

INTOXICATING LIQUOR: LICENSES AND TAXES

NRS 369

DEFINITIONS

Liquor: (Specific NRS 369.040)

A liquid containing 1/2 of 1 percent or more of alcohol by volume that is used for beverage purposes.

Importer: (Specific NRS 369.030)

The person having first possession of alcohol in the State of Nevada after completion of the act of importation.

Wholesaler: (Specific NRS 369.130)

A person licensed to sell liquor to retail liquor stores or other wholesalers (in the State of Nevada), but not to the consumer.

Supplier/Certificate of Compliance Holder: (Specific NRS 369.111, 430)

The first person having ownership of alcohol in the United States, holding a valid certificate of compliance to ship to Nevada importers, and/or directly to Nevada consumers.

Retail Liquor Store: (Specific NRS 369.090)

An establishment (tavern, lounge, package sales store, restaurant, grocery store, etc.) where alcoholic beverages are sold to the consumer.

GENERAL INFORMATION

Nevada intoxicating liquor laws control and regulate the distribution of liquor within the borders of Nevada by use of the three tier system. Under this system, suppliers (certificate of compliance holders) can sell only to importer/wholesalers located in the State of Nevada. In turn, the importer/wholesaler can sell only to the retailer, and not to the public or at the retail level. Further, retailers must purchase only from wholesalers (NRS 369.487) and may not legally purchase for resale from other retailers or directly from suppliers.

Alcoholic beverages may be transported into the state of Nevada only by a licensed common carrier, regularly operating contract carrier, or licensed Nevada Importer/wholesaler who has a special permit for the transporting vehicle. Importation into Nevada must be made to the licensed Importer/wholesaler warehouse and to no other place. Wholesale liquor business and storage must be conducted only from a licensed Importer/wholesaler warehouse.

NEVADA THREE TIER SYSTEM

1. Supplier (Certificate of Compliance Holder) may ship/sell only to Nevada importers, holders of a permissible person permit, and/or directly to Nevada consumers.
2. Importer/Wholesaler may sell only to retailers and other wholesalers.
3. Retailer may purchase from wholesaler only and cannot legally sell to or buy from other retailers. Sales must be at the retail level to the general public only.

RETAILERS

Retail liquor store operators should be advised to consult city or county clerks regarding licensing requirements. Other than sales and use tax obligations, the Department of Taxation is not involved in the licensing of retail liquor establishments.

IMPORTER/WHOLESALERS

Persons desiring to become licensed importer/wholesalers must present an application and check made payable to the Department of Taxation (amount based on license being applied for) to their county commissioners for approval (NRS 369.190). If approved, they will forward the application and check to the Department of Taxation for final approval. A certified copy of the fictitious firm name certificate (as required by NRS 602.010) must accompany the application.

Persons applying for a license to import and wholesale alcoholic beverages into Nevada must first have a warehouse located within the state.

Annual licensing fees are as follows:

ANNUAL FEES (NRS 369.300)

Importation of beer	150.00
Wholesale of beer	75.00
Importation of beer, wine and liquor	500.00
Wholesale of beer, wine and liquor	250.00
Wine-maker's license	75.00
Brewer's license	75.00
Brew-pub license	75.00

BONDING REQUIREMENTS (NRS 369.350)

Beer only	\$10,000.00
Beer, wine and liquor	50,000.00
Brewer or Winemaker	1,000.00

To obtain and retain a Nevada importer or wholesaler license, the licensee must agree to maintain warehouse space sufficient to store \$1,000 worth of product, based on acquisition cost. Additionally, each importer must maintain at all times alcoholic beverage with a wholesale value of at least \$1,000 (NRS 369.400).

Importer/wholesalers cannot, under the three tier system, be involved in any of the following (NRS 369.485):

1. Loaning of money or anything else of value to a retailer.
2. Investing of money, directly or indirectly, in a retail store.
3. Furnishing or providing premises, buildings, bar or equipment to retailers.
4. Participation, directly or indirectly, in the operation of a retail liquor store.

The licensed importer pays the excise tax on all alcoholic beverages (NRS 369.330). The tax on all malt beverage is \$.16 a gallon; on liquor containing 1/2 through 14 percent alcohol by volume, \$.70 a gallon; on liquor containing 14.1 through 22 percent alcohol by volume, \$1.30 per gallon; and on liquor containing 22.1 through 80 percent alcohol by volume, \$3.60 per gallon. Excise taxes imposed are due and payable on or before the 20th day of the following month (NRS 369.370). If the tax is not paid by the date due, a penalty of 10 percent and interest at the rate of 0.75 percent per month from the date due until paid, is also due. If taxes are paid on or before the 15th day of the following month, a 0.25 percent discount may be taken by the taxpayer.

The Department may, for good cause, extend for not more than 15 days from the date due, if a request for such an extension is received by the Department on or before the due date. If an extension is granted, interest will accrue from the original due date.

SUPPLIERS/CERTIFICATE OF COMPLIANCE HOLDERS

A \$50 license fee is due upon initial application for the certificate of compliance, along with a \$50 per year annual renewal fee (NRS 369.430) and a copy of the Federal Basic Permit issued by the Department of Treasury - TTB. The certificate is renewed by July 1 of each calendar year.

Once the license is received, a Liquor Wholesaler Designation and Acceptance Form (LT 08) must be filed with the Department.

Suppliers are required to file, by the 10th of each month, a report (LTD 04) including legible copies of all invoices for shipments made to Nevada importer/wholesalers for the previous month.

A person engaged in the business of manufacturing, blending or bottling of alcoholic beverage shall not engage in the business of importing, wholesaling or retailing by investment, loan or extension of credit (NRS 597.210).

PERMISSIBLE PERSONS PERMITS

All liquor or alcohol of any type shipped from outside the State of Nevada must first be received by a Nevada licensed importer/wholesaler (369.390). The exception to this rule is a holder of a permissible persons permit (369.340). This covers persons or representatives of any institution, school, hospital or church desiring to import liquor or alcohol for industrial, medical, scientific or sacramental purposes (369.070). Such use does not include social beverage consumption.

Persons desiring a permissible person permit must apply to the Department with form LT 19. Permits are issued on a fiscal year basis and are renewed upon written request.

COMMON CARRIERS

Every common carrier and every regularly operating contract carrier shall make available to the Department a statement or freight bill for every shipment of liquor into this state, showing:

- (a) The names of the consignor, consignee and carrier of the shipment;
- (b) The date when and place where the shipment was received; and
- (c) The destination of the shipment.

COMMON LIQUOR QUESTIONS

1. How long does it take to obtain a certificate of compliance?

Certificate of compliance applications are usually processed within one week.

2. How long does it take to obtain an import-wholesale liquor license?

It can take up to six (6) months for the entire process due to the extensive background check that is completed by the County.

3. Can a liquor retailer also be a Nevada importer/wholesaler?

No.

4. Is a beverage subject to liquor tax if it contains less than ½ of 1 percent of alcohol? (Example: near beer)

No. Only beverages containing ½ of 1 percent or more alcohol by volume are subject to liquor excise tax under Nevada law.

5. I do not have a Nevada resident agent for form LT 08. What can I do?

You may use the Nevada importer/wholesaler you are supplying.

6. Does Nevada become involved in franchise disputes or lawsuits?

No. Please refer to NRS 597 for franchise laws.

7. I would like to open a bar in Nevada. What are the license fees and alcoholic beverage control laws in Nevada?

Nevada has no Alcoholic Beverage Control Law (commonly called ABC Law). We do not control the labeling, advertising, or retail outlets of liquor or liquor establishments. Any person desiring to open a retail establishment should contact the city or county clerk or local law enforcement authorities in the area where they want to locate.

8. Who pays the liquor excise tax in Nevada?

The tax is paid by the Nevada licensed importer, which is assessed at the time the merchandise, is received; or the tax is paid by the Nevada licensed manufacturer at the time of production.

COMMON TAXPAYER ERRORS

The following are the most common taxpayer errors made with regard to the collection, reporting and payment of liquor excise taxes.

1. Taking the 0.25 percent early payment allowance when not applicable. If the tax return is postmarked after the 15th of the month, the discount is not allowed.
2. Not taking the 0.25 percent early payment allowance when applicable. If the tax return is postmarked on or before the 15th of the month the taxpayer is entitled to a 0.5 percent early payment allowance.
3. Paying the liquor excise taxes late. The liquor excise taxes are due on or before the 20th day of the month following the importation of the alcoholic beverage and/or the manufacture of the alcoholic beverages, whichever is applicable. If the taxes are paid on the 21st or later, the taxes are subject to a 10 percent penalty, and interest at the rate of 0.75 percent per month.
4. Not submitting required documentation to support the tax return.
 - a. Importer/Wholesalers are required to provide a listing of the suppliers with their certificate of compliance numbers from whom they purchased alcoholic beverages, the date of purchase, invoice number and total gallons purchased. Not filling out credit forms with attached documentation for credit allowed for breakage, export and sales to the military or airlines.
5. Nevada manufacturers brew pubs, wineries and breweries are required to submit copies of their federal excise tax returns as documentation to support the payment of the Nevada liquor excise tax on monthly production.

6. All liquor excise taxes can also be **paid** online; however, the returns still need to be submitted to the Carson City Office. At this time excise tax returns cannot be completed online.