

INSTRUCTIONS FOR 2014 PIT-RC

NEW MEXICO REBATE AND CREDIT SCHEDULE

GENERAL INFORMATION

You can find general information about Form PIT-RC, *New Mexico Rebate and Credit Schedule*, on this page and the next page (pages 1 RC and 2 RC).

The instructions later in this document provide additional, specific eligibility requirements for each rebate and credit. Instructions are given for lines when additional guidance is helpful or if the item is unique to New Mexico.

SECTIONS I TO V

To claim any of the rebates or credits reported in Sections II to V, you must answer the questions in SECTION I.

Basic Qualifications

To claim any refundable rebates and credits in Sections II to V, you must meet all these qualifications:

- You must have been a resident of New Mexico during the tax year.
- You must have been physically present in New Mexico for at least six months during the tax year (except to claim the child day care credit).
- You were not eligible to be claimed as a dependent of another taxpayer for the tax year.
- You were not an inmate of a public institution for more than six months of the tax year.

Allowable Household Members and Extra Exemptions, Lines 1 to 3

To claim the Section II, Low Income Comprehensive Tax Rebate, you must calculate total allowable household members and extra exemptions. In Section I, complete lines 1 to 3 to calculate the total so you can claim this rebate.

NOTE: New Mexico uses the same definitions and qualifications as the Internal Revenue Service (IRS) to determine if someone is your dependent. For dependent definitions and qualifications, see federal Form 1040, 1040A, or 1040EZ instructions.

Modified Gross Income, Line 12

Eligibility for all rebates and credits in Sections II through V depends on Modified Gross Income, line 12.

Modified gross income is different from federal adjusted gross income, federal taxable income, or New Mexico taxable income. For details, see *What is Modified Gross Income?* on page 3 RC.

SECTION VI

To claim the refundable tax credits in Section VI, you do not need to meet the basic qualifications for Sections I to V. You also do not need to complete Section I. For details about Section VI, see page 10 RC, and the instructions for lines 23 and 24 later in this document.

SECTION VII

All claimants must complete line 25.

PREPARING YOUR SCHEDULE PIT-RC

Follow these steps to prepare and complete Schedule PIT-RC:

1. Prepare your federal return. Even if you are not required to file a federal return, it is easier to complete the PIT-RC after you fill out a sample federal return.
2. In the PIT-1 instructions, read page 21, *What To Do Next*.
3. Refer to the table on the next page to find the information you need to support the rebates and credits you can claim.
4. Complete PIT-RC by using the instructions starting on page 2 RC.
5. Check these entries on your PIT-RC:
 - Make sure your arithmetic is correct.
 - When required, make sure you limited your calculations to the maximum amount allowed for the rebate or credit.
 - On pages 1 and 2, make sure your name and social security number are correct.
 - If you are claiming one or more rebates and credits in Sections II to V, make sure Section I is complete and that you answered all required questions.

Modified Gross Income Limitations for 2014	Refundable Tax Credits in Section VI
<p>If your modified gross income is: You may qualify for:</p> <p>\$22,000 or less Low Income Comprehensive Tax Rebate (Section II)</p> <p>\$16,000 or less Property Tax Rebate, if you are 65 or older (Section III)</p> <p>\$30,160 or less New Mexico Child Day Care Credit (Section V)</p> <p style="text-align: center;">▼ Los Alamos or Santa Fe County Residents Only ▼</p> <p>\$24,000 or less Low Income Property Tax Rebate for Los Alamos or Santa Fe County Residents (Section IV)</p>	<ul style="list-style-type: none"> • Refundable medical care credit for persons age 65 or older • Special needs adopted child tax credit

If you received any of the following in 2014	You need
Salary or wages	All 2014 wage and tax statements
An annuity, pension, retirement pay, IRA distributions, Railroad Retirement or sick pay, or social security benefits	Federal Form(s) 1099-R, RRB-1099, and SSA-1099
Gambling or lottery winnings	Records of the amounts and, if issued to you, Form W-2G
Public assistance from Temporary Assistance to Needy Families (TANF), New Mexico Works Act or similar program, welfare benefits, or Supplemental Security Income (SSI)	Records of the amounts you received
Any other income—whether or not taxable—such as an insurance settlement, a scholarship or grant, VA benefits, income from an inheritance or trust, gifts of cash or marketable property, alimony, or child support	Records of the amounts you received
To claim the following rebates and credits	You need
Low Income Property Tax Rebate for Los Alamos or Santa Fe County Residents	Records of property tax billed for 2014 on your principal place of residence in Los Alamos or Santa Fe County.
Property Tax Rebate For Persons 65 or Older	Records of the property tax billed for 2014 or rent paid on your principal place of residence.
New Mexico Child Day Care Credit	Form PIT-CG, <i>New Mexico Caregiver's Statement</i> , from each person who provided child day care during 2014.
Refundable Medical Care Credit for Persons 65 or Older	Receipts and records of your qualifying expenses. See instructions for line 23.
Special Needs Adopted Child Tax Credit for a qualifying adopted child during the first year of your claim	Copy of certificate issued by New Mexico Human Services Department or the licensed child placement agency for each child you adopted that year. See instructions for line 24.

- If you claim the additional low income property tax rebate for Los Alamos or Santa Fe County residents in Section IV, make sure you mark the box indicating the county where you reside.
6. Transfer the amount on line 25 to your PIT-1, line 24. Make sure you copy the amount correctly.
 7. Submit the PIT-RC and other required documents with your PIT-1.

TOP OF PAGE 1

Enter the primary taxpayer's name and social security number exactly as they appear on your PIT-1 return.

If you are claiming rebates and credits under Sections II to V, complete all of Section I to avoid denial of the rebate or credit. If you are only claiming refundable tax credits in Section VI, skip Sections I to V.

SECTION I

Qualifications for Credits and Rebates Reported in Sections II to V

If statement A, B, C, or D is true for you, mark the **TAXPAYER** box(es). If you are married filing jointly, mark the true statements in the **SPOUSE** box(es). If you are not married, leave those boxes blank. If a statement is false, leave the box blank.

Statement A. If you were a resident of New Mexico during any part of the tax year, mark the box. If married filing jointly and if both spouses were residents of New Mexico during the tax year, mark both boxes.

Statement B. If you were physically present in New Mexico for at least six months during 2014, mark the box. If married filing jointly and if both spouses were physically present in New Mexico for at least six months during 2014, mark both boxes.

Statement C. If you were **not** a dependent, or if you do **not** qualify as a dependent of another person for federal income tax purposes, mark the box. If you are married filing jointly and if both spouses were **not** eligible to be claimed as a dependent of another taxpayer for income tax purposes in 2014, mark both boxes.

If you were a dependent of another taxpayer, you do not qualify:

- For any rebates
 - For the child day care credit
 - As a household member, for purposes of rebates or credits
- Whether or not you were actually claimed as a dependent on another person's federal return, you qualify as a dependent.

If you are a dependent with a spouse who was not a dependent of another taxpayer, your spouse may still qualify to claim rebates or credits.

Statement D. If you were **not** an inmate of a public institution for more than six months in 2014, mark the box. If married filing jointly and if both spouses were **not** inmates of a public institution for more than six months in 2014, mark both boxes.

If you were an inmate of a public institution for more than six months, you do not qualify for rebates or credits, and you do not qualify as a household member for purposes of rebates or credits. If you were an inmate and your spouse was not an inmate, your spouse may still qualify to claim rebates or credits.

LINES 1 TO 3

Calculate Allowable Household Members and Extra Exemptions

Use lines 1 to 3 to calculate household members and extra exemptions for Section II so that you can claim the low income comprehensive tax rebate.

LINE 1

Number of Exemptions

Enter the number of exemptions from PIT-1, line 5. This is the same number of qualified federal exemptions reported on your federal return. To determine the correct entry, see the instructions on your federal return.

You or your spouse must meet all of the following general qualifications or all members of your household do not qualify as allowable:

- You or your spouse was a resident of New Mexico during the tax year.
- You or your spouse was physically present in New Mexico for at least six months during 2014.
- You or your spouse was not eligible to be claimed and neither was actually claimed as a dependent of another taxpayer for 2014.
- You or your spouse was not an inmate of a public institution for more than six months in 2014.

If either you or your spouse, but not both, meet these general qualifications, the non-qualifying spouse is not eligible. The qualifying spouse and children are the members counted as

exemptions.

LINE 2a

Enter the number of household members who **do not** qualify as allowable household members. If all household members qualify, leave line 2a blank.

You and Spouse

If either you or your spouse, but not both, meet the general qualifications for allowable household members, only the qualifying spouse is eligible as an allowable household member. Add the non-qualifying spouse to line 2a.

Resident Dependents

Dependents who are residents of New Mexico, and physically present in New Mexico for less than six months during the year, qualify as household members for purposes of claiming the low income comprehensive tax rebate.

Non-Resident Dependents

Dependents who are non-residents of New Mexico **do not** qualify as a household member for purposes of claiming the low income comprehensive tax rebate. Add them to line 2a.

Example 1. A married couple filing a joint return reports six exemptions (which includes their four children) on PIT-RC, line 1. One spouse lived out of state for seven months of the tax year, and the other spouse lived in New Mexico with their four children. Because the out-of-state spouse was not physically present in New Mexico for at least six months, the couple makes these entries:

- Line 1 is 6.
- Line 2a is 1.

The allowable household members on line 2b is $6 - 1 = 5$. These 5 exemptions are for the spouse who lives in New Mexico with the couple's four children. Five household members are allowed when claiming the low income comprehensive tax rebate.

If both taxpayers lived out of state for seven months, no household members qualify for the rebate as shown with these entries:

- Line 1 is 6.
- Line 2a is 6.

- Line 2b is 0.

The allowable household members on line 2b is $6 - 6 = 0$.

Example 2. The taxpayer qualifies for tax rebates, but has a dependent who is out of state temporarily to attend school. The dependent is still a resident of New Mexico. Although the dependent may be out of state for most of the year, the taxpayer may claim a rebate counting that dependent as a household member.

Example 3. If a citizen of another country is a resident of New Mexico, that person may claim the tax rebates. If the citizen's spouse, children, or other dependents are not residents of New Mexico, the citizen cannot claim a rebate based on exemptions for them.

LINE 2c

If you **or** your spouse (if filing a joint return), but not both, are blind as defined for federal income tax purposes, enter **1**.

If you **and** your spouse are blind as defined for federal income tax purposes, enter **2**.

LINES 2e and 2f

Additional special exemptions are available if **you or your spouse** (if filing a joint return) are age 65 or older on the last day of the tax year. Enter **2** on the lines that apply.

LINE 2h

If you and your spouse are filing separately, you must subtract the number of household members and extra exemptions your spouse claimed on the spouse's Schedule PIT-RC, line 2g.

LINES 4 TO 12

Calculate Modified Gross Income

Before you complete lines 4 to 12, read New Mexico's definition of modified gross income that follows.

What is Modified Gross Income?

Modified gross income (also called MGI) is unique to New Mexico law. In general, modified gross income is **all** income and other compensation you receive from **all** sources (regardless

of whether that income is taxable by the U.S. Government or the State of New Mexico) for you, your spouse, and your dependents.

You may not reduce modified gross income by deductions or offset modified gross income by losses allowed for income tax purposes under the New Mexico Income Tax Act or under the Internal Revenue Code.

When calculating modified gross income, include the modified gross income of the taxpayer and all household members. Even if you are married and filing separate returns, the total modified gross income of both spouses must appear in the calculation.

Because the following items are excluded from the definition of modified gross income, you **do not** need to report any of them:

- Money lent to you that you are legally bound to repay
- The face value of food stamps or Women, Infants, and Children (WIC) vouchers
- Payments by any party or by Medicare or any similar plan for hospital, dental, medical, or drug expenses whether or not the payment is made directly to the insured/recipient or to a third-party provider, and whether or not a premium is paid
- Money received during the year as low income or property tax rebates or as child day care credit
- Medical care payments made by Medicaid, the State Human Services Department, the County Indigent Hospital Claims Fund, Champus, Veterans Administration (VA), or Workers' Compensation
- Rent subsidies, weatherization, energy, and housing rehabilitation benefits, such as Section 8 housing assistance
- Stipends paid to foster grandparents
- Free room and board when not considered compensation

LINE 4

Enter your wages, salaries, tips, etc. If your wages, salaries, tips, etc. were

exempt or deducted from federal adjusted gross income on Schedule PIT-ADJ, you must include them on line 4 to calculate your modified gross income.

LINE 5

Enter the gross amount of social security benefits, pensions, annuities, and Railroad Retirement benefits. If Medicare or other deductions were taken out of pensions or annuities, show the full pension or annuity amount before deductions.

LINE 6

Enter your unemployment benefits from all sources and any workers' compensation benefits you received. Do not include medical benefits.

LINE 7

Enter the amount you received from public assistance, TANF or a similar program, welfare and general assistance benefits, and SSI. Do not include medical care benefits, rent subsidies, weatherization, energy, or housing rehabilitation benefits.

LINE 8

Enter your net profit from business, farm, or rentals. This includes income from self-employment. If it is a loss, enter zero. If you have more than one business, farm, or rental property, you **may not** offset the loss of one business, farm, or rental against the profit of another business, farm, or rental or against any other source of income.

LINE 9

Enter your gross capital gains. Do not reduce them by capital losses. Include in capital gains any gain on the sale of a personal residence in 2014 that is deferred or not subject to federal income tax.

LINE 10

Enter all gifts of cash or marketable tangible items no matter who gave them to you. You must give a reasonable value to the gifts.

LINE 11

Enter all income not included on lines

4 to 10, regardless of whether it is taxable as federal or state income. This income may include, but is not limited to:

- Interest, including interest from U.S. Government obligations and interest on state and municipal bonds
- Dividends
- Gross gambling, gaming, and lottery winnings from any source without reducing winnings by any losses
- Insurance or court settlements
- Scholarships, fellowships, prizes, awards, or grants
- Other cash prizes and awards
- VA benefits
- Income from an estate or trust
- Alimony, separate maintenance, and child support payments
- Receipt of contribution withdrawals from deferred compensation plans
- Royalties from any source
- Distributions from employee stock ownership plans or other employee benefit plans, except for medical benefits
- Income from discharge of indebtedness not involving bankruptcy
- Value of a legacy, devise, bequest, or inheritance received
- Distributions from partnerships, S corporations, or similar pass-through entities
- Amounts received from endowment contracts
- The value of room and board received as compensation
- All ordinary gains from dealing in or selling property
- Cost-of-living, moving, or other allowances received as compensation.

SECTION II

Low Income Comprehensive Tax Rebate

LINE 14

To qualify for this rebate, all of the following must be true:

- You have a modified gross income

TABLE 1. 2014 Low Income Comprehensive Tax Rebate Table

Modified Gross Income from PIT-RC, Line 13		Number of Exemptions from PIT-RC, Line 13a					
	But Not Over	1	2	3	4	5	6 or more
\$ 0	\$ 500	\$ 120	\$ 160	\$ 200	\$ 240	\$ 280	\$ 320
501	1,000	135	195	250	310	350	415
1,001	1,500	135	195	250	310	350	435
1,501	3,500	135	195	250	310	350	450
3,501	4,500	135	195	250	310	355	450
4,501	5,000	125	190	240	305	355	450
5,001	5,500	115	175	230	295	355	430
5,501	6,000	105	155	210	260	315	410
6,001	7,000	90	130	170	220	275	370
7,001	8,000	80	115	145	180	225	295
8,001	9,000	70	105	135	170	195	240
9,001	10,000	65	95	115	145	175	205
10,001	11,000	60	80	100	130	155	185
11,001	12,000	55	70	90	110	135	160
12,001	14,000	50	65	85	100	115	140
14,001	15,000	45	60	75	90	105	120
15,001	16,000	40	55	70	85	95	110
16,001	17,000	35	50	65	80	85	105
17,001	18,000	30	45	60	70	80	95
18,001	19,000	25	35	50	60	70	80
19,001	20,000	20	30	40	50	60	65
20,001	21,000	15	25	30	40	50	55
21,001	22,000	10	20	25	35	40	45

of \$22,000 or less.

- You were a resident of New Mexico during the tax year.
- You were physically present in New Mexico for at least six months in 2014.
- You are not eligible to be claimed as a dependent of another taxpayer for 2014.
- You were not an inmate of a public institution for more than six months in 2014.

To find the amount of your low income comprehensive tax rebate, follow these steps:

1. In the left column of Table 1, *2014 Low Income Comprehensive Tax Rebate Table*, find the line that includes the modified gross income you entered on line 13.
2. Read across to the column that shows the number of exemptions you calculated on line 13a. This

amount is your low income comprehensive tax rebate.

3. All taxpayers, other than married couples filing separate returns, enter this rebate amount on PIT-RC, line 14. Married couples filing separate returns divide this amount by 2 and then enter the result on PIT-RC, line 14.

NOTE: Include your rebate amount on PIT-RC, line 25.

**SECTION III
Property Tax Rebate for Persons 65 or Older**

This rebate is for property tax billed or rent paid during tax year 2014 on your principal place of residence in New Mexico. The property tax rebate cannot exceed \$250 or, for a married taxpayer filing a separate return, the rebate cannot exceed \$125.

IMPORTANT: No property tax rebate is available for property that is not subject to property tax.

To qualify for a rebate all of the following must be true:

- You have a modified gross income of \$16,000 or less.
- You were age 65 or older on the last day of the tax year.
- You were a resident of New Mexico during the tax year.
- You were physically present in New Mexico for at least six months in 2014.
- You are not eligible to be claimed as a dependent of another taxpayer for 2014.
- You were not an inmate of a public institution for more than six months in 2014.

What is Principal Place of Residence?

For purposes of the property tax rebate for persons 65 or older, principal

TABLE 2. 2014 Maximum Property Tax Liability Table

Modified Gross Income from PIT-RC, Line 13		Maximum Property Tax Liability	Modified Gross Income from PIT-RC, Line 13		Maximum Property Tax Liability
	But Not Over			But Not Over	
\$ 0	\$ 1,000	\$ 20	\$ 8,001	\$ 9,000	\$ 60
1,001	2,000	25	9,001	10,000	75
2,001	3,000	30	10,001	11,000	90
3,001	4,000	35	11,001	12,000	105
4,001	5,000	40	12,001	13,000	120
5,001	6,000	45	13,001	14,000	135
6,001	7,000	50	14,001	15,000	150
7,001	8,000	55	15,001	16,000	180

place of residence is the dwelling and related structures—whether owned or rented—and only the amount of surrounding land reasonably necessary to use the dwelling as a home. The surrounding land may not exceed five acres.

If you have more acreage than is reasonably necessary to maintain a dwelling, adjust the amount of property tax billed to reflect the principal place of residence only. You may use only this smaller amount to calculate the tax rebate.

Example. If a taxpayer’s principal place of residence is located on 25 acres, include the total amount of property tax billed for the house alone plus the part of the land that is reasonably necessary to maintain the residence, but not more than 5 acres.

If only one acre is reasonably necessary to maintain the residence, divide the tax due on the land by the total number of acres for which property tax was billed.

Add the property tax billed on the home to the amount of property tax billed on the land. The total is the amount of property tax billed. Use this total amount to calculate your rebate.

LINE 15
Complete line 15 only if you own your principal place of residence and you were billed property tax. The property tax you claim on line 15 is only that part of the annual property tax billed for the period you lived there.

For the definition of “principal place of residence,” see *What is Principal Place of Residence?* beginning on page 5 RC.

Changes in Your Principal Place of Residence

If you paid rent for your principal place of residence for part of the year, and you were billed property tax for your principal place of residence for the other part of the year, you can claim both for the parts of the year you lived in the residence.

If you were billed property tax on your manufactured home and you also paid rent for your lot or space, you can claim both.

LINE 16
Complete line 16 only if you rented your principal place of residence in 2014.

LINE 16a
Complete line 16a **only** if you paid rent on your principal place of residence.

Enter the total amount of rent you paid during 2014, including any rent subsidy paid by a government entity to your landlord.

LINE 16b
If a government entity paid a subsidy, mark an **X** in box 16b.

LINE 16c
Multiply line 16a by 0.06, and enter the product in 16c.

LINE 17

This rebate is for the property tax billed during tax year 2014. The property tax rebate may not exceed \$250 or, for a married taxpayer filing a separate return, the rebate may not exceed \$125.

IMPORTANT: Make sure to include the amount on line 17c in the amount on PIT-RC, line 25.

LINE 17b
To find your maximum property tax liability, follow these steps:

1. On Table 2, *2014 Maximum Property Tax Liability Table*, find the Modified Gross Income range for the amount you entered on PIT-RC, line 13.
2. Read across the table to the **Maximum Property Tax Liability** column, and enter the amount on line **17b**.

LINE 17c
Subtract the amount on line 17b from the amount on line 17a. Enter the amount of the difference on line 17c.

If the amount is less than zero, enter **0**. If the amount is \$250 or over, enter **\$250** (the maximum allowed).

Married Couples Filing Separately
Married couples filing separate returns calculate the property tax rebate in a different way than other taxpayers.

Subtract line 17b (maximum property tax liability) from line 17a (allowable amount of property tax billed and rent paid), and then divide the difference

by 2. Enter this amount on line 17c.

If the amount is less than zero, enter **0**. If the amount is \$125 or over, enter **\$125** (the maximum allowed).

SECTION IV

Additional Low Income Property Tax Rebate for Los Alamos and Santa Fe County Residents Only

This low income property tax rebate is for property tax paid during tax year 2014 on your principal place of residence (defined later in this section) in Los Alamos or Santa Fe County. This property tax rebate may not exceed \$350 or, for a married taxpayer filing a separate return, \$175.

IMPORTANT: No property tax rebate is available for property that is not subject to property tax.

No Age Limit

You do not need to be 65 or older to be eligible for this rebate. If you are a Los Alamos or Santa Fe County resident who is age 65 or older on the last day of the tax year, you may be eligible for this rebate **and** the property tax rebate for persons 65 or older on line 17c.

Requirements

To qualify for the rebate, all of the following must be true:

- You have a principal place of residence in Los Alamos or Santa Fe County.
- You have a modified gross income of \$24,000 or less.

- You were a resident of New Mexico during the tax year.
- You were physically present in New Mexico for at least six months in 2014.
- You were not eligible to be claimed as a dependent of another taxpayer for 2014.
- You were not an inmate of a public institution for more than six months in 2014.

Mailing Address Not In Counties

If the mailing address on your 2014 PIT-1 return is not a Los Alamos or Santa Fe County address, you must attach a property tax statement to your return.

Definition of “Principal Place of Residence” For This Rebate

For the purposes of the low income property tax rebate for Los Alamos and Santa Fe County residents only, principal place of residence is the dwelling and related structures the taxpayer owns and occupies, and only that amount of surrounding land reasonably necessary to use the dwelling as a home. The surrounding land may not exceed five acres. For purposes of this credit, a principal place of residence does not include rented land or structures.

If you have more acreage than is reasonably necessary to maintain a dwelling, adjust the amount of property tax billed to reflect the principal place of residence only. You are required to use this smaller amount to

calculate the tax rebate.

Boxes 18

Mark either the **Los Alamos County** box or the **Santa Fe County** box to indicate the county where your principal place of residence was located and for which you are claiming the additional low income property tax rebate.

LINE 18a

For property you own that is your principal place of residence, enter the tax billed for the calendar year.

LINE 18b

To find the percentage of your property tax rebate, follow these steps:

1. On Table 3, *2014 Low Income Property Tax Rebate Table for Los Alamos or Santa Fe County Residents Only*, find the Modified Gross Income range that includes the amount you entered on PIT-RC, line 13.
2. Read across to the **Property Tax Rebate Percentage** column, and enter this percentage on line 18b.

LINE 18c

Multiply the percentage on line 18b (property tax rebate percentage) by the amount on line 18a (allowable property tax billed). Enter the product on line 18c.

If the amount is less than zero, enter **0**. If the amount is \$350 or over, enter **\$350** (the maximum allowed).

Married Couples Filing Separately

Married couples filing separate returns calculate the property tax rebate in a different way than other taxpayers.

Multiply 18a by 18b, and then divide the product by 2. Enter this amount on line 18c.

If the amount is less than zero, enter **0**. If the amount is \$175 or over, enter **\$175** (the maximum allowed).

Example. The property tax billed to Los Alamos Resident A on her principal place of residence was \$800 for calendar year 2014. On line 18a,

Table 3. 2014 Low Income Property Tax Rebate Table for Los Alamos or Santa Fe County Residents Only

Modified Gross Income from PIT-RC, Line 13		Property Tax Rebate Percentage (of property tax liability)
	But Not Over	
\$ 0	\$ 8,000	75%
8,001	10,000	70%
10,001	12,000	65%
12,001	14,000	60%
14,001	16,000	55%
16,001	18,000	50%
18,001	20,000	45%
20,001	22,000	40%
22,001	24,000	35%

Resident A enters \$800. Because her modified gross income for 2014 was \$19,000, Resident A enters on line 18b the property tax rebate percentage of 45%.

To calculate line 18c, Resident A multiplies \$800 by 0.45 (45%). The result is \$360, but because the maximum rebate allowable is \$350, she enters \$350 on line 18c.

IMPORTANT: Include the amount on line 18c in the amount on PIT-RC, line 25.

**SECTION V
New Mexico Child Day Care Credit**

The child day care credit may not exceed \$1,200 or, for a married taxpayer filing a separate return, \$600.

A husband and wife maintaining a household for one or more qualifying dependents, but filing separate returns for a tax year, may each claim only half the credit allowed on a joint return.

To qualify for the credit, all of the following must be true:

- You have a modified gross income of \$30,160 or less.
- You were a resident of New Mexico during any part of the tax year.
- You provided over half the cost of maintaining a household for one or more qualifying dependents for the part of the tax year for which you are claiming the credit (either separately or jointly with a spouse).
- You were gainfully employed for the part of the tax year for which you are claiming the credit.
- You were not a recipient of public assistance under TANF, the New Mexico Works Act, or a similar program during the part of the tax year for which you are claiming the credit.
- You have not been reimbursed or compensated for the amount of child day care expense for which you are claiming the credit.

Reimbursed or compensated child day care expenses, like those paid with pre-tax dollars under cafeteria and similar benefit plans, are also

ineligible.

Residency Requirement

If you qualify as a first-year, full-year, or part-year resident of New Mexico, you may claim the child day care credit. For definitions of residency, see PIT-1 instructions, page 2, *Definitions*.

Public Assistance

The Department checks with appropriate state agencies to verify if you are receiving public assistance.

Caregiver Qualifications

You cannot claim a credit for amounts paid to a caregiver unless all of the following are true for the caregiver:

- If an individual, the caregiver was at least 18 years old when providing the care.
- The caregiver provided the day care service in New Mexico.
- The caregiver provided day care for less than 24 hours daily.
- You or your spouse could not claim the caregiver as a dependent for federal income tax purposes.

Married Couples Filing Separately

If spouses file a joint return, both must have been gainfully employed unless one was disabled for the part of the tax year for which you are claiming the credit. Couples who maintain a household for one or more qualifying dependents, but file separate returns for a tax year, may each claim only half the credit allowed for a joint return.

Keep Copies of Your Receipts

In case you are selected for audit or verification of the expenses you claim, make sure to keep copies of all your receipts with your records.

Definitions for Child Day Care Credit

“Qualifying dependent” means a person under the age of 15 at the end of the tax year who has received the services of a caregiver. “Dependent” includes a child of divorced or legally separated parents when the taxpayer meets all requirements for claiming a federal child care credit.

“Gainfully employed” means working for others for compensation, either full-time or part-time, or being self-employed. Actively seeking employment or school attendance does not qualify as gainful employment.

“Cost of maintaining a household” means the expenses for operating the principal place of residence for the mutual benefit of its occupants. These expenses include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance, and food. Cost of maintaining a household does **not** include cost of clothing, education, medical treatment, vacations, life insurance, transportation, or principal payments on mortgages.

“Disabled person” means a person who has a medically determinable physical or mental impairment, certified by a licensed physician, that renders the person unable to engage in gainful employment. **NOTE:** The Department may ask you to provide certification of disability from your physician, but do **not** include it with

For First-Year Residents Only	
Worksheet to Adjust the Federal Credit for Child and Dependent Care Credit	
1. Enter the amount of federal child and dependent care credit allowed on the federal return.	\$
2. Enter the number of days during the tax year that you were a resident of New Mexico.	
3. Enter the number of days during the tax year, either 365 days or 366 days for a leap year.	
4. Divide line 2 by line 3. Round to three decimal places.	_ . _ _ _
5. Multiply line 4 by line 1. Enter this amount on PIT-RC, line 21.	\$

your return.

“Caregiver” means either an individual 18 years of age or older, or a corporation that receives compensation from the credit claimant for providing direct care and supervision to a qualifying dependent in New Mexico. A caregiver may be related to, but not a dependent of, the claimant.

Example of Attending School and Working. You are a single parent who provides over 50% of the support for a dependent child. You attended school from January through May, and became gainfully employed full time on June 1. You had child care expenses for the entire year from a caregiver located in New Mexico. You were not compensated or reimbursed for child day care services during the tax year.

You can claim the credit for child care only for expenses from June through December, while you were employed. You cannot count expenses for child care from January through May, while you were attending school and not working.

Calculating and Claiming the Credit

To calculate and claim your allowable child day care credit, follow these steps:

1. From each caregiver, get a Form PIT-CG, *New Mexico Caregiver’s Statement* (see page 12 RC).
2. Use the information on the PIT-CGs to complete the *Child Day Care Credit Worksheet* (see page 11 RC). Only include qualifying day care expenses performed in New Mexico.
3. Make copies of and submit the *Child Day Care Credit Worksheet* and all PIT-CGs with your New Mexico PIT-1 return.
4. Keep the originals for your records.

Also see Brochure #12, *New Mexico’s Income Tax: Child Day Care Credit*, on the Department website at www.tax.newmexico.gov.

LINE 19

From your *Child Day Care Credit Worksheet*, enter the sum of the

amounts in Column G, but no more than \$1,200. This is your child day care credit.

LINE 20

Enter the total of your qualified dependents under age 15 who received child day care services in 2014.

LINE 21

Enter the amount of the federal child and dependent care credit you claimed on your federal income tax return.

First-Year Residents Only

To calculate your federal child and dependent care credit adjustment, use the worksheet on the previous page, *For First-Year Residents Only Worksheet to Adjust the Federal Credit for Child and Dependent Care Credit*. Enter the amount from line 5 of the worksheet.

LINE 22

The maximum New Mexico day care credit amount is \$1,200, where a maximum of \$480 is allowable per child.

To find the amount of New Mexico child day care credit you can claim, subtract line 21 from line 19.

Married Couples Filing Separately

If married filing separately, subtract line 21 from line 19, and divide by 2. Enter this amount on line 22. Couples who maintain a household for one or more qualifying dependents, but file separate returns for a tax year, may each claim only half the credit allowed for a joint return.

Example For More Than One Child.

You have three children and each child received 200 days of care. You were not compensated or reimbursed for child day care services during the tax year. The fee was \$10 daily for each child.

On the *Child Day Care Credit Worksheet*, enter your first child’s name and age in Columns A and B. Enter the number of days of care (200) in Column C. Even though the actual amount you paid was \$10, enter \$8 in Column D because the maximum

allowable daily amount for calculating the credit is \$8.

For Column E, calculate the amount allowed for the year, as shown here:

$$200 \times \$8 = \$1,600 \text{ (amount allowed)}$$

For Column G, first find 40% of \$1,600, as shown next:

$$0.40 \times \$1,600 = \$640 \text{ (40% of } \$1,600)$$

Because \$640 is greater than \$480 (the maximum allowable amount per child), enter \$480 in Column G.

Calculate the credit amounts for the second and third child in the same way. The total for the three children is \$1,440 (3 x \$480). Because this is more than \$1,200 (the maximum allowable credit amount), you enter \$1,200 on line 19.

Example For Paying Different Rates.

You paid more than one rate for child care. Your child received 100 days of care at \$7 per day and 50 more days at \$10 per day.

On the *Child Day Care Credit Worksheet*, enter the child’s name and age in Columns A and B. In Columns C and D, enter 100 (days of care) and \$7 (amount paid per day).

For Column E, calculate the amount allowed for the year, as shown here:

$$100 \times \$7 = \$700 \text{ (amount allowed)}$$

For Column G, first find 40% of 700, as shown next:

$$0.40 \times \$700 = \$280 \text{ (40% of } \$700)$$

On the next line of the worksheet write “same child.” In Column C, enter 50 for days of care. In Column D, enter \$8 (maximum daily amount) even though the actual amount you paid was \$10.

For Column E, calculate the amount allowed for the year, as shown here:

$$50 \times \$8 = \$400 \text{ (amount allowed)}$$

For Column G, first find 40% of \$400, as shown next:

$$0.40 \times \$400 = \$160 \text{ (40% of } \$400)$$

Then add the two partial credit amounts in Column G and enter \$440 (the sum) on line 19.

$$\$280 + \$160 = \$440$$

SECTION VI

Refundable Tax Credits

Complete lines 23 and 24 to claim the refundable tax credits.

If you are claiming only the refundable tax credits on lines 23 and 24 and no other refundable rebate or credit, follow the special procedures described next to complete PIT-RC:

1. Enter the primary taxpayer's name on page 1 and social security number on pages 1 and 2.
2. Complete applicable lines 23 and 24.
3. On line 25, enter the total of lines 23 and 24.
4. On PIT-1, line 24, enter the amount from PIT-RC, line 25.

LINE 23

Refundable Medical Care Credit for Persons 65 or Older

If you or your spouse are 65 years of age or older, and you paid unreimbursed and uncompensated medical care expenses of \$28,000 or more during tax year 2014, you may claim a tax credit of \$2,800. The medical care expenses can be for the care of any combination of you, your spouse, or dependents.

The tax credit is allowed for out-of-state residents with income tax responsibility to New Mexico. However, when medical expenses are incurred for services provided by a medical doctor, osteopathic physician, or psychologist, the person providing the service must be licensed or certified to practice in New Mexico.

If you qualify for the credit, enter \$2,800. Married couples filing separate returns may each claim one-half of the credit (\$1400) that would have been allowed on a joint return.

Additional Benefit on PIT-ADJ

If you are eligible to claim the refundable medical care credit for persons age 65 years or older, you are also eligible to claim the medical care expense exemption for persons 65 years or older reported on Schedule PIT-ADJ, line 17. This gives you an additional tax benefit. To claim the tax exemption, you must complete Schedule PIT-ADJ.

Types of Medical Expenses Allowed

The types of medical expenses that you may include are described in the instructions for PIT-1, line 16 with one exception. You may also include the part of unreimbursed and uncompensated medical care expenses which have been included in your itemized deductions on federal Form 1040, Schedule A.

To calculate the unreimbursed and uncompensated medical care expenses for purposes of this credit, the following expenses may be included:

- Qualified expenses used to calculate the refundable medical care expense exemption for persons 65 years or older you reported on PIT-ADJ, line 17
- Qualified expenses used to calculate the medical care expense deduction you claimed on PIT-1, line 16

LINE 24

Special Needs Adopted Child Tax Credit

If you qualify for the special needs adopted child tax credit, enter \$1,000 for each special needs adopted child. If you are married filing separately, enter \$500 for each child. A husband and wife who file separate returns may each claim one-half of the credit.

You may claim the special needs adopted child tax credit if all of the following are true:

- You file a New Mexico PIT-1 return.
- You are not a dependent of another taxpayer.
- You adopted a special needs child.
- You claimed the special needs adopted child as a dependent on your federal tax return.

Definitions

“Special needs adopted child” means an individual who may be over 18 years of age and who is certified by the New Mexico Children, Youth, and Families Department (CYFD) or a licensed child placement agency as meeting the definition of a “difficult to place child” pursuant to the Adoption Act. The classification is based on physical or mental impairment or an emotional disturbance that is at least moderately disabling.

Attach the Certificate the First Year

In the first year you claim the special needs adopted child tax credit for a qualifying adopted child, you must attach a copy of the certificate issued by CYFD or the licensed child placement agency for each qualifying adopted child.

If you claimed the credit for adoption of special needs children for a qualifying adopted child in a prior year, you do not need to attach the supporting documentation to the return. Keep it in your files.

SECTION VII

Total Rebates and Credits Claimed

Follow these steps to complete PIT-RC:

1. Add the amounts, if any, on lines 14, 17c, 18c, 22, 23, and 24.
2. Enter the total on line 25.
3. On PIT-1, line 24, enter the amount from PIT-RC, line 25.
4. Submit PIT-RC and any required documentation with your PIT-1 to the Department.

Child Day Care Credit Worksheet

Print your name (first, middle, last)

YOUR SOCIAL SECURITY NUMBER

You must answer both questions.

True The child day care expenses **were not** reimbursed or otherwise paid by another party. You may **only** claim uncompensated and unreimbursed child day care expenses.

True Public assistance **was not** received under the Temporary Assistance for Needy Families (TANF), New Mexico Works Act, or a similar program during that part of the tax year for which you are claiming the credit. You may **only** claim child day care expenses during periods when you **did not** receive assistance from one of these programs.

NOTE: The Department checks with appropriate state agencies to verify whether you are receiving public assistance.

COLUMN A Name of Child	COLUMN B Age of Child	COLUMN C Number of days of care	COLUMN D Amount paid per day not to exceed \$8.00	COLUMN E Day Care Expenses Multiply Column C by Column D	COLUMN F Multiply Column E by 0.40 and enter in Column G	COLUMN G Available day care credit not to exceed \$480/child
					0.40	
					0.40	
					0.40	
					0.40	
					0.40	
					0.40	
TOTAL day care credit available. Enter the sum of Column G. If you attach supplemental pages, enter the sum of Column G from all pages.						

Completing the Child Day Care Credit Worksheet

- Column A:** Enter the name of the qualified dependent child who received day care during 2014. If you need more space, attach a worksheet in the same format.
- Column B:** Enter the age of the child at the end of the 2014 tax year.
- Column C:** Enter the total number of days of qualified child day care service provided for the child.
- Column D:** Enter the amount paid per day for the child. The maximum is \$8 per child per day. Only include amounts actually paid by you. Do not include amounts that were reimbursed or paid for by another party, such as your employer or the State of New Mexico. Even if you paid more than \$8, only enter \$8.
- Column E:** Multiply Column C by Column D and enter the result.
- Column G:** Multiply Column E by Column F (0.40) and enter the result, but no more than \$480 per child. If the computed amount is more than \$480, enter \$480.

Add the amounts in Column G and enter the total on Schedule PIT-RC, line 19, but no more than \$1,200. If the total amount of Column G is more than \$1,200, only enter \$1,200.

ATTACH THIS WORKSHEET TO FORM PIT-1

PIT-CG

NEW MEXICO CAREGIVER'S STATEMENT

The caregiver must complete this PIT-CG and give it to the taxpayer to attach to the PIT-1 Return and Schedule PIT-RC. Each caregiver who provides daycare services for which a credit amount is claimed completes a separate PIT-CG. Failure to attach the required PIT-CG to the PIT-1 will cause the amount claimed for the child daycare credit to be disallowed. Attach the *Child Day Care Credit Worksheet* to the PIT-CG.

The caregiver must furnish the information on the number of days care was provided each month and the compensation received for each child for whom the credit is claimed. The caregiver must answer the three qualification questions; enter their name, address, phone number, and New Mexico CRS identification number; and sign this PIT-CG. The name and social security number for each child receiving daycare services is required on this PIT-CG. The taxpayer must also sign.

Do not include any charges for childcare for periods of unemployment or for childcare provided either before or after work (plus any necessary travel time) or for periods the taxpayer is attending school.

Taxpayer's first name and initial (as it appears on Form PIT-1)	Taxpayer's last name	Taxpayer's social security number
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PART I. QUALIFICATIONS FOR INDIVIDUAL CAREGIVERS

Caregiver's name	Caregiver's address	Caregiver's New Mexico CRS ID or SSN
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1. Were you, as a caregiver, age 18 or over at the time the care was performed?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
2. Did you, as a caregiver, provide daycare service for less than 24 hours daily?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
3. Were you a dependent of the above taxpayer for whom you provided childcare services?	YES <input type="checkbox"/>	NO <input type="checkbox"/>

PART II. STATEMENT OF COMPENSATION RECEIVED BY CAREGIVER

TAX YEAR 20 _____	CHILD 1 Name and SSN		CHILD 2 Name and SSN		CHILD 3 Name and SSN		CHILD 4 Name and SSN	
Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month
JANUARY								
FEBRUARY								
MARCH								
APRIL								
MAY								
JUNE								
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER								
TOTAL								

Caregiver's signature _____ Caregiver's phone number _____

PART III. TAXPAYER: IF YOU COULD NOT OBTAIN A STATEMENT FROM THE CAREGIVER, COMPLETE THIS PART OF THE FORM.

If you made all reasonable attempts to complete this PIT-CG schedule, and you are still unable to locate the caregiver or to obtain the required information, complete Parts I and II of this schedule based on previous billings or other records, provide the name and address of the caregiver, and explain below why the caregiver did not complete the statement.

Taxpayer's signature _____