



THE TAXPAYER BILL OF RIGHTS

PREFACE

This document sets forth the Taxpayer's Bill of Rights with explanations and an introduction to the services provided by the Department of Taxation. Our philosophy is simple: Most people want to pay what they owe on time and in full, and an important part of our job is to explain the taxpayer's responsibilities as clearly as possible. Taxes may be inevitable, but paying them should not be an overly confusing or intimidating experience.

Understanding how the system works is every taxpayer's right. Our goal is to take the mystery out of tax administration. When that happens, everyone benefits - taxpayers and tax administrators alike. The document is also an introduction to how the system works if you have a problem with your taxes or if you disagree with how much the Department says you owe in taxes. Well-informed taxpayers can get faster results by knowing their rights and exercising them quickly.

Taxpayers need to know what will happen if they do not pay taxes. State law provides for an escalating series of sanctions - from interest and penalty charges to court actions - designed to ensure that everyone pays his or her fair share of taxes. The enforcement tools, carefully used, encourage voluntary compliance while assuring honest taxpayers that they are not shouldering an unfair burden.

This document may not be able to provide you with all the detailed information that you need to answer a particular question or solve a specific problem. Therefore, we urge you to contact the Department directly if you have any further questions or comments.

The rights set forth in this document cover those taxes or tax provisions administered by the Department of Taxation under NRS Title 32 "Revenue and Taxation".



THE TAXPAYER BILL OF RIGHTS

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The legislature hereby declares that each taxpayer has the right:

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To be treated by officers and employees of the department with courtesy, fairness, uniformity, consistency and common sense.

Every taxpayer is liable only for the correct amount of tax that is due under the law. The Department must apply the law consistently and fairly to all taxpayers and treat them with courtesy and consideration. These criteria are taken into account when evaluating an employee's performance. The Department shall not evaluate any employee of the Department on the basis of assessments or collections from taxpayers. Any taxpayer not treated with fairness, courtesy and consideration by any Department employee, should contact the employee's supervisor with his concerns.

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To a prompt response from the department to each communication from the taxpayer.

The Department tries to return telephone calls by the end of each day, but that is not always possible. However, we will return each call within 24 hours (weekends excluded). The Department provides a taxpayer with a written response to any written request by the taxpayer within 30 days after it receives the request. When lengthy research is required, that prohibits responding in 30 days, the taxpayer will be advised. A response will be provided when the information becomes available.

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To provide the minimum documentation and other information as may reasonably be required by the department to carry out its duties.

The Department is mandated to ask only for information that it needs to do its job, and no more. All forms prepared by the Department ask for a minimum of information and they have attached instructions to help the taxpayer provide that information.

To support sales tax and various excise tax remittances, a taxpayer's records must include the normal books of accounting, together with all bills, receipts, invoices, cash register tapes or other documentation of original entry supporting the entries in the books of accounts.

To support business tax remittances, a taxpayer's records must include the necessary personnel or payroll records.

The records should be kept for not less than four years, from the date of filing, unless written authorization to destroy is obtained from the Department. Any taxpayer who has failed to register with the Department will be required to maintain and provide his records for not less than 8 years.

Failure to maintain such records can be considered evidence of negligence or intent to evade the tax and may result in the imposition of penalties as provided by law. The burden of proof falls upon the taxpayer to show a deficiency has been incorrectly assessed.

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To written explanations of common errors, oversights and violations that taxpayers experience and instructions on how to avoid such problems.

All billings from the Department have a written explanation of the reason for the billing. Department employees are always willing to help with specific problems and make helpful suggestions so the taxpayer can correct any existing problems. A written request for help or information will be answered in writing by the Department.

The Department will respond to questions over the telephone, however, the Department is not bound by the answers given to taxpayers by staff in telephone conversations. Therefore, if the information you are requesting concerns how the tax is to be collected or applied, the request should be in writing and should include as much detail as to the specific circumstances as possible. The Department's written response can be used to support the taxpayer's position should questions arise in an audit.

Additionally, these types of problems are addressed periodically in the Department's quarterly publication, Nevada Tax Notes.

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To be notified, in writing, by the department whenever its officer, employee or agent determines that the taxpayer is entitled to an exemption or has been taxed or assessed more than is required by law.

It is the policy of the Department to provide a refund or credit to the taxpayer on all overpayment of taxes which the Department determines is due as a result of an audit or other examination of the returns sent in by the taxpayer. The taxpayer will be notified in writing at the address the taxpayer provides the Department of the right to a refund or credit.

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To written instructions indicating how the taxpayer may petition for:

- (1) An adjustment of assessment;*
- (2) A refund or credit for overpayment of taxes, interest or penalties; or*
- (3) A reduction in or the release of a bond or other form of security required to be furnished pursuant to the provisions of this Title that are administered by the department.*

By law, if the Department makes a determination that taxes are owed by a taxpayer, the department must serve written notice of that determination either personally or by mail. The Department will provide written instructions with the notice to the taxpayer on the procedure the taxpayer must follow to file a petition with the Department to contest the Department's determination that taxes are owed. Please note that generally there is a 45-day time limit on filing a petition with the Department to contest a determination that tax is owed with the exact date for filing the petition set forth in the notice. The petition must be in writing and set forth the reasons why the taxpayer is contesting the determination that tax is owed. If the petition is mailed, the Department will consider the postmark date placed on the envelope by the U.S. Postal Service as the date of filing the petition. If the petition is not filed within the time allowed, the Department's determination that tax is owed becomes final. Please call the Department if you have any questions on the procedure for contesting the determination that tax is due.

With respect to a taxpayer's claim that taxes were overpaid, please see section 1e.

The law provides that the Department may under certain circumstances reduce or waive penalties and/or interest that may have accrued on delinquent taxes. A petition to waive or reduce penalties or interest must be made in writing and set forth the grounds on which the taxpayer seeks the reduction or waiver. Please contact the Department for additional details.

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To recover an overpayment of taxes promptly upon the final determination of such an overpayment.

A taxpayer may petition the Department for a refund or credit of taxes believed to have been overpaid. The petition must be in writing and be accompanied by all relevant documentation to support the claim that taxes have been overpaid and a refund or credit is due. Depending on the type of tax involved, Nevada law provides for various limits on the time within which a claim for refund or credit may be made. Contact the Department for specific information.

Once the Department makes the determination that an overpayment of taxes was made, the taxpayer usually has a choice of receiving either a credit towards future taxes due or a refund check. The taxpayer must notify the Department in writing as to which remedy is desired. Please note that a refund by check typically takes several weeks to process because the checks must be ordered from another State agency.

1h

To obtain specific advice from the department concerning taxes imposed by the State.

The Department of Taxation has a dual role. Collection of taxes for the State is a major task of the Department. Another is taxpayer assistance. It is each employee's responsibility to assist taxpayers with information concerning the laws of the State, to inform taxpayers of procedures to follow to comply with these laws, and to give freely and willingly assistance where it is requested. It is the Department's goal to resolve any situation before it becomes a major problem.

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In any meeting with the Department including an audit, conference, interview or hearing:

- (1) To an explanation by an officer, agent or employee of the department that describes the procedures to be followed and the taxpayer's rights thereunder;*
- (2) To be represented by himself or anyone who is otherwise authorized by law to represent him before the department;*
- (3) To make an audio recording using the taxpayer's own equipment and at the taxpayer's own expense; and*
- (4) To receive a copy of any document or audio recording made by or in the possession of the Department relating to the determination or collection of any tax for which the taxpayer is assessed, upon payment of the actual cost to the Department of making the copy.*

These rights are self explanatory and are included in the regulations of the Department.

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To a full explanation of the department's authority to assess a tax or to collect delinquent taxes, including the procedures and notices for review and appeal that are required for the protection of the taxpayer. An explanation which meets the requirements of this section must also be included with each notice to a taxpayer that an audit will be conducted by the department.

The Department's authority to assess the taxes it administers, and collect those taxes, is contained in various provisions of the Nevada Revised Statutes (NRS) as well as in the Nevada Administrative Code (NAC), as are the rights and remedies of taxpayers to contest the assessment of taxes against them. Upon request the Department can provide taxpayers with a copy of the applicable statutes in NRS and NAC. In the case of property taxes, please see the "Property Tax" section at the end of this document.

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To the immediate release of any lien which the department has placed on real or personal property for the nonpayment of any tax when:

- (1) The tax is paid;*
- (2) The period of limitation for collecting the tax expires;*
- (3) The lien is a result of an error by the department;*
- (4) The department determines that the taxes, interest and penalties are secured sufficiently by a lien on other property;*
- (5) The release or subordination of the lien will not jeopardize the collection of taxes, interest and penalties;*

- (6) The release of the lien will facilitate the collection of tax, interest or penalties; or*
- (7) The department determines the lien is creating an economic hardship.*

The rights as listed above show the Department's on a lien placed for nonpayment of taxes. The taxpayer is entitled, in most cases, to notification before a lien is filed against him. A tax lien is a public notice of debt and attaches to the taxpayer's property and his right to hold property. It can be filed for continued failure to pay or to establish a method of payment. Since a lien is a public record, it may harm his credit rating.

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To the release or reduction of a bond or other form of security required to be furnished pursuant to the provisions of this Title by the department in accordance with applicable statutes and regulations.

Provided there are no taxes due, security will be returned, released, or allowed to expire when a taxpayer closes his sales/use tax account. If it is determined that taxes are owed and not paid by the taxpayer, then a claim may be made on the security. In the case of cash or a savings certificate, any excess over and above the amount due will be refunded to the taxpayer.

Also, if a taxpayer has security on file for his sales/use tax account, Department regulations provide that a waiver from the security may be granted under the following conditions:

- a) the taxpayer must have a perfect record of timely reporting for 36 consecutive months;
- b) the taxpayer must request a waiver of the security in writing to the Director of the Department.

Note: On corporations, corporate officers must sign a personal guarantee.

On written request, the Department may reduce the amount of security required in proportion to a reduction in taxable sales.

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To be free from investigation and surveillance by an officer, agent or employee of the Department for any purpose that is not directly related to the administration of the provisions of this Title that are administered by the department.

It is the policy of the Department that each taxpayer is to be treated with respect and their rights as a citizen of Nevada and the United States are not infringed upon. No officer or employee of the Department may use their position for purposes that are not directly related to the proper administration of the provisions of this Title.

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To be free from harassment and intimidation by an officer, agent or employee of the Department for any reason.

It is a policy of the Department that no taxpayer may be harassed or intimidated by any employee. Statutes set the limits of authority, and procedures tell employees how to perform their duties. The Department provides training, instruction, supervision and review of its employees in the performance of their duties. Abuse of any taxpayer shall not be tolerated, and if a taxpayer is not treated fairly and with courtesy by any Department employee, he should contact the employee's supervisor with his concerns.

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To have statutes imposing taxes and any regulations adopted pursuant thereto construed in favor of the taxpayer if those statutes or regulations are of doubtful validity or effect, unless there is a specific statutory provision that is applicable.

The provisions of this Title governing the administration and collection of taxes by the department must not be construed in such a manner as to interfere or conflict with the provisions of this section or any applicable regulations.

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The provisions of this section apply to any tax administered and collected pursuant to the provisions of this Title or any applicable regulation by the department.

Addendum

Property Taxes

a) Governance

The laws governing property tax both real and personal under NRS Title 32 provides that County Government is the administration, collection and enforcement authority. The Department is responsible only for centrally assessed properties.

If you have questions about ...

- your appraisal assessment or exemptions, contact the County Assessor's Office; *
- the payment of your property taxes, contact the County Treasurer's Office; *
- your tax rate, contact your County or City elected officials. *

* These phone numbers can be found in the white pages of your telephone directory.

b) Exemptions

Tax exemptions are provided to persons meeting certain requirements such as widows, orphans, veterans, disabled veterans and blind persons. There is also a senior citizens property tax and renter's rebate program available to all persons 62 years of age or older, whose annual household income is less than \$19,100.

All exemptions require a six month residency along with appropriate documentation. Filing for exemptions must be done within specific time periods. For details, call your local County Assessor's Office or the Department.

c) Appeal of Property Tax Assessments

Each County Assessor mails to each property owner a written notice of the value of his property in the month of December.

If you believe the valuation is incorrect, you may appeal to your local County Board of Equalization. The appeal must be filed no later than January 15. The County Assessor can provide you with the procedure to be followed.

Any taxpayer who appealed to the County Board of Equalization and does not agree with the determination, may file an appeal with the State Board of Equalization. The appeal must be filed not later than March 10th of each year. Contact the Department for the procedure to be followed.