

## REG-1-009, Accounting Methods

009.01 Gross sales must be reported in accordance with the method of accounting regularly employed in keeping the books of the particular taxpayer. 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 of Revenue.

009.02 Retailers maintaining their regular books and records on the cash basis shall make returns on the basis of cash received during the period, provided this basis clearly reflects the operation of the business.

009.03 Retailers maintaining their regular books and records on the accrual basis, or any other basis of accounting recognized under generally accepted accounting principles, shall make returns on that basis and shall report all sales recorded during the period on the corresponding Nebraska and Local Sales and Use Tax Return, Form 10.

009.04 As is explained in Reg-1-016, Changes in Rate of Tax, the basis on which returns are required to be made shall also serve as the basis for determining the rate at which the tax is to be collected by the retailer from the purchaser.

009.05 Retailers maintaining their books and records on the accrual basis, may elect to defer remittance of sales tax not yet collected on credit, conditional, and installment sales. If such election is made, it shall be pursuant to the following conditions:

009.05A The election must be submitted in writing to the Nebraska Department of Revenue prior to the retailer's change in reporting,

009.05B Such election shall become effective the first day of the month following the month the notice of election is received by the Department; provided, such notice is postmarked no later than the 15th day of the month. Elections postmarked after the 15th day of the month shall become effective the first day of the next succeeding month (i.e., election notice postmarked September 10, effective date of election, October 1; election notice postmarked September 17, effective date of election, November 1.)

009.05C The election will be acknowledged by the Department; such acknowledgment is to be maintained with the retailer's records.

009.05D This option is available only to retailers who finance their own sales or discount them to a qualified subsidiary corporation.

009.05D(1) Retailers who accept bank or similar credit cards or who discount their credit sales to a third party, may not defer the sales tax remittance on these sales. However, retailers who both carry their own credit and discount some credit sales to a third party, may defer the sales tax remittance on that portion of credit sales carried by the retailer.

009.05D(2) Retailers who discount their credit sales to a subsidiary corporation may elect to defer the sales tax until the subsidiary receives payment on the account. If the subsidiary corporation does not obtain a Nebraska sales tax permit, the retailer must obtain a surety bond in favor of the State of Nebraska in an amount not less than two (2) times the amount of sales tax payable on outstanding Nebraska accounts receivable held by the subsidiary as of the end of the prior calendar year. The Nebraska Department of Revenue will provide the necessary information and bond conditions upon written request. Each retailer maintaining a surety bond, shall review the amount of each bond at the close of each calendar year, adjusting same to reflect the minimum bond requirement.

009.05D(3) Failure of the subsidiary to maintain a sales tax permit, or of the retailer to maintain a bond in the required amount shall result in all sales tax not previously remitted on recorded sales becoming due and payable. The tax must be paid by the next required sales tax return filing date.

009.05E Once in effect, this election shall remain in force for a period of not less than one (1) year from the date the election becomes effective.

009.05F Retailers who wish to discontinue remitting under this option and remit sales tax in accordance with paragraph 009.03, are required to notify the Department. Payment of all deferred sales taxes will be remitted on their next required sales tax filing date corresponding to the tax period within which the notice is received by the Department. Should a retailer discontinue business while under this option, all deferred sales taxes must be remitted on its final sales tax return.

009.05G For retailers deferring sales tax remittances, the amount of tax due on a sale is determined by the sales tax rate in effect at the time the sale is recorded.

009.05H Retailers deferring sales tax remittances under this option do not qualify for the bad debt deduction as sales tax is remitted after the receipt of payment.(Reg-1-028, Bad Debts)

*(Section 77-2701.10, 77-2703(1), and 77-2708(1)(b)(iv), R.S.Supp., 2008. February 22, 2009.)*