



A Word About Nevada Sales Tax Exemptions.....

(As They Pertain to My Wife)

By Richard A. Vallari CPA, CMI

Leave it to my beautiful bride to challenge me in the realm of Sales and Use tax as she goes about her relentless duties for work. As a teacher for the Clark County School District and student council advisor at her school, she often has to purchase work related items with her own funds. The matter of sales tax is always relevant, since the school will not reimburse her for any expense that contains sales tax. Since my wife is required to make purchases up front, nothing infuriates her more than business establishments that will not honor her tax exempt documents.

In this article I discuss two recent scenarios that occurred while my wife was acting as an agent for the school district. I believe this information will be valuable for your clients who work for tax exempt organizations, like the Clark County School District, and are required to make purchases up front.

In Nevada, the sales tax exemption afforded to tax exempt organizations flows through the purchaser if the protocol of NRS 372.348 is followed. This is often an audit issue for contractors engaged in contracts with municipalities that purchase materials for these projects, since under NRS 372.340 a contractor must be a constituent part of that entity in order for purchase to be exempt. That said, the issue is straight forward when a person is purchasing on behalf of a tax exempt entity, as my wife does in her capacity as a student council advisor.

The first situation my wife encountered is when she went to purchase items on behalf of student council at a "large box store" establishment. The store simply refused to honor the paperwork and accept the identification my wife presented, as required under NRS 372.348. (For the record, my wife normally presents her school district identification card and a tax-exempt letter issued to her school by the Department of Taxation).

The specific response by this establishment for not honoring her district identification and tax-exemption letter was that their corporate headquarters (located in another state) had instructed all of its' Nevada locations not to honor any tax exemptions. The reason for this

by corporate headquarters was unclear, however a retail establishment may not cherry pick which sections of the Nevada Revised Statutes it wishes to follow.

The next item was a contract with a local hotel/casino establishment. One of more difficult duties as student council advisor is to secure a prom contract for a venue that is within the student council budget, while appeasing the students with the location. My wife had performed her due diligence to find a location for the prom that met all district and budget requirements. When a price was agreed upon, the venue presented a contract for my wife to sign on behalf of student council. Upon review of the contract by my wife, she noticed the contract stated that the price "applicable sales tax". When my wife approached the venue to indicate that the school was a tax exempt organization and could not sign the document as worded, the venue simply crossed out the wording on the contract, changed the "sales tax" amount to "\$0.00" and added the corresponding amount to the "facilities charge". Although the venue did not do anything illegal, my wife was disappointed the venue did not reduce the total price by the "applicable sales tax" since funds are so short this school year. Needless to say, she will be all the wiser next year to communicate to the venues interested in hosting her schools' prom that their price should exclude sales tax.

They say the lessons in life are often learned through the University of Hard Knocks. If this is indeed the case, the experiences that my wife has encountered working as a teacher and student council advisor with sales tax exemptions certainly makes her a graduate with honors.



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