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July 10, 2015

To: Las Vegas Metro Chamber of Commerce

On July 7, 2015 the Nevada Department of Taxation (the "Department") held its first workshop to develop and implement regulations for Senate Bill 483, which established the Nevada Commerce Tax, the first state levy on gross business revenue.

Deonne Contine, the Executive Director of the Department of Taxation lead the workshop. During this workshop, no specific regulations were discussed, and none proposed. However, a number of initial questions and clarifications were discussed.

Among the topics for additional clarification:

- Filing of "zero returns" for businesses below the \$4M threshold.
- Tax treatment of trusts, which have historically not been deemed to be doing business in Nevada.
- Clarification of the management of intangible investments; whether such entities should register and the scope of entities that can manage such investments.
- How to apportion service revenue?
- What record keeping will be required for compliance?
- Clarification on affiliated companies and groups.
- Is a consolidated return permissible?
- How to comply with the Commerce Tax reporting on a July 1 – June 30 fiscal year if the business uses a calendar year?

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- Process for modifying a business's NAICS code and the timeline the Department will use.
- Which NAICS code applies in a vertically integrated business as revenue shifts during the year?
- Clarification of application of tax and offsets with operating entities and holding entities.

Over the course of the two and a half hour workshop, it was clear that there are numerous questions that will require regulatory answers. The Department indicated their intention to hold more workshops, and propose an initial round of regulations for comment within 4 to 6 weeks.

If you have additional questions, or would like to discuss the effect of the Nevada Commerce tax on a particular type of business, please don't hesitate to contact us.

Sincerely,



Jesse A. Wadhams  
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