



# Ring in the New Year Right

By Richard A. Vallari CPA, CMI

Customers must pay the sales tax: In other words, there may not be an advertisement of assumption or absorption of tax by a retailer. NRS 372.115 clearly states it is unlawful for any retailer to advertise or hold out or state to the public or to any customer, directly or indirectly, that the sales tax or any part thereof will be assumed or absorbed by the retailer or that it will not be added to the selling price of the property sold or that if added, it or any part thereof will be refunded. Clients with business experience in California often do not realize this; in California, the seller may pay the tax directly (by absorbing the sales tax) or passing the sales tax to the customer.

Sales Tax is a “Trust” tax: Every retailer maintaining a place of business in Nevada and making sales of tangible personal property shall, at the time of making the sales, collect the tax from the purchaser and give the purchaser a receipt. A retailer shall hold the amount of all taxes collected in a separate account, in trust for the State. (NRS 372.195, 372.354). Although the statute does not require a separate bank account for the tax, on the accounting side a general ledger account for “Sales Tax Payable” is strongly urged.

As straight forward as these items are, Nevada auditors often find these procedures and rules are not being followed as intended by the law. Start the New Year off correctly, and discuss these concepts with your clients before an auditor does.



*Rich is the founder of Southwest Sales Tax Solutions, LLC. He has over 20 years of experience handling sales and use tax issues. His company specializes in sales and use tax audit representation and consulting. Rich is a licensed CPA, a member of the Nevada Society of CPA's and the American Institute of Certified Public Accountants. Rich is also a member of the Institute for Professionals in Taxation, earning his designation as a Certified Member of the Institute in Sales Tax (CMI). Rich may be contacted at (702) 233-0049 or at [rvallari@cox.net](mailto:rvallari@cox.net).*

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With the ringing in of the New Year, I thought this would be a great time to help our clients with a New Year's resolution as it pertains to Nevada Sales Tax Compliance. To keep this resolution is a simple task. However, this is a self check that our clients never seem to complete until their records are audited by the Nevada Department of Taxation. When an audit occurs, it's too late. Start the discussion with your clients now. Inquiries regarding the points listed below are a great way to assist our clients before tax season swings into full gear. If any of these simple check points are not followed, audit compliance issues may arise. This list is compiled from situations I most frequently encounter:

Post your Retailer's Permit with pride: Sales tax permits must be displayed at all times in a conspicuous place pursuant to NRS 372.135(2). Simply framing and hanging the permit by the cash register will suffice; the object is for all customers to see that your clients' business is legitimate and properly registered to collect sales tax. In addition, each business location where retail sales occur must display the permit for that location.

Sales tax is due now: Pursuant to NAC 372.050(2), sales tax collected is due and payable in the period when the sale transaction takes place and cannot be delayed until the retailer actually receives payment from the customer. I frequently hear comments from my clients that it is not “fair” that they are required to forward the sales tax in the reporting period in which the sale is made instead of the period during which the customer pays for the purchase. I cannot offer any solutions to my clients regarding this requirement since this is the law, and the rule applies to all businesses whether they operate under the cash or accrual basis.