



# REPEAL OF BUSINESS TAX NRS 364A

## QUESTIONS & ANSWERS

1. *Q. What was business tax?*

A. NRS 364A was enacted July 1, 1991 and imposed a tax based on the number of employees working in Nevada or entering Nevada to work or conduct a business activity. **NRS 364A was repealed effective October 1, 2003, however, its repeal does not alleviate a business of its tax obligation for the periods that it was in effect.**

2. *Q. What was considered to be a business subject to this tax?*

A. Each person, corporation, partnership, proprietorship, business association or any other similar organization that conducted a business for profit, including an independent contractor or sole proprietor. A trade show or convention held in this state in which a business previously described took part in. Any business that had employees working in Nevada at any time between July 1, 1991 and September 30, 2003 was and is subject to the tax.

3. *Q. Was any business exempt from this tax?*

A. A natural person (sole proprietor) who did not employ any employees, all nonprofit 501(c) organizations and all governmental entities were exempt from the license and tax requirement.

4. *Q. How was an employee defined for the purpose of this tax?*

A. The term "employee" included any natural person who received wages or other remuneration from a business for personal services in this state and a natural person engaged in the operation of a business. This included persons that performed a service in the state for a business located outside this state. This included, but was not limited to employees the business reported to: (a) Employment Security Division; or (b) Internal Revenue Service on Form 941, 941M or 943.

The term "employee" did not include: (a) a business, included an independent contractor, as defined in NRS 364A.012, that performed services on behalf of another business; (b) a natural person who was retired or otherwise received remuneration solely because of past service to a business; (c) a newspaper carrier, or the immediate supervisor of a newspaper carrier who was an independent contractor of the newspaper and received compensation solely from persons who purchased the newspaper; (d) a natural person who performed all of his duties for the business outside of this state; or (e) an independent contractor who was not an employee of the business with whom he contracted.

5. *Q. How was the number of employees determined?*

A. A sole proprietor was not included in the calculation of the number of full-time equivalent employees. In the case of a partnership, one partner was exempted from the count and all others were included in the calculation. All corporate officers were considered employees if they received wages, compensation or other benefits for services rendered in this state.

Once the number of employees was determined, 468 hours were tallied up for each full-time employee and the number of hours worked by all other employees was calculated. The total number of hours worked by all employees for the quarter in question was divided by 468. The resulting number, rounded to the nearest hundredth, was the number of full-time equivalent employees to be reported for the quarter.