

**ADOPTED REGULATION OF THE
NEVADA TAX COMMISSION
LCB File No. R150-22**

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

AUTHORITY: § 1, NRS 360.090, 372.348 and 372.725.

A REGULATION relating to taxation; revising provisions relating to the effectiveness of a letter of exemption issued by the Department of Taxation to a religious, charitable or educational organization; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law exempts from sales and use taxes the gross receipts from the sale of, and the storage, use or other consumption in this State of, any tangible personal property sold by or to a nonprofit organization created for religious, charitable or educational purposes. (NRS 372.326) An organization that wishes to claim this exemption must apply to the Department of Taxation for a letter of exemption. If the Department determines that the organization qualifies for the exemption, the Department is required to issue a letter of exemption. (NRS 372.348) This regulation provides that such a letter: (1) is effective only with respect to sales or use tax obligations that would otherwise accrue on or after the date of issuance of the letter; and (2) does not affect any such obligation accruing before that date.

Section 1. NAC 372.700 is hereby amended to read as follows:

372.700 1. An organization requesting exempt status must submit to the Department an application on a form prescribed by the Department and copies of:

- (a) Its bylaws;
- (b) Its articles of incorporation;
- (c) Financial information which provides verifiable sources of income and expenditures,

which may include, without limitation, financial statements and independent audit reports;

- (d) Letters of exemption issued to it by any governmental agency;
- (e) If the application is for a charitable organization, an outline of its charitable activities, fund raisers and goals, and a copy of its business or strategic plan must be attached; and
- (f) Any other information which the Department deems relevant.

2. Upon approval of an application, the Department will issue a letter of exemption. The letter *of exemption is effective on the date of issuance and* is not transferable. *The letter of exemption:*

(a) Is effective only with respect to any liability for sales tax or use tax that would otherwise accrue on or after the date of issuance of the letter.

(b) Does not affect any liability for sales tax or use tax accruing before the date of issuance of the letter, and any sales tax or use tax paid in connection with such a liability is not refundable.

3. The organization must notify the Department of changes to the name, address, telephone number or responsible person of the organization. Each organization must apply for the renewal of its letter of exemption every 5 years. The Department will mail a renewal application to the last known address of the organization at least 90 days before the expiration of the letter of exemption. Failure to receive a renewal application does not extend the validity of the exemption beyond the 5 years.

~~3.1~~ 4. The Department may deny an application for exemption if it finds that:

- (a) The organization has failed to submit sufficient information on which to grant an exemption; or
- (b) The organization does not meet the standards for exemption.

~~14.~~ 5. The Department may withdraw the letter of exemption issued to any organization if the Department finds that:

- (a) The organization is no longer engaged in charitable, religious or educational pursuits;
- (b) The organization has ceased to comply with the standards for exemption; or
- (c) The application contained false or misleading information.

~~15.~~ 6. A charitable, religious or educational organization may petition the Commission for reconsideration of any action by the Department denying or withdrawing a letter of exemption. Upon reconsideration, the Commission may grant or reissue the letter of exemption if the organization has presented satisfactory evidence that it complies with the standards for exemption.

~~16.~~ 7. As used in this section, “standards for exemption” means the criteria set out in this section and NRS 372.326 and 372.3261.