



MODIFIED BUSINESS TAX GENERAL BUSINESS EMPLOYERS

Effective October 1, 2003, employers who are required to pay a contribution pursuant to NRS 612.535, Nevada Unemployment Compensation Law, shall be subject to pay the excise tax on wages pursuant to NRS 363B.110, Modified Business Tax. Exceptions include Indian tribes, political subdivisions as defined in NRS 612.055, nonprofit organizations that qualify under 26 U.S.C. § 501(c), and effective July 1, 2005 any person who does not supply a product or service but who only consumes a service.

Q. What is the Modified Business Tax?

A. The Modified Business Tax is a tiered quarterly payroll tax that is based on gross wages.

Q. When is the tax due?

A. Tax for each calendar quarter is due on the last day of the quarter and is to be paid on or before the last day of the month following the quarter. For example, the tax return and remittance for October 1, 2007 through December 31, 2007 is due on or before January 31, 2008. A return must be filed for each period even if no gross wages were paid during the period.

Q. If I do not own a business but I hire domestic help in my home, am I required to pay this tax?

A. Prior to July 1, 2005 if you were required to report their wages to ESD on Form NUCS 4072, you were required to pay this tax on their gross wages as well. Effective July 1, 2005 you are considered to be a consumer of service only and not required to pay this tax on their wages, even if the wages are over \$1000 a calendar quarter.

Q. Who do I pay this tax to?

A. This tax is paid to the Department of Taxation.

Q. Where do I have to register for this tax?

A. When you register with the Nevada Employment Security Division (ESD) for Unemployment Compensation for your employees you are automatically registered with the Department of Taxation for Modified Business Tax. You will start receiving tax returns from the Department of Taxation. They will be sent to you at the same address you have registered with the Employment Security Division. If you would like your Modified Business Tax returns to be sent to a different address you must notify the Department of Taxation by phone or in writing.

Q. Do I still pay the unemployment insurance contribution to the Employment Security Division?

A. Yes.

Q. What are gross wages?

A. Gross wages are the total wages paid by the employer during the calendar quarter. This amount should be the same figure as reported on Line 3 of ESD Form NUCS 4072 and should include reported tips.

Q. Is there a cap on the gross wages?

A. No. There is no cap or limit on the gross wages.

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Q. What is the tax rate?

A. Effective **July 1, 2009**, the tax rates changed after passage of SB429. If the sum of all taxable wages, after health care deductions, paid by the employer does not exceed \$62,500 for the calendar quarter, the amount of tax is 0.5% of the sum of those wages (0.005). If the sum of all the wages paid by the employer exceeds \$62,500 for the calendar quarter, the tax is \$312.50 plus 1.17% of the amount the wage exceeds \$62,500. For example: if the sum of all wages for the 12/09 quarter is \$101,000. The tax is \$312.50 plus \$450.45 (0.0117 x \$38,500 which is the amount exceeding \$62,500) = total tax due of \$762.95. These changes expire June 30, 2011.

Prior to July 1, 2009, the tax rate for General Business Employers from July 1, 2005 to June 30, 2009 was 0.63% (0.0063); the tax rate from July 1, 2004 through June 30, 2005 was 0.065% (0.0065); and from October 1, 2003 through June 30, 2004 it was 0.70% (0.007).

Q. Are there any allowable deductions from gross wages?

A. Yes. There is a deduction for qualified health insurance/health benefit plans for employees paid by the employer.

Q. Are employees' dependents included in the allowable deduction?

A. Yes. If the premiums, claims, etc. are paid by the employer.

Q. Are employee dental and vision insurance premiums allowable health insurance/health benefit plan deductions?

A. Yes. As long as they are paid by the employer.

Q. My company is self-insured; does that qualify for the deduction?

A. Yes. There is a provision for amounts paid for claims, direct administrative services costs, and any premiums paid for individual or aggregate stop-loss insurance coverage.

Q. What about amounts paid by an employer to a Taft-Hartley Trust for participation in an employee welfare benefit plan?

A. These amounts would also qualify for the deduction.

Q. What if the amounts paid for premiums, claims, etc., exceed the amount of gross wages for the quarter?

A. The excess amount may be carried forward to be applied as an offset to the gross wages in the following quarter.

Q. Do amounts paid for health care or premiums paid for insurance for any industrial injury or occupational diseases qualify for the deduction?

A. No.

Q. Can I deduct these taxes from the employee's wages?

A. No.

Q. What if I as an employer, pay \$300 per employee per quarter for health insurance premiums, and the employee pays \$100 per quarter for a total of \$400 paid to the insurance company. How much can I deduct from gross wages?

A. You can deduct \$300 per employee per quarter.

Q. What if I make a mistake - how do I amend my return?

A. Take a copy of your original return and write the word "AMENDED" in black ink in the upper right corner of the return. Line-through the original figures in black, LEAVING THE ORIGINAL

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FIGURES LEGIBLE. Enter corrected figures, in black, next to or above lined-through figures. Enter amount of credit claimed (if any) or amount due. Include a WRITTEN EXPLANATION AND DOCUMENTATION (credit memos, exemption certificates, adjustments to gross wages or health deductions, etc.) substantiating the basis of the amendment(s). If the amended return results in a credit, a credit will be issued to satisfy current/future liabilities unless a refund is specifically requested. If additional tax is due, please remit payment along with applicable penalty and interest. *Please note that the requirements for documentation to be attached to the amendments is unique to this particular tax and differs from the requirements of other taxes under Title 32.*