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October 7, 2015

Paul Moradkhan
Las Vegas Metro Chamber
575 Symphony Park Avenue, Ste. 100
Las Vegas, NV 89106

Re: Commerce Tax Implementation Status

Mr. Moradkhan:

On Friday, September 25th, the Nevada Department of Taxation held its third workshop on the Commerce Tax implementation.

The purpose of this particular workshop was to identify and clarify situsing issues with regard to Nevada revenue.

Deonne Contine, Executive Director of the Tax Department and Bob Barrengo, Chairman of the Tax Commission convened the workshop and presented several draft regulations.

The draft regulations, attached to this letter, are discussed briefly.

Regulation 1 proposed by the Nevada Department of Taxation provides that penalties and interest maybe be waived on commerce tax returns made in good faith and relying on information in the business's federal return. The Department wants to encourage filing and understands that the tax is new and has subtleties, therefore a waiver of penalties and interest will be allowed.

Regulation 2 has been proposed by the various business trusts. Business trusts are proposing clarification that trusts need not file a return and that gross revenue reporting in any event is not required should a filing be necessary.

Regulation 3 proposed by the Nevada Department of Taxation addresses uncompensated care provided by hospitals and health care professionals for purposes of gross revenue.

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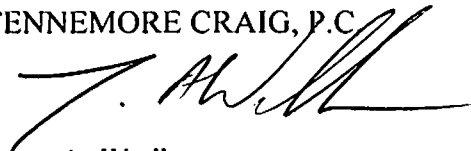
Regulation 4 also proposed by the Department addresses issues with how to situs (allocate) revenue from services. Under these proposed clarifications, revenue derived from a service is based upon where the benefit of the service is realized. For example: if the legal advice from an Arizona office is used by a Nevada company, the service is taxable as Nevada revenue. Alternative situsing methods may be used, and guidelines for those methods will be provided. These proposed regulations are based upon the Ohio business tax and their situsing methods.

The meeting was short, running a little over an hour. The Department of Taxation wants to hear comment on the regulations and has proposed continuing questions on the Commerce Tax generally. The next workshop intends to take the draft regulations, merged into a single document, and continue to refine the issues and clarifications as needed.

As the workshops proceed, we will continue to monitor developments and provide guidance for compliance with this new tax.

Sincerely,

FENNEMORE CRAIG, P.C.



Jesse A. Wadhams

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