NEBRASKA DEPARTMENT OF REVENUE

TITLE 316, CHAPTER 9, LOCALSALES AND USE TAXES

Table of Contents

REG-9-001 GENERAL PROVISIONS AND DEFINITIONS 3

(Neb. Rev. Stat. §§ 13-319, 13-324, 77-2712.05, 77-27,142, 77-27,143, 77-27,144, and 77-27,147, and Public Law 104-104, Title VI, s. 652._____.) 4

REG-9-002 AUTHORIZATION FOR CITIES – UP TO 1½%. 5

(Neb. Rev. Stat. §§ 77-27,142, 77-27,142.01, 77-27,142.02, 77-27,142.03, 77-27,142.04, 77-27,142.05, 77-27,143, and 77-27,144. _____.) 6

(Neb. Rev. Stat. §§ 77-27,142, 77-27,142.01, 77-27,142.02, 77-27,142.03, 77-27,142.04, 77-27,142.05, 77-27,143, and 77-27,144. _____.) 9

REG-9-004 AUTHORIZATION FOR COUNTIES 10

(Neb. Rev. Stat. §§ 13-319, 13-320, 13-322, 13,323, 13-324, and 13-326._____.) 11

REG-9-005 CITIES AND COUNTIES – CHANGE OF RATE 12

(Neb. Rev. Stat. §§ 13-324, 77-2712.05, and 77-27,143. _____.) 12

REG-9-006 CITIES AND COUNTIES - TIMELINES FOR SUBMITTING CERTIFIED MATERIALS TO THE DEPARTMENT 13

(Neb. Rev. Stat. §§ 13-324, and 77-27,143, and McDonald's Executive Offices v. Nebraska Department of Revenue, 243 Neb. 82 (1993). _____.) 13

REG-9-007 CITIES - CHANGE OR ALTERATION OF CITY BOUNDARIES 14

(Neb. Rev. Stat. §§ 77-2712.05, and 77-27,143, and McDonald's Executive Offices v. Nebraska Department of Revenue, 243 Neb. 82 (1993). _____.) 14

REG-9-008 CITIES – CERTIFIED REPRESENTATIVE AUTHORIZED TO EXAMINE CONFIDENTIAL SALES TAX RETURNS AND RETURN INFORMATION 15

(Neb. Rev. Stat. §§ 77-2711 and 77-27,144._____.) 16

REG-9-011 DUTIES OF THE DEPARTMENT TO ADMINISTER LOCAL SALES AND USE TAXES 17

(Neb. Rev. Stat. §§ 13-319, 13-324, 77-2712.05, 77-27,142, 77-27,143, 77-27,144, and 77-27,147. _____.) 18

REG-9-012 DUTIES OF RETAILERS – COLLECTING, REPORTING, AND REMITTING LOCAL SALES AND USE TAXES 19

(Neb. Rev. Stat. §§ 13-324, 77-2705, 77-2708, 77-2709, and 77-27,147. _____.) 20

Reg-9-001 through Reg-9-013 are repealed and replaced as follows:

REG-9-001 GENERAL PROVISIONS AND DEFINITIONS

001.01 **General Authorization.** Cities and counties in Nebraska are authorized to levy a local sales tax under the Local Option Revenue Act (applicable to cities) or Neb. Rev. Stat. §§ 13-319 to 13-326 (applicable to counties).

001.02 **Definitions.** For purposes of Title 316, Chapter 9 of these regulations:

001.02B The definition of retail sale and all other definitions provided in the Nebraska Revenue Act and Title 316 NAC Chapter 1, apply to all local sales and use taxes, unless inconsistent with the provisions of the Local Option Revenue Act or Neb. Rev. Stat. §§ 13-319 to 13-326.

001.02B Certified means attested to and signed by a person with authority to testify as to the accuracy of the materials provided, like the city or county clerk, county election commissioner, mayor, or chairperson of the city council or county board.

001.02C City means any incorporated municipality.

001.02D Department means the Nebraska Department of Revenue.

001.02E Local sales tax and local sales and use tax both mean a tax adopted by a city under the Local Option Revenue Act or a tax adopted by a county under Neb. Rev. Stat. §§ 13-319 to 13-326.

001.03 **Local Sales Tax Base.** The same transactions that are subject to taxation by the State of Nebraska under the provisions of the Nebraska Revenue Act are subject to taxation under the Local Option Revenue Act, and Neb. Rev. Stat. §§ 13-319 through 13-326 except;

001.03A The local sales and use tax does not apply to charges for direct-to-home satellite programming that is transmitted or broadcast by satellite directly to the subscriber's premises even though the state sales and use tax applies to charges for direct-to-home satellite programming. For purposes of this section, premises means any residential, business, or commercial location.

001.03A(1) Retailers must collect and remit the local sales and use tax on all direct-to-home equipment (for example, dishes, receivers, and decoders) that is sold or leased to subscribers.

001.03A(2) Retailers who charge for equipment and direct-to-home programming and who do not separately state the charges on the sales invoice or contract, or do not separately invoice the charges, are required to collect and remit the local sales and use tax on the total charge.

001.04 **Sourcing.** For purposes of determining whether a taxable sale or rental occurs within or outside a city or county with a local sales tax, the sourcing rules of the Nebraska Revenue Act and Title 316 NAC Chapter 1 apply.

(Neb. Rev. Stat. §§ 13-319, 13-324, 77-2712.05, 77-27,142, 77-27,143, 77-27,144, and 77-27,147, and Public Law 104-104, Title VI, s. 652._____.)

REG-9-002 AUTHORIZATION FOR CITIES – UP TO 1½%.

002.01 **Permissible Rates of Tax.** Any city may authorize and impose a local sales and use tax at the rate of ½%, 1%, or 1½% on retail sales sourced within the boundaries of the city. The local sales and use tax must be approved by a majority of the votes cast in a regular election held within the city and adopted by ordinance.

002.02 **Vote at an Election Required.** The election required for approval of a local sales and use tax may be held as part of any city, county, or state general, primary, or special election held within the city.

> 002.02A The question authorizing adoption of a local sales and use tax must include the following language: "Shall the governing body of the incorporated municipality impose a sales and use tax upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax?"
>
> 002.02B The question authorizing adoption of a local sales and use tax may be initiated either by a majority vote of the governing body or upon petition by qualified electors to the governing body. Notice of the question must be given by publication, as required by Neb. Rev. Stat. § 77-27,142.03.
>
> 002.02C If the majority of voters do not approve the imposition of a local sales and use tax, then the question cannot be submitted to the voters again for at least 23 months.

002.03 **Ordinance Required.** If the question is approved by a majority of the votes cast at the election, the city imposing the sales and use tax must adopt an ordinance in accordance with its municipal and statutory authority. If the ordinance states an operative date, the operative date must be the first day of a calendar quarter.

002.04 **Notification to the Department Required.** When the governing body of a city adopts a local sales and use tax:

> 002.04A The city must furnish the Department a certified copy of the ordinance imposing the tax, and a certified map of the city clearly showing its boundaries; and
>
> 002.04B The county election commissioner must furnish the Department a certified copy of the election results to the question submitted to the electors and a certified statement that the question of imposing the tax for the city has not failed in the previous 23 months.
>
> 002.04C For purposes of this regulation, the certified materials may be furnished by mail or by electronic means.

002.05 **When Operative.** The implementation of the sales and use tax cannot begin until the first day of the calendar quarter that is at least 120 days following receipt by the Department of the certified materials. The certified materials must be provided in the timelines provided in Reg-9-006, Cities and Counties – Timelines for Submitting Certified Materials to the Department.

002.06 **Termination.** For ordinances containing a termination date, the termination date must be the first day of a calendar quarter.

002.06A The city must furnish a certified statement to the Tax Commissioner at least 120 days and no more than 180 days prior to the termination date stating that the termination date in the ordinance is still valid.

002.06B If the certified statement is not furnished within this time, the tax will remain in effect, and the Department will continue to collect the tax until the first day of the calendar quarter that is at least 120 days after receipt of the certified statement, notwithstanding the termination date stated in the ordinance.

(Neb. Rev. Stat. §§ 77-27,142, 77-27,142.01, 77-27,142.02, 77-27,142.03, 77-27,142.04, 77-27,142.05, 77-27,143, and 77-27,144. _____.)

REG-9-003 AUTHORIZATION FOR CITIES - IN EXCESS OF 1½%

003.01 **Permissible Rates of Additional Tax, Restrictions on Proceeds.** Any city may authorize and impose a local sales and use tax at a rate of 1¾% or 2% on retail sales sourced within the boundaries of the city, after approval by at least 70% of the governing body of the city and a majority of the votes cast in a city, county, or state general or primary election held within the city, but only if the sales and use tax is levied in accordance with the following conditions.

003.01A The city must be a party to an agreement executed under the Interlocal Cooperation Act or Joint Public Agency Act with a political subdivision within the city or the county in which the city is located, which creates a separate administrative entity and which relates to a public infrastructure project. This separate administrative entity cannot have been in existence for more than one year before the question of the increased local sales and use tax was submitted to the voters.

003.01A(1) If the city is a city of the metropolitan class, the proceeds from the first ¼% of the rate that is greater than 1½% must be used to reduce other taxes; the proceeds from the next ⅛% of the rate must be used for public infrastructure projects; and the last ⅛% of the rate must be used for the purposes of the agreement executed under the Interlocal Cooperation Act or Joint Public Agency Act.

003.01A(2) If the city is a city of the primary class, the proceeds from the rate greater than 1½% must be used for public infrastructure projects or voter approved public infrastructure projects related to an economic development program, except that up to 15% of the proceeds may be used for non-public infrastructure projects that are part of the agreement executed under the Interlocal Cooperation Act or Joint Public Agency Act.

003.01A(3) For any other city, the proceeds from the rate greater than 1½% must be used for public infrastructure projects or voter-approved public infrastructure projects related to an economic development program.

003.01B Any rate greater than 1½% must terminate no later than ten years after its effective date except that:

003.01B(1) If the proceeds from the rate greater than 1½% are pledged for payment of principal and interest on bonds issued for public infrastructure projects, the rate greater than 1½% will terminate with the retirement of the bonds;

003.01B(2) If proceeds equal to at least ⅛%, but less than ⅜%, of the rate greater than 1½% are imposed for the purpose of funding an agreement executed under

the Interlocal Cooperation Act or Joint Public Agency Act for public or non-public infrastructure projects, there is no termination date for ¼% of the amount; or

003.01B(3) If proceeds equal to at least ⅜% of the rate greater than 1½% are imposed for the purpose of funding an agreement executed under the Interlocal Cooperation Act or Joint Public Agency Act for public or non-public infrastructure projects, there is no termination date for any of the increase.

003.02 **Vote at an Election Required.** The election required for approval of a local sales and use tax greater than 1½% may be held as part of any city, county, or state general or primary election held within the city.

003.02A The question authorizing adoption of a local sales and use tax must include the following language: "Shall the governing body of the incorporated municipality impose a sales and use tax upon the same transactions within such municipality on which the State of Nebraska is authorized to impose a tax?" The question must also include, but is not limited to:

003.02A(1) A list of reductions or limitations for any other taxes, if any;

003.02A(2) A description of the infrastructure projects to be funded from the sales and use tax proceeds in excess of 1½%;

003.02A(3) The length of time the proceeds in excess of 1½% will be imposed, or, if bonds will be issued for which the sales and use tax proceeds in excess of 1½% will be pledged, a statement that the revenue in excess of 1½% will be collected until repayment of the bonds; and

003.02A(4) The percentage of the proceeds in excess of 1½% that will be used for the purposes of an agreement executed under the Interlocal Cooperation Act or Joint Public Agency Act, the purpose of the agreement, and the name of all other political subdivisions which are parties to the agreement.

003.02B Notice of the question must be given by publication, as required by Neb. Rev. Stat. § 77-27,142.03.

003.02C If a majority of voters do not approve the imposition of a local sales and use tax, then the question cannot be submitted to the voters again for at least 23 months.

003.03 **Ordinance Required.** If the question is approved by a majority of the votes cast at the election, the city imposing the sales and use tax must adopt an ordinance in accordance with its

municipal and statutory authority. If the ordinance states an operative date, the operative date must be the first day of a calendar quarter.

003.04 **Notification to the Department Required.** When the governing body of a city adopts a local sales and use tax in excess of 1½%:

003.04A The city must furnish the Department a certified copy of the ordinance imposing the tax, and a certified map of the city clearly showing its boundaries;

003.04B The county election commissioner must furnish the Department a certified copy of the election results to the question submitted to the electors, and a certified statement that the question of imposing the tax for the city has not failed in the previous 23 months.

003.04C For purposes of this regulation, the certified materials may be furnished by mail or by electronic means.

003.05 **When Operative.** The implementation of the sales and use tax cannot begin until the first day of the calendar quarter that is at least 120 days following receipt by the Department of the certified materials. The certified materials must be provided in the timelines provided in Reg-9-006, Cities and Counties – Timelines for Submitting Certified Materials to the Department.

003.06 **Termination.** For ordinances containing a termination date, the termination date must be the first day of a calendar quarter. If the proceeds from the rate greater than 1½% are pledged for payment of principal and interest on bonds issued for public infrastructure projects, the rate greater than 1½% will terminate on the first day of a calendar quarter after the repayment of the bonds.

003.06A The city must furnish a certified statement to the Department at least 120 days and no more than 180 days prior to the termination date stating that the termination date in the ordinance is still valid.

003.06B If the certified statement is not furnished within this time, the tax will remain in effect, and the Department will continue to collect the tax until the first day of the calendar quarter that is at least 120 days after receipt of the certified statement, notwithstanding the termination date stated in the ordinance.

(Neb. Rev. Stat. §§ 77-27,142, 77-27,142.01, 77-27,142.02, 77-27,142.03, 77-27,142.04, 77-27,142.05, 77-27,143, and 77-27,144. _____.)

REG-9-004 AUTHORIZATION FOR COUNTIES

004.01 **Permissible Rates of Tax, Restrictions on Proceeds.** A county may authorize and impose a local sales and use tax at a rate of ½%, 1%, or 1½ % by resolution of the county board after the tax has been approved by a majority of votes cast in a county or state general, primary, or special election held within the county.

004.01A Any county sales and use tax applies to retail sales sourced within the boundaries of the county, except that a county sales and use tax does not apply within the boundaries of any incorporated city which has a local sales and use tax pursuant to Neb. Rev. Stat. § 77-27,142, even if:

004.01A(1) The rate imposed by the city is lower than the rate imposed by the county;

004.01A(2) The city adopted its local sales and use tax after the adoption of the county sales and use tax; or

004.01A(3) The city changed its boundaries.

004.01B Any sales and use tax imposed pursuant to this section must be used to finance public services provided by a public safety commission or to provide the county share of funds required under an agreement executed under the Interlocal Cooperation Act or Joint Public Agency Act.

004.01C Adoption of a local sales and use tax by a city, or annexation by a city with a local sales and use tax which occurs after the adoption of a local sales and use tax by a county, will reduce the area of the county subject to the existing county sales tax as of the effective date for local sales tax changes as provided in Reg-9-002.05, Reg-9-003.05, and Reg-9-007.02.

004.02 **Vote at an Election Required.** The election required for approval of a county sales and use tax may be held as part of any county or state general, primary, or special election held within the county.

004.02A The question authorizing adoption of a local sales and use tax must include the following language: "Shall the county impose a sales and use tax upon the same transactions within the county, other than in municipalities which impose a local option sales tax, on which the State of Nebraska is authorized to impose a tax to finance public safety services?"

004.02B The question authorizing adoption of a local sales and use tax must be initiated by vote of the governing body. Notice of the question must be given by publication, as required by Neb. Rev. Stat. § 13-323.

004.03 **Resolution Required.** If the question is approved by a majority of the votes cast at the election, the county must adopt a resolution imposing the sales and use tax in accordance with its statutory authority. If the resolution states an operative date, the operative date must be the first day of a calendar quarter.

004.04 **Notification to the Department Required.** When the governing body of a county adopts a local sales and use tax:

004.04A The county must furnish the Department a certified copy of the resolution imposing the tax; and

004.04B The county election commissioner must furnish the Department a certified copy of the election results to the question submitted to the electors.

004.04C For purposes of this regulation, the certified materials may be furnished by mail or by electronic means.

004.05 **When Operative.** The implementation of the sales and use tax cannot begin until the first day of the calendar quarter that is at least 120 days following receipt by the Department of the certified materials. The certified materials must be provided in the timelines provided in Reg-9-006, Cities and Counties – Timelines for Submitting Certified Materials to the Department.

004.06 **Termination.** For resolutions containing a termination date, the termination date must be the first day of a calendar quarter.

004.06A The county must furnish a certified statement to the Department at least 120 days and no more than 180 days prior to the termination date stating that the termination date in the resolution is still valid.

004.06B If the certified statement is not furnished within this time, the tax will remain in effect, and the Department will continue to collect the tax until the first day of the calendar quarter which is at least 120 days after receipt of the certified statement, notwithstanding the termination date stated in the resolution.

(Neb. Rev. Stat. §§ 13-319, 13-320, 13-322, 13,323, 13-324, and 13-326._____.)

REG-9-005 CITIES AND COUNTIES – CHANGE OF RATE

005.01 If any city or county changes the rate of its local sales and use tax, the city or county must furnish the Department a certified copy of the ordinance or resolution which changed the rate of tax, and the county election commissioner must provide a certified copy of the election results to the question submitted to the electors in the time frames provided in Reg-9-006, Cities and Counties – Timelines for Submitting Certified Materials to the Department.

005.02 If the ordinance or resolution changing the rate of a local sales and use tax states an operative date, the operative date must be the first day of a calendar quarter.

005.03 The local rate change is operative the first day of the calendar quarter that is at least 120 days following receipt by the Department of the certified materials.

005.04 For ordinances or resolutions containing a termination date, the termination date must be the first day of a calendar quarter.

> 005.04A The city or county must furnish a certified statement to the Department at least 120 days and no more than 180 days prior to the termination date stating that the termination date in the ordinance or resolution is still valid.
>
> 005.04B If the certified statement is not furnished within this time, the tax will remain in effect, and the Department will continue to collect the tax until the first day of the calendar quarter which is at least 120 days after receipt of the certified statement notwithstanding the termination date stated in the ordinance or resolution.

(Neb. Rev. Stat. §§ 13-324, 77-2712.05, and 77-27,143. _____.)

REG-9-006 CITIES AND COUNTIES - TIMELINES FOR SUBMITTING CERTIFIED MATERIALS TO THE DEPARTMENT

006.01 If a city or county receives voter approval and adopts a local sales and use tax, terminates a local sales and use tax, or changes the rate of a local sales and use tax, the timelines for providing the certified materials required by this regulation are as follows:

To be Operative	Certified Materials Must Be Furnished After	But No Later Than
January 1	June 3	September 3
April 1	September 3	December 2
April 1 (of a leap year)	September 3	December 3
July 1	December 2	March 3
July 1 (of a leap year)	December 3	March 3
October 1	March 3	June 3

006.02 If the "But No Later Than" date falls on a Saturday, Sunday or holiday, the certified materials must be furnished no later than the Friday before the date in column 3.

(*Neb. Rev. Stat. §§ 13-324, and* 77-27,143, and *McDonald's Executive Offices v. Nebraska Department of Revenue, 243 Neb. 82 (1993)*. _____.)

REG-9-007 CITIES - CHANGE OR ALTERATION OF CITY BOUNDARIES

007.01 If any city in which a local sales and use tax has been imposed changes or alters its boundaries in any manner, the city must furnish the Department a certified copy of the ordinance making the changes by mail or by electronic means.

> 007.01A The ordinance must state the effective date as determined by the statutory authority applicable to the particular class of city, even though the area affected may become subject to or removed from the local sales taxes on a later date as specified in § 007.02.
>
> 007.01B The ordinance must also be accompanied by a certified map of the city clearly showing the area added or detached and a list of all licensed retailers within the annexed or detached area.

007.02 For local sales and use tax purposes, the area affected is considered annexed to or detached from the city on the first day of a calendar quarter following the latest of:

> 007.02A One hundred and twenty days following receipt of the ordinance, map, and the list of all retailers by the Department,
>
> 007.02B Sixty days after the Department provided notice to the retailers, or
>
> 007.02C The effective date of the ordinance.

(Neb. Rev. Stat. §§ 77-2712.05, and 77-27,143, and *McDonald's Executive Offices v. Nebraska Department of Revenue, 243 Neb. 82 (1993). _____.)*

REG-9-008 CITIES – CERTIFIED REPRESENTATIVE AUTHORIZED TO EXAMINE CONFIDENTIAL SALES TAX RETURNS AND RETURN INFORMATION

008.01 **Authority to Examine Returns.** Upon written request, the Department will provide a city employee certified under this regulation, who represents the city that has adopted a local sales and use tax, confidential sales tax returns and sales tax return information regarding taxpayers that possess a sales tax permit and the amounts remitted by these permitholders at locations within the boundaries of the requesting city.

008.01A Each city seeking information must certify to the Department one of its employees who is authorized by the city to make the request and review the documents.

008.01B A municipality must execute a Municipal Request for Sales Tax Return Information and Inspection Memorandum of Understanding (MOU) prior to inspecting documents. The MOU determines the conditions of a municipality's right to inspect confidential sales tax returns and return information and the Department's responsibilities in providing this information.

008.01C Any written request must provide the Department with no less than ten business days to gather and prepare the sales tax returns and sales tax return information requested.

008.01D The returns and return information cannot be viewed outside the premises of the Department.

008.02 **Confidentiality Protected.** City employees certified under this regulation cannot disclose to any person any information obtained pursuant to a review by that city employee under this regulation. A certified city employee is subject to all confidentiality requirements of the Department after he or she is no longer certified or is no longer employed by the certifying city.

008.02A The designated municipal employee must complete confidentiality training required by the Department and sign a Confidential Tax Information Agreement before submitting a request to inspect confidential sales tax returns and sales tax return information.

008.02B Any person who violates the provisions of this section is guilty of a Class I misdemeanor.

008.02C The Department is not liable for an impermissible disclosure by a city or any agent or employee of the city for any information obtained pursuant to a review under this regulation.

(Neb. Rev. Stat. §§ 77-2711 and 77-27,144._____.)

REG-9-011 DUTIES OF THE DEPARTMENT TO ADMINISTER LOCAL SALES AND USE TAXES

011.01 **Collection Concurrent with State Sales and Use Taxes.** The Department must collect the local sales and use tax imposed by any city or county concurrently with the state sales and use tax and in the same manner as the state sales and use tax is collected.

011.02 **City Local Sales and Use Tax Distribution.** Any city sales and use tax imposed under Reg-9-002 or Reg-9-003 will be collected and administered by the Department and remitted to the city, less any refunds made and 3% of the remainder, which is deposited in the Municipal Equalization Fund.

011.03 **County Local Sales and Use Tax Distribution.** Any county sales and use tax imposed under Reg-9-004 will be collected and administered by the Department, and remitted to the county, less any refunds made and 3% of the remainder as an administrative fee. The administrative fee is deposited in the State General Fund.

011.04 **Notice to Retailers.** The Department must provide 60 days' notice to affected retailers of any adoption or termination of a local sales and use tax, a change in rate, or a change in city boundaries. The Department may provide notice to retailers using the website of the Department or by other electronic means.

> 011.04A Companies that publish a printed catalog that contains the local sales tax rates for each city or county are held harmless for any liability resulting from a change in local sales and use tax rates on purchases from the catalog when the purchaser computes the sales or use tax at the previous rate until the start of the quarter that is at least 120 days after the Department's notice of the change.

011.05 **Rates and Boundaries Database.** The Department will provide and maintain a database that assigns each five-digit and nine-digit zip code within the state to the proper tax rates and jurisdictions in accordance with the provisions of the Streamlined Sales and Use Tax Agreement.

> 011.05A The Department will provide and maintain a database that describes the boundary changes and effective date of any change for every city and county that imposes a local sales and use tax.
>
> 011.05B Retailers, or a retailer's certified service provider, as defined in Neb. Rev. Stat. § 77-2701.09, will be held harmless for any liability resulting from the use of either database provided by the Department.

011.05C Purchasers relying on information contained in either database provided by the Department are relieved from liability for any penalty resulting from incorrect data in the databases.

(Neb. Rev. Stat. §§ 13-319, 13-324, 77-2712.05, 77-27,142, 77-27,143, 77-27,144, and 77-27,147. _____.)

REG-9-012 DUTIES OF RETAILERS – COLLECTING, REPORTING, AND REMITTING LOCAL SALES AND USE TAXES

012.01 **Collection and Remittance Governed by Revenue Act.** Retailers operating or delivering property within the boundaries of a city or county that has imposed a local sales and use tax must collect, report, and remit the local sales and use tax along with the sales tax imposed by the Nebraska Revenue Act consistent with the Nebraska Revenue Act and Title 316 NAC Chapter 1.

012.02 **Calculating the Amount of Tax.** A bracket system correlating sales price to the appropriate state and local sales or use tax may be used by the retailer. The sales or use tax liability may also be computed by multiplying the sales price by the applicable tax rate. (Reg-1-011, Bracket System for Adding and Collecting Sales Tax)

012.03 **Permits and Certificates of Exemption.** Any permits and certificates of exemption which are authorized or required under the Nebraska Revenue Act, for state sales and use tax exemption purposes, satisfy the requirements of the Local Option Revenue Act and Neb. Rev. Stat. §§ 13-319 through 13-326. (Reg-1-013, Sale for Resale – Resale Certificate and Reg-1-014, Exempt Sale Certificate)

012.04 **Returns.** Retailers must file a return for each reporting period or portion of a reporting period. The return must be filed for every tax reporting period even if there have been no sales. The reporting frequency, due date, signature, and form requirements are as provided in Reg-1-010, The Sales and Use Tax Return.

012.05 **Remittances.** Remittance must be in the form of electronic funds transfer, check, credit card, draft, money order, or other payment method as approved by the Tax Commissioner, made payable to the Nebraska Department of Revenue.

012.06 **Itinerant Salespersons.** Where a distributor or home office reports sales tax for itinerant salespersons, and the sales are made for delivery in a city or county which imposes a local sales tax, it is the obligation of the distributor or home office to remit the local sales tax along with the state sales tax.

012.07 **Records.** Every retailer is required to keep records in order to determine the amount of sales and use tax due. These records must include the normal books of account ordinarily maintained by the average prudent businessperson engaged in a similar activity, together with all documents supporting entries in the books of accounts. Schedules and working papers used in the preparation of the tax returns and all resale certificates and exemption certificates must be retained. (Reg-1-008, Records)

012.07A Records must be retained for a period not less than three years after the return is filed, or while any refund claim or redetermination of a deficiency is pending, unless the Department authorizes their destruction in writing at an earlier date. However, the Department may issue a deficiency determination within five years after any amount of tax is determined due and payable when a properly completed return has not been filed.

012.07B Retailers may use either the cash basis, accrual basis, or any other generally recognized accounting basis, which correctly reflects the operation of the business. When a basis of accounting has been adopted for reporting sales tax, the retailer may not change that basis of accounting without prior permission from the Department. (Reg-1-009, Accounting Methods)

012.08 **Pre-existing Contracts.** When a local sales and use tax is enacted or the rate is changed, the provisions of Reg-1-016, Changes in Rate of Tax, will determine the impact of these changes on pre-existing contracts or obligations.

012.09 **Penalties.** Failure to comply with the requirements of this regulation could result in the assessment of penalties as provided in Reg-1-010, The Sales and Use Tax Return.

(Neb. Rev. Stat. §§ 13-324, 77-2705, 77-2708, 77-2709, and 77-27,147. _____.)