



## Department of Business License

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### **BUSINESS LICENSE FEES DUE – Clark County Code 6.08.090**

This explanation is to assist the licensee in understanding and calculating the business license fees pursuant to Clark County Code 6.08.090(d) which states that **“Where the gross receipts or gross revenue during the preceding period shall be in excess of the estimate for such period, the licensee shall be indebted to the county for any deficiency in fee paid for such period and liable therefore to the county in a civil action. As a guide in estimating gross receipts or gross revenue for a subsequent renewal of a business license the preceding license period gross revenue or gross receipts shall be used as a basis for such estimate.**”

Most business License fees are paid on a semi-annual basis. The semi-annual license fee is paid **in advance** and is based on the gross sales/receipts of the business. The fee paid at the time of application is the sum of an application processing fee and a calculated standard amount for the specific business type. The standard fee payment represents a prepayment of fee based on estimated sales/receipts for the upcoming license period.

At every license renewal, the six-month license renewal fee for the next period (the “in advance” period) is calculated based upon the “prior” six-month’s gross sales/receipts. Gross sales/receipts for the prior six-month are usually the best estimate for the next six-month license period. Thus, during an audit, if the fee for the actual sales in that license period is greater than the amount the licensee estimated and paid, additional fee may be assessed for the difference. On the other hand, if the fee due for the same license period is less than the amount estimated and paid, a refund of fee may be issued.

Therefore, unless the license period has been audited by the Business License auditor, there will always be a difference between the estimated fee paid and the actual fee due for the same license period. If you believe you have over-estimated the amount of fee due for a certain license period, you may request an audit.

The following is an example of how the audit fee is computed (for the audit period January 1, 2003 through June 30, 2004) for a business that applied for its license in December 2002, and opened for business on January 2, 2003.

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Virginia Valentine, County Manager

**How Business Reported and Paid Fees (Based on Estimates):**

<u>Reporting Period (a)</u>	<u>Date Paid</u>	<u>Estimated Gross Sales (b)</u>	<u>Fee Paid</u>
Jan 1 - Jun 30, 2003	Dec 15, 2002	Not Yet Known	\$ 50 (c)
		Application Processing Fee	\$ 45 (d)
Jul 1 - Dec 31, 2003	Jul 3, 2003	\$140,000	\$ 100
Jan 1 - Jun 30, 2004	Jan 2, 2004	\$200,000	<u>\$ 120</u>
		Total Fees Paid	\$ 315

(a) Prior six month period used for estimate

(b) Based on prior six month period gross revenue

(c) Standard fee determined by Business License and paid at time of application

(d) Application processing fee is \$45 for a new or reinstated license

**Fees Computed at Review (Based on Actual):**

<u>Actual Period</u>	<u>Actual Gross Sales</u>	<u>Fee Due</u>
Jan 1 – Jun 30, 2003	\$140,000	\$100
	Application Processing Fee	\$ 45
Jul 1 – Dec 31, 2003	\$200,000	\$120
Jan 1 – Jun 30, 2004	\$132,000	<u>\$ 90</u>
	Total Fees Due	\$355

**Calculation of Audit Fee Due:**

Fees Due	\$355
Fees Paid	<u>\$315</u>
Amount Assessed	\$ 40

Please note that the above example is simply an illustration of how the audit fee is computed assuming there were no other clerical errors or misstatements noted during the audit.

If you have any questions or require clarification of this matter, please call Alan Bacon, Assistant Audit Manager, at 455-6297.

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