

BUSINESS LICENSE

WHAT YOU NEED TO KNOW ABOUT NEVADA'S BUSINESS LICENSE

Effective 7/22/03, all businesses doing business in Nevada must obtain a State Business License as required by SB8 of the 20th Special Session of the Nevada Legislature.

1. *Q. What is the cost of a State Business License?*
A. The State Business License Fee is \$100. The license is renewable annually.
2. *Q. How much is the renewal fee and when is it due?*
A. The renewal fee is \$100. Taxpayers who currently have a business license shall pay the renewal fee based on their anniversary date.

Entities no longer in business in this state must submit a written statement to the Department at least 10 days before their anniversary date in order to avoid the annual fee and a penalty for non-payment.

3. *Q. What is the penalty for late or non-payment?*
A. A person who fails to submit the annual fee required by the due date shall pay a **penalty in the amount of \$100 in addition to the annual fee. This penalty goes into effect 07/01/04.**
4. *Q. Are there any other requirements for businesses obtaining a State Business License?*
A. Every business that purchases tangible personal property for storage, use or other consumption in this state must register with the Department of Taxation for a Use Tax Account.
5. *Q. What constitutes a business?*
A. A corporation, partnership, proprietorship, limited-liability company, business association, joint venture, limited-liability partnership, business trust and their equivalents organized under the laws of the State of Nevada or another jurisdiction shall be deemed to constitute a business for the purposes of NRS 360.760 through NRS 360.795 regardless of any purpose for which that entity is organized or operated and regardless of whether that entity conducts an activity for profit.
6. *Q. Are any businesses **not** required to obtain a State Business License?*
A. Government entities, nonprofit religious, charitable, fraternal, or other organizations that qualify as a tax-exempt organization pursuant to 26 U.S.C. § 501(c), or a business whose primary purpose is to create or produce motion pictures are not required to obtain a State Business License. A "Limited-Liability Company which consists of a single member if the limited-liability company is disregarded for the purposes of federal income taxation as an entity separate from its owner, and a natural person who is regarded as a substantial owner of any trust or portion thereof pursuant to the provisions of U.S.C. 671 to 679.

Also, a person who operates a business from his home and earns from that business (net income from the business reported on the Federal Tax Return) not more than 66 2/3 percent of the average annual wage, as computed for the preceding calendar year, pursuant to chapter 612 of NRS, is not required to obtain a State Business License for the next year. The average annual wage fluctuates, for 2003 the 66 2/3

WHAT YOU NEED TO KNOW ABOUT NEVADA'S BUSINESS TAX (cont.)

percentage of the average annual wage is \$21,500. For 2004 the 66 2/3 percentage of the average annual wage is \$22,000.

7. *Q. What is meant by "person who operates a business from his home"?*
 - A. A person who operates a business from his home means a **natural** person who does not own, lease, rent or license any real property, other than his personal residence, for use in furtherance of that business and does not hold any part of his personal residence open to the **general public**.
A **natural** person shall **not** be deemed to own, lease, rent or license any real property that he uses strictly for the purpose of maintaining a post office box, posting a business license in accordance with requirements imposed by a county or municipal ordinance, or periodically selling or exhibiting wares at craft shows.
8. *Q. Are trade show or convention participants required to obtain a State Business License?*
 - A. A business not located in this State that takes part in a trade show or convention held in this State is not required to obtain a business license specifically for that one event.
9. *Q. Are businesses selling at swap meets in this State required to apply for a State Business License?*
 - A. Yes, they are considered to be renting space outside of their personal residence and are required to apply for a State Business License.
10. *Q. Are real estate agents and brokers required to apply for a State Business License?*
 - A. Yes, they are not considered to be working from their personal residence and are required to apply for a State Business License.
11. *Q. Are a husband and wife considered one taxpayer?*
 - A. Yes, as long as the business is not separately incorporated.
12. *Q. How do I obtain a State Business License?*
 - A. You may obtain an application by downloading one from our website at <http://tax.state.nv.us> or by contacting the Nevada Department of Taxation office nearest you. When submitted, the application must be accompanied by the \$100 license fee. A signer's signature on an application is considered a sworn statement of his or her authority to sign on behalf of the entity being registered.
13. *Q. If I have several businesses, but they are all owned as sole proprietor businesses, do I have to get State Business Licenses for each one?*
 - A. Sole proprietors may have more than one business and only be required to have one State Business License. However, if a person is a sole proprietor and also conducts business under a separate corporation or other entity, State Business Licenses will be required for each entity.
14. *Q. Miscellaneous*—A Business is required to keep all records for four years. The same or similar provisions which exist for other Title 32 taxes regarding audits, confidentiality of information, administrative procedures, etc., are applicable to this license fee.
15. *Q. What are some examples of businesses that are now required to apply for a business license that were not required to apply prior to the implementation of SB 8 of the 20th Special Session of the Nevada Legislature?*

WHAT YOU NEED TO KNOW ABOUT NEVADA'S BUSINESS TAX (cont.)

A. Sole proprietors without employees were not previously required to obtain a State Business License. However, employer status no longer is a factor in determining which businesses must register for a State Business License. **All** businesses are now required to obtain a State Business License unless they are exempted for one of the reasons listed above in #6. In addition, individuals who lease or rent out property and report this on a Federal Tax Return form 1040 schedule E and individual owners of farms who report on a Federal Tax Return form 1040 schedule F must also obtain a State Business License.