

State & Local Tax **Alert**

Breaking state and local tax developments from Grant Thornton LLP

Nevada Enacts Tax Amnesty Program to Begin July 1, 2010

Nevada has enacted budget legislation that includes a tax amnesty program that will run from July 1 through September 30, 2010.¹ The amnesty program applies to taxes, fees and assessments that are due and payable before July 1, 2010.

Operation of Amnesty Program

The amnesty program applies to taxes, fees or assessments required to be paid to the Nevada Department of Taxation.² Participants in the program will be relieved from paying monetary penalties and interest. During the amnesty period, the taxpayer must (1) file a request for relief with the Department and (2) pay the unpaid tax, fee or assessment in full to the Department. The amnesty program does not apply to a taxpayer that has entered into (1) a compromise or settlement agreement with the Department for the unpaid tax, fee or assessment or (2) a compromise with the Nevada Tax Commission concerning the unpaid tax, fee or assessment.³ A taxpayer that requests or receives relief under the amnesty program may be audited by the Department in the same manner as a taxpayer that does not participate in the program.

Commentary

Many states have used tax amnesty programs during the past two years to increase revenue collections. Nevada most recently offered an amnesty program in 2008. The law enacting the Nevada amnesty program does not contain many details, but the program appears to apply to all taxes and fees, including sales and use tax, collected by the Department. As the program approaches, the Department is expected to release more detailed information.

Release date

April 20, 2010

States

Nevada

Issue/Topic

Sales and Use Tax, Multiple Taxes

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¹ Ch. 10 (A.B. 6), § 64, Laws 2010.

² *Id.*

³ Under NEV. REV. STAT. § 360.263, the Nevada Tax Commission may enter into a compromise with a taxpayer if the Commission determines that (1) it is unlikely the Department will be able to collect the entire amount of the liability, (2) the amount of the taxpayer's liability is unclear or (3) the compromise is appropriate based on considerations of equity and fairness. Under a compromise agreement, the Commission accepts an amount that is less than the liability as full satisfaction of that liability.

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