

stop the margin tax

EXPERTS GIVE MEMBERS THE REALITY OF A NEVADA WITH A MARGIN TAX

A

t the Las Vegas Metro Chamber of Commerce Business Power Luncheon on June 18, four experts gave their insights on the proposed Margin Tax Initiative, appearing on the November ballot as Question 3.

With experts from across multiple industries and areas of expertise citing the poor structure of the tax, the difficulty in implementation and the implications to Nevada's economy, jobs and business community, the bottom line was clear: the margin tax would be a devastating blow to Nevada's fragile economy.

If the ballot measure is passed, it would impose a two percent tax on gross revenues that exceed \$1 million during the year, meaning that even if a business did not turn a profit in that year, it would shoulder the tax burden of the entire amount - not just the amount over the \$1 million threshold. Carole Vilardo, moderator of the panel and president of the Nevada Taxpayers Association, says, "This two percent Margin Tax would be on gross revenues, not profits, so it's the equivalent of a nearly 15 percent business tax. That would make Nevada one of the five highest taxed states in the country for businesses."

Curt Anderson, CEO of Fair, Anderson & Langerman CPAs and Business Advisors, called the tax an "abomination" during the luncheon, and used several examples from tax returns on businesses that would be severely affected by the tax (such as restaurants, small manufacturers and service providers). With so much confusion about the law's implementation and the detriment it would cause to Nevada's economy, Nevada's CPA society voted to oppose it. "It's an indictment of our process in the state of Nevada," Anderson distilled during the luncheon.

Joe Henchman, vice president of legal and state projects for The Tax Foundation, a non-partisan research think tank based in Washington, D.C., explained how the effects of the Margin Tax would significantly impede business creation, growth and sustenance in Nevada and cited how devastating the pyramiding effect would be. Even if a business didn't make the gross revenues to be subject to the tax, increased costs for goods and services necessary for that business to operate would occur, thus forcing Nevadans and smaller business owners to pay higher prices from everything from food and clothing to utilities, healthcare and housing.

VOTE NO ON 3



Another major concern with the proposed Margin Tax is the difficulty implementing it. Chris Nielsen, executive director of the Nevada Department of Taxation, stressed that given the short period of time between the election on November 4, and the effective date of January 1, 2015, the administrative burden would be significant. CPAs, financial planners and other experts forced to deal with the complexity of the tax structure would likely see heavy delays in processing, answers to questions on the tax and how it is applied to different businesses and industries. Additional tax department staff would be required to handle the implementation and adjustments to the tax as time passed, as well, creating more bureaucracy and complexity within our state - just to deal with the tax.

For more information or to join the growing list of opponents to the Margin Tax, go to LVChamber.com or contact the Government Affairs department at 702.641.5822.