

**PROPOSED REGULATION OF THE
NEVADA TAX COMMISSION**

LCB FILE NO. R135-24I

**The following document is the initial draft regulation proposed
by the agency submitted on 06/20/2024**

**PROPOSED PERMANENT REGULATION OF THE
NEVADA TAX COMMISSION**

AGENCY DRAFT

6/20/2024

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

AUTHORITY: §§1-4, NRS 375.015

SUMMARY: During the 82nd regular session AB 448 amended subsection one of NRS 375.090 regarding an exemption from the real property transfer tax for transfers between affiliated business entities as follows:

NRS 375.090(1) is hereby amended to read as follows:

The taxes imposed by NRS 375.020, 375.023 and 375.026 do not apply to:

1. ~~[A]~~ *Except as otherwise provided in this subsection, a mere change in identity, form or place of organization, such as a transfer between a business entity and its parent, its subsidiary or an affiliated business entity if the affiliated business entity has identical common ownership. The taxes imposed by NRS 375.020, 375.023 and 375.026 apply to a transfer described in this subsection if the business entity to which the real property is transferred was formed for the purpose of avoiding those taxes.*

The purpose of proposed permanent regulation is to promulgate regulations to provide guidance in the administration of this tax and more specifically this exemption.

Sec. 1. *“Exemption 1” means the exemption set forth in subsection 1 of NRS 375.090, as amended by Assembly Bill 448 of the 82nd Session of the Nevada Legislature.*

Sec. 2. *“Affidavit for Exemption 1” means the form approved by the Department for use by a county recorder in the State of Nevada to determine eligibility for Exemption 1 which requires the affiant to:*

- 1. Attest under Nevada law that the change in ownership of the property subject to Exemption 1 was not formed for the purpose of avoiding the taxes set forth in NRS 375.020, 375.023 or 375.026*
- 2. Provide any documentation requested by the Department to sufficiently prove the claim for Exemption 1, including, without limitation, a Plan of Reorganization, proof of continuity of interest, proof of continuity of the business enterprise, proof of legitimate business purpose for the reorganization and any other documentation to prove that the transfer is not to or from a business entity formed for the purpose of transferring real property to avoid a tax imposed by NRS 375.020, 375.023 or 375.036.*

Sec. 3. *“Plan of Reorganization” means a written plan which states the reason or purpose for the reorganization as well as the type of change in:*

- 1. Identity, including without limitation, a change from one LLC to another LLC;*
- 2. Form. Including, without limitation, a change from an LLC to a corporation or a change from a general partnership to a limited partnership; or*
- 3. Place, including, without limitation, a change from a California corporation to a Nevada corporation.*

Sec. 4. *Any person claiming an exemption pursuant to subsection 1 of NRS 375.090, as amended by Assembly Bill 448 of the 82nd Session of the Nevada Legislature, must submit to*

*the recorder in the county in which the transfer or property is taking place a completed
Affidavit for Exemption 1.*