



Nevada Department of Taxation
February 23, 2009

EMPLOYERS BEWARE: PAYROLL COMPANIES NOT FILING MODIFIED BUSINESS TAX RETURNS

In accordance with the 2003 Legislature, NRS 363A and NRS 363B, the “*Modified Business Tax*”, (MBT) was enacted. The Modified Business Tax is a tax on the total, gross wages of *Nevada* employees; the *MBT must be reported and remitted, on a quarterly basis, to the Department of Taxation, by employers with Nevada payroll.*

Many payroll services/agencies have contracted with Nevada employers, for payroll services, such as filing Unemployment Tax returns, (Form 4072), with the Nevada Department of Employment, Training and Rehabilitation-Employment Security Division, (ESD), ***but ARE NOT FILING the required quarterly MBT returns with the Department of Taxation.*** In some cases, payroll companies are receiving the MBT returns, but are not forwarding the returns to clients *and* are not informing clients that MBT forms *must be filed* on a timely, quarterly basis whether or not payroll services have contracted to file the MBT return or not.. In other words, employers should not presume that the payroll service, with whom the employer has contracted, is preparing MBT returns and remitting MBT payments. ***However,*** if the payroll service does not submit and pay MBT returns, the employer with Nevada payroll remains liable, and responsible, to verify and ascertain that that the quarterly MBT forms are filed and paid. If a payroll service is receiving quarterly MBT returns, sent out by the Department, the payroll service should be forwarding the forms directly to clients.

Employers with Nevada payroll are responsible to file and pay the MBT in a timely manner. Notices of MBT account non-compliance/discrepancy issues are mailed on a regular, (monthly or occasionally more frequent), basis. If a payroll company does not forward MBT return forms and billing notices, the Nevada employer may incur significant tax, penalty and interest liabilities. You may contact the Department to update your MBT mailing address if needed. ***IT IS EXTREMELY IMPORTANT THAT EMPLOYERS MAKE CERTAIN THAT THEIR MBT RETURNS ARE CORRECTLY FILED AND PAID; EMPLOYERS ARE ULTIMATELY RESPONSIBLE AND LIABLE FOR NEVADA MODIFIED BUSINESS TAX!***