



## 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) <sup>1</sup>

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 receipts/revenue of the business. The fee paid at the time of application is the sum of an application processing fee and a standard fee for the specific business type. The standard fee represents a prepayment of fee on estimated receipts/revenue for the coming license period.

At every license renewal, the six-month license renewal fee for the next period (the “in advance” period) is estimated using the “prior” six-month’s gross receipts/revenue. Gross receipts/revenue for the prior six-months are used as the basis for estimating the advance fee payment because they are usually the best estimates available. However, the use of estimates for the advanced license periods usually result in discrepancies between fees due and fees paid when an audit is conducted.

During an audit, if the fee calculated (by the auditor) based on the actual gross receipts/revenue is greater than the advance fee payment estimated (by the licensee) for a license period, an additional fee may be assessed for the difference. On the other hand, if the fee due is less than the amount estimated and paid for the same license period, a refund may be issued.

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

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<sup>1</sup> “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.”

The following is an example of how the audit fee is computed (for the audit period January 1, 2017 through June 30, 2018) for a business that applied for its license in December 2016, and opened for business on January 2, 2017.

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

<u>Reporting Period (a)</u>	<u>Date Paid</u>	<u>Estimated Gross Revenue (b)</u>	<u>Fee Paid</u>
Jan 1 - Jun 30, 2017	Dec 15, 2016	(Not Yet Known)	\$ 50 (c)
		Application Processing Fee	\$ 45 (d)
Jul 1 - Dec 31, 2017	Jul 3, 2017	\$140,000	\$100
Jan 1 - Jun 30, 2018	Jan 2, 2018	\$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 receipts/revenue
- (c) Based on license application of revenue for first six months
- (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 Revenue</u>	<u>Fee Due</u>	<u>Fee Paid</u>	<u>Fee Over/ (under) Paid</u>
Jan 1 – Jun 30, 2017	\$140,000	\$100	\$ 50	(\$50)
	Application Processing Fee	\$ 45	\$ 45	-
Jul 1 – Dec 31, 2017	\$200,000	\$120	\$100	(\$20)
Jan 1 – Jun 30, 2018	\$132,000	<u>\$ 90</u>	<u>\$120</u>	<u>\$30</u>
		\$355	\$315	(\$40)

**Calculation of Audit Fee Due for the audit period:**

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 Finance Manager, at 455-6297.