

①

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

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

AUTHORITY:

A REGULATION relating to taxation; providing implementation of the Commerce Tax

Sec. ___ Waiver or reduction of penalty or interest for late payment of the Commerce Tax when there was an underpayment based on taxpayers reliance on revenue calculations from its most recent federal income tax year.

- 1. The Department may waive or reduce a penalty or interest, or both, for a late payment if the late payment is determined by the Department to have been caused by the taxpayer's reliance for calculating its Nevada gross income on its federal income tax calculations for the federal income tax year immediately preceding the year the Commerce Tax was paid.*
- 2. In determining whether to waive or reduce the penalty or interest, or both, for a late payment pursuant to subsection 1, the Department may consider whether the total Nevada gross revenue reported on the taxpayer's timely filed Commerce Tax return was the same as or similar to the revenue amount indicated on the federal income tax return of the taxpayer for the federal income tax year immediately preceding the year the Commerce Tax return is filed and the liability was paid.*

Sec. ____ Request for waiver or reduction of penalty or interest after filing amended Commerce Tax return.

- 1. A taxpayer or the taxpayer's agent may request the waiver or reduction of the penalty or interest, or both, by submitting to the Department a written statement signed under oath by the taxpayer or the taxpayer's agent which sets forth that in an attempt to timely file its return and pay its Commerce Tax liability, the taxpayer relied on the revenue calculation from the federal income tax year immediately preceding the year it filed its Commerce Tax.*
- 2. The Department shall not consider a request made pursuant to subsection 1 until the taxpayer has paid in full the tax upon which the interest or penalty is assessed and has submitted*

the federal income tax return on which it relied in calculating its Nevada gross revenue to the Department or any additional documentation that supports the taxpayer's reliance on the revenue calculation used for federal income tax purposes.

Sec. ____.

The Department will determine that an overpayment was made intentionally or by reason of carelessness if the overpayment is a result of the taxpayer's reliance, for calculating its Nevada gross revenue, on its federal income tax calculations for the federal income tax year immediately preceding the year the Commerce Tax was paid and shall not allow any interest on the overpayment.

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

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

AUTHORITY:

A REGULATION relating to taxation; providing implementation of the Commerce Tax

Section 1. As used in sections 2 through 9, inclusive, of this regulation, the words and terms defined in sections 2 through 9, inclusive, of this regulation have the meanings ascribed to them in those sections.

Sec. 2. “Business trust” has the meaning ascribed to it in NRS 88A.030.

Sec. 3. “Commission” means the Nevada Tax Commission.

Sec. 4. “Department” means the Nevada Department of Taxation.

Sec. 5. “Foreign business trust” has the meaning ascribed to it on NRS 88A.040.

Sec. 6. “Grantor trust” means a trust described in subparagraph (g) of subsection (2) of section 4 of S.B. 483.

Sec. 7. “Qualified trust” means a trust described in subparagraph (k) of subsection (2) of section 4 of S.B. 483.

Sec. 8. “Real estate investment trust” means a trust described in subparagraph (i) of subsection (2) of section 4 of S.B. 483.

Sec. 9. “Trust” means any trust other than a grantor trust, business trust, foreign business trust, qualified trust, or real estate investment trust.

Sec. 10. In determining whether a trust is engaged in business in Nevada, the Department will consider the nature and character of the activities of the trust itself and not the activities of another entity in which the trust holds a legal ownership interest.

Sec. 11. As used subparagraph (m) of subsection (2) of section 4 of S.B. 483, the Commission interprets the phrase “person whose activities within this State are confined to the owning,

maintenance and management of the person's intangible assets" to include a trust whose activities within this State are confined to the owning, maintenance and management of intangible assets of which the trust is the legal owner.

Sec. 12. As used in section 10.5 of S.B. 483, the Commission interprets the phrase "entity that is disregarded as an entity for purposes of federal income taxation" to include an entity that meets the requirements of Subchapter S of the Internal Revenue Code and has elected, pursuant to that subchapter, to pass income, losses, deductions and credits through to its owners for purposes of the federal income tax.

3

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

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

AUTHORITY:

A REGULATION relating to taxation; providing implementation of the Commerce Tax

Sec. ___ Calculating Uncompensated care for purposes of the deduction from gross revenue in Section 21(i) of Senate Bill 483

(1) The Department will determine the actual cost of uncompensated care to mean, the amount determined by multiplying Operating Expenses by the Uncompensated Care Ratio where:

(A) operating expenses are the amounts reported on line 2 and line 21, Internal Revenue Service Form 1065 or the amounts reported on line 2 and line 20, Internal Revenue Service Form 1120S or the corresponding line items from any other federal form filed, less any items that have already been subtracted from total revenue (e.g., bad debts);

(B) uncompensated care ratio means uncompensated care charges less partial payments divided by total charges;

(C) uncompensated care charges are the standard charges for health care services where the provider has not received any payment or where the provider has received partial payment that does not cover the cost of the health care provided to the patient. Uncompensated care charges do not include any portion of a charge that the health care provider has no right to collect under a private health care plan, or under an agreement with an individual for a specific amount.

(D) standard charges must be comparable to the charges applied to services provided to all patients of the health care provider;

(E) partial payment is an amount that has been received toward uncompensated care charges that does not cover the cost of the services provided;

(F) total charges are charges for all health care services, including uncompensated care;

(G) records that clearly identify each patient, the procedure performed, and the standard charge for such a service, as well as payments received from each patient must be maintained by the health care provider for all uncompensated care;