know what is taxable?*  
**A.** Taxable items are tangible personal property transferred for value. This includes property purchased for lease or rent, other than real estate. Most goods, wares and merchandise are taxable in Nevada. Unprepared food is exempt. Check the examples listed below to obtain an idea of general items which are taxable.
  
9. **Q.** *Do retailers also owe Use Tax?*  
**A.** Yes. Any purchase, other than inventory, made by a retailer from a non-registered vendor, for use in the business, is subject to Use Tax and must be reported on the monthly or quarterly Sales and Use Tax return. Examples of this are supplies, forms, or equipment that is not re-sold. Any items taken from inventory for use in the business are also subject to Use Tax. Any items given away for free as part of doing business are subject to Use Tax payable by the business giving it away. However, effective July 1, 2005, items worth less than \$100 that are given away at conventions, trade shows, & public events are not subject to Use Tax.
  
10. **Q.** *How do I report and pay Use Tax if I am not a retailer or in business?*  
**A.** A Use Tax liability, of a person not in business, may be reported on a one-time return available at any Department of Taxation office. Non- retail businesses that hold a State Business License must report and remit Use Tax with their yearly or quarterly Consumer Use Tax Return. Use Tax liability may also be satisfied by sending a letter or invoice stating the purchase price and submitting the payment.
  
11. **Q.** *How does the Department of Taxation identify those who have a Use Tax liability?*  
**A.** The Department can identify those who owe Use Tax by various methods. These include routine audits, special audits, self-assessment programs, complaints, reports, investigations and by obtaining lists of out-of-state purchases through the cooperation of vendors and taxing authorities in other states.
  
12. **Q.** *What if Use Tax is not paid?*  
**A.** The Department of Taxation may issue an assessment for Use Tax liability. A penalty and interest charges may be imposed at a rate of 10 percent for penalty, and 1 percent per month or fraction thereof for interest, in addition to the tax. If there is evidence of intent to evade Use Tax, a 25 percent penalty can also be assessed.
  
13. **Q.** *Where may I obtain more information on Nevada Sales or Use Tax?*  
**A.** More information is available from any one of the Department’s five district offices or on our Website located at <http://tax.state.nv.us/>

**DISTRICT OFFICE LOCATIONS**

Carson City 1550 E College Pkwy Suite 115 Carson City NV 89706 775 684-2000	Las Vegas 555 E Washington Av Suite 1300 Las Vegas NV 89101 702 486-2300	Henderson 2550 Paseo Verde Pkwy Suite 180 Henderson NV 89074 702 486-2300	Reno 4600 Kietzke Lane Building L, Suite 235 Reno NV 89502 775 688-1295	Elko 850 Elm St. Suite 2 Elko NV 89803 775 753-1115
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## **QUESTIONS AND ANSWERS REGARDING USE TAX (cont.)**

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### **EXAMPLES OF TAXABLE ITEMS**

(Not all inclusive list)

*STATUTORY AUTHORITY NRS 372.185, 190, 374.190, 195, 377 AND 377A*

Aircraft  
Antiques  
Appliances  
Art Work  
Audio Tapes (Blank/Recorded)  
Automobile Parts  
Boats  
Books  
Camera/Video Equipment  
Camper Shells  
Camping Equipment  
Carpet/Rugs  
Clothing  
Coins (Collectible)  
Computer Hardware and Software  
Diagnostic Equipment  
Farm/Ranch Equipment  
Fax Machines  
Fire Arms  
Furniture  
Gold  
Home Furnishings  
Jewelry  
Leather Goods  
Luggage/Handbags  
Medical/Dental Equipment  
Mobile Homes  
Motor Homes  
Musical Instruments  
Off-Road Vehicles  
Office Equipment/Supplies  
Photocopy Machines  
Photography  
Radios  
Recreational Vehicles  
Satellite Systems  
Silver  
Silverware  
Stamps (Collectible)  
Stereos  
Subscriptions (Books/Magazines)  
Televisions  
Toys  
Trucks/Tractors  
Typewriters  
Window Coverings  
Word Processors  
Video Tapes (Blank/Recorded)