



# Sales and Use Tax Deferral

State of Nevada  
NRS 360.750, 372.397

Sales and use tax deferrals are available for purchases of capital equipment. An application for deferral must be made in advance to the Commission or, if the purchase has been made, within 60 days after the date on which the tax was due. If the application for a deferment is approved, the taxpayer is eligible for a refund of the tax paid (NRS 372.397(2)).

**Eligible Goods** are capital goods that an allowance for depreciation is authorized pursuant to the U.S. Internal Revenue Code, Section 179, as described in Publication 534, Depreciation under "Qualifying Property," and will directly provide jobs within the State of Nevada as a result of the use of the capital goods by the purchaser.

**Ineligible Goods** are capital goods purchases including, but not be limited to: buildings or their structural components, equipment utilized by a public utility, equipment used for medical treatment, and machinery and equipment used in gaming or mining.

**Objectives.** The purchases are consistent with the Commission's State Plan for industrial development and diversification. The overall objectives of the State Plan for Economic Diversification and Development include:

- Diversification of the gaming and hospitality industry;
- Exporting a majority of goods or services outside the economic region;
- Attraction of basic industries such as manufacturing, warehousing and distribution, and back-office operations—all of which shall create primary jobs as defined in the NAC;
- Attraction of business facilities and services such as corporate headquarters, research and development operations, and producer services—all of which shall create primary jobs as defined in the NAC; and
- Expansion of businesses and industries as described above. Expansions must include increase in the number of employees and increase in the square footage of existing facility.

**The Company's Responsibilities.** The company will provide a medical insurance plan for all employees including an option for dependent health insurance coverage. The company will also pay at least 25% of the employee premium cost.

The business is expected to register pursuant to the laws of Nevada and to obtain all licenses and permits required by Nevada and the county, city or town in which the business operates.

The applicant commits to maintaining the business in Nevada for 5 years. Abatement is voidable if business fails to comply with any of the terms of the agreement. Audits will be done by the Nevada Department of Taxation after 2 and 5 years to ensure compliance.

**Eligibility.** The Commission on Economic Development shall certify the applicant's eligibility for deferment if:

**Number of Jobs Required.** The purchase will provide a minimum of 10 permanent jobs in Nevada.

## **Mission:**

*The Nevada Commission on Economic Development promotes a robust, diversified and prosperous economy, enriching the quality of life for Nevada citizens by stimulating business expansion and retention, encouraging entrepreneurial enterprise, attracting new businesses and facilitating community development to enable economic growth and prosperity.*

## **Criteria (2 of 3):**

- *The average hourly wage for the fiscal year.*
- *The number of full-time permanent jobs by the fourth quarter of operation in Nevada, and continue to employ the minimum.*
- *The capital investment required for the type of business or expansion based on county/city population.*

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**Vision:**

*Founded on principles of innovation, sustainability and inclusiveness, Nevada's economic platform will be driven by renewable energy, future-based technology and human ingenuity to promote new business opportunity in every community.*

**Wage Requirement.** The company's average hourly wage for employees at the Nevada facility will equal or exceed 80% of the average statewide hourly wage established by the Nevada Department of Employment, Training and Rehabilitation. The average hourly wage established for FY 2011 is \$19.93 and 80% is \$15.94.

**Minimum Purchase.** A minimum of \$100,000 capital equipment purchase is required for a tax deferral.

If the sales price is:

- At least \$100,000 but less than \$350,000, the tax must be paid within 12 months
- At least \$350,000 but less than \$600,000, the tax must be paid within 24 months
- At least \$600,000 but less than \$850,000, the tax must be paid within 36 months
- At least \$850,000 but less than 1,000,000, the tax must be paid within 48 months
- \$1,000,000 or more, the tax must be paid within 60 months

The Commission on Economic Development reserves the right to grant or deny certification on a case-by-case basis.

Applicant should allow a minimum of 30 working days prior to the next regularly scheduled Commission meeting for application processing. Those requiring special review and consideration may be granted a longer period of time to complete the certification process.

Upon certification, the commission will immediately forward the application for deferment to the Nevada Department of Taxation – the administrator for tax deferrals. The Tax Department's Revenue Division will determine what purchases qualify for deferral, verify the sale, the price paid, the date of sale, and assign the applicable period for payment of the deferred tax. A security bond equal to the tax deferred is required.

The applicant will register with the Department of Taxation on a separate form if an account has not been established.

Upon certification, the Commission will immediately forward the application for abatement to the Nevada Department of Taxation ■



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