
FYI-102

New Mexico
Taxation and Revenue Department

FOR YOUR INFORMATION

Tax Information/Policy Office ♦ P.O. Box 630 ♦ Santa Fe, New Mexico 87504-0630

INFORMATION FOR NEW BUSINESSES

All businesses operating in New Mexico must register with the New Mexico Taxation and Revenue Department. Other state or local agencies may also require registration for their own purposes.

This general publication describes how to register a business in New Mexico, outlines the services and information the Department offers, provides a checklist of other agencies and resources, and lists business-related taxes and credits that the Department administers.

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This information is as accurate as possible at time of publication. Subsequent legislation, new state regulations, and court cases may affect its accuracy. For the latest information please check the Taxation and Revenue Department's web site at www.tax.newmexico.gov.

INTRODUCTION

This publication provides general guidance for new businesses in New Mexico. Most forms and publications on a variety of tax programs are available at the Taxation and Revenue Department (Department) website, <https://www.tax.newmexico.gov/forms-publications/>, and at the Department district offices around the state. Assistance is always available by visiting one of these district offices or by contacting the Department's call center. See the **Further Assistance Page** at the end of this publication for district office locations and how to make an appointment. The call center phone number is found on this page also.

REGISTRATION WITH THE DEPARTMENT

Persons engaging in business in New Mexico must register with the Department. With few exceptions, a business must have a New Mexico Business Tax Identification Number (**NMBTIN**). The NMBTIN is your state tax identification number and is used when filing gross receipts tax (GRT), compensating tax, wage withholding, and many other business-related tax programs listed in this publication.

For GRT, "engaging in business" means carrying on or causing to be carried on any activity with the purpose of direct or indirect benefit. For those that lack physical presence in New Mexico, including a marketplace provider, it means having at least \$100,000 of taxable gross receipts from sales, leases and licenses of tangible personal property, sale of licenses and sales of services and licenses for use of real property sourced to New Mexico in the previous calendar year. Taxable gross receipts are only those gross receipts that are not otherwise exempt or deductible. Therefore, anyone without physical presence in the state who had \$100,000 or more of receipts that were not exempt or deductible in the previous calendar year is engaging in business in the state, and its receipts from sales sourced to the state are subject to GRT.

Brief descriptions of several tax programs are in the *Overview of Business Taxes* section beginning on page 6. The **GRT Filer's Kit** contains more information about GRT and incorporates the most frequently used forms and instructions.

Persons or businesses that produce oil, natural gas, liquid hydrocarbons, carbon dioxide, helium, or other non-hydrocarbon gas and/or is a processor of natural gas must obtain a separate oil and gas taxpayer identification number. The Oil and Gas Reporting Identification Number (OGRID) is the number New Mexico issues to taxpayers reporting six oil and gas taxes: natural gas processors tax, oil and gas production equipment ad valorem tax, oil and gas severance tax, oil and gas conservation tax, oil and gas emergency school tax, and oil and gas ad valorem production tax. The oil and gas tax and associated forms are available online at <http://www.tax.newmexico.gov/forms-publications/> under the "Business Taxes" folder.

Employers covered by the New Mexico Workers' Compensation Act must obtain an employer account number (EAN) from the New Mexico Department of Workforce Solutions before registering separately with the Department for the worker's compensation personnel assessment fee account. See page 5 for information about contacting the New Mexico Department of Workforce Solutions. Page 10 has more information on the worker's compensation personnel assessment fee.

If you are uncertain about your registration requirements, please contact our call center at 1-866-285-2996.

REQUIREMENTS FOR CORPORATIONS

Corporations must register with the Secretary of State (see *Checklist of Other Registration Requirements*, page 4) in addition to obtaining a NMBTIN with the Department. With limited exceptions the state requires all corporations to file and pay corporate income tax and corporate franchise tax. These taxes are described in the *Overview of Business Taxes* on pages 6 and 7 and discussed in more detail in **FYI-350**, *Corporate Income Tax and Corporate Franchise Tax*.

HOW TO OBTAIN A NEW MEXICO BUSINESS TAX IDENTIFICATION NUMBER (NMBTIN)

There are multiple ways to obtain an NMBTIN. To apply electronically, visit the Department's online filing and payment website, Taxpayer Access Point (TAP), located here: <https://tap.state.nm.us/tap/>, and select "Apply for a New Mexico Business Tax ID" under **Businesses** on the homepage. A NMBTIN is generally issued within 1 business day. You may also fill out and submit the Form **ACD-31015**, *Business Tax Registration Application and Update Form*, to any district office or by mailing the application. You may also email this form to the registration team at: business.reg@tax.nm.gov.

There is no fee to register or obtain an NMBTIN. If you return your application in person to any district tax office, you may receive your NMBTIN immediately. When you return your application by mail or email, you can typically expect your NMBTIN in about two weeks.

A business with an average total tax liability of over \$200 per month for any 12-month period for GRT, Wage Withholding Tax, or Non-wage Withholding Tax, must report monthly. Businesses with a lower annual average than \$200 monthly for these tax programs may elect to report monthly, quarterly or semiannually.

Once you register with the Department and have an NMBTIN, you must file all GRT returns in a timely manner **even if your business has no gross receipts for the filing period, and no tax is due**. If you file late when no tax is due, there is still a \$5 civil penalty. Both penalty *and* interest apply, however, when you owe tax and file late.

NOTE: A buyer of an existing, unincorporated business needs a new NMBTIN and must apply for nontaxable transaction certificates under the new number (if certificates are necessary for the type of business). The Department advises any new owner to obtain a tax clearance before the purchase is complete. See *Successor in Business*, page 16, for details.

THE GRT FILER'S KIT

The GRT Filer's Kit, published twice a year, is the main source of information about reporting and paying GRT. Six copies of the Form **TRD-41413**, *Gross Receipts Tax Return*, are included in the kit with instructions on how and when to file and how to calculate penalty and interest. You may request a kit at any local tax office, by contacting our call center, or through the mail at no charge or access the GRT Filer's Kit on our website here: <http://www.tax.newmexico.gov/forms-publications/>

The kit reflects current combined state and local GRT rates. *These rates vary throughout New Mexico and can change each January 1 and July 1*. Because changes are frequent, we advise you to refer to your current GRT Filer's Kit for correct GRT rates and other information.

The GRT Filer's Kit is packed with data to help manage your business more efficiently and can save you time and money. In addition to the cover page's bulleted list of the latest changes, you'll

find a list of due dates and the kit provides the following: a list of Department office locations, the GRT rate schedule, the taxpayer bill of rights, Form **TRD-41413**, *Gross Receipts Tax Return*, Form **ACD-31015**, *Business Tax Registration Application and Update Form*, **RPD-41071**, *Application for Tax Refund*, and **ACD-31050**, *Application for Non-taxable Transaction Certificates*.

All information in the printed packets is available online at www.tax.newmexico.gov. Please visit our web site for new rates, recent legislation, and other changes.

CHECKLIST OF OTHER REGISTRATION REQUIREMENTS

In addition to registering with the Department, you may need to consult various regulatory agencies, professional licensing boards, or local authorities. The following is a checklist of other agencies you may wish to contact to make sure you meet all requirements. ***This list is not intended as an exhaustive description of all agencies that a business will need to contact and is only provided as general guidance.***

Internal Revenue Service (IRS)

Consult your phone directory for local offices.
1-800-829-1040 for tax information
1-800-829-3676 for forms and publications
1-800-829-4477 for Tele-Tax (recorded information on about 140 subjects)
1-800-829-4059 for TDD equipment (telecommunications device for the deaf)

For information on obtaining a federal employer identification number (FEIN or EIN) and on other federal requirements, consult the IRS web site at www.irs.gov. The following IRS publications may be of particular interest to new businesses:

- Tax Guide for Small Businesses (Publication 334)
- Self-Employment Tax (Publication 533)
- Circular E, Employer Tax Guide (Publication 15)
- Tax Withholding and Estimated Tax (Publication 505)

City Treasurer's Office

Consult your phone directory for local offices.
• For city business licenses

County Clerk's Office, County Assessor's Office

Consult your phone directory for local offices.
• For county business licenses (county clerk)
• For business personal property tax (county assessor) For links to individual counties, New Mexico Association of Counties web site: www.nmcounties.org

Secretary of State

325 Don Gaspar, Suite 300
Santa Fe, NM 87503
(505) 827-3600

- Serves as statutory agent for service of process against foreign corporations
- Registers foreign and domestic corporations (profit and nonprofit)
- Registers general partnerships, New Mexico limited partnerships, foreign partnerships and limited liability partnerships
- Registers trademarks and service marks

Workers' Compensation Administration

2410 Centre Avenue [main office]
P.O. Box 27198
Albuquerque, NM 87125
(505) 841-6000
1-800-255-7965 (in-state)

[four regional offices statewide]

- Serves as regulatory and enforcement agency for Workers' Compensation Act, with authority over workers' compensation claims

Procurement Assistance Program

1100 S. St. Francis Drive
Joseph Montoya Building, Room 2006
Santa Fe, NM 87503
(505) 827-0425

- Provides information on public sector contract business to established New Mexico companies

☐ Regulation and Licensing Department

2550 Cerrillos Rd.
Santa Fe, NM 87505
(505) 827-7003

- Oversees the state's professional and occupational boards and commissions
- Oversees the alcohol, gaming, finance, construction, and securities industries

☐ Public Regulation Commission

PERA Building, Room 536
P.O. Drawer 1269

Santa Fe, NM 87504-1269
(505) 827-4500
1-800-947-4722

- Regulates telecommunications services and rates
- Administers single-state registration for commercial vehicles (insurance filing)

☐ ONGARD Service Center

P.O. Box 1148
Santa Fe, NM 87504-1148
(505) 827-5816

- Assists oil and gas production taxpayers with electronic filing
- Manages the state's inventory of land, tracks other land leases of interest
- Identifies and monitors oil and gas resources
- Processes tax and state royalty returns and payments

☐ New Mexico Department of Workforce Solutions

401 Broadway NE (main office)
Albuquerque, NM 87103
(505) 841-8405
(more than 20 Labor Service Centers statewide)

- Administers unemployment insurance tax
- Provides job training and listings for employers
- Monitors compliance with human rights and wage and labor laws
- Conducts research and analysis

☐ New Mexico State Land Office

P.O. Box 1148
Santa Fe, NM 87504-1148
(505) 827-5735

☐ Economic Development Department

1100 S. St. Francis Drive
Joseph Montoya Building
Santa Fe, NM 87503
(505) 827-0305
1-800-545-2070

- Provides assistance and information on financing, technology, training and recruitment, trade, and state housing
- Houses the Film Office
1-800-545-9871

☐ Tourism Department

491 Old Santa Fe Trail
Santa Fe, NM 87502
(505) 827-7400

☐ Racing Commission

300 San Mateo Blvd. NE
Highland Station
Albuquerque, NM 87198
(505) 841-6400

- Administers pari-mutuel tax

☐ Association of Commerce and Industry of New Mexico

2201 Buena Vista Dr. SE
Albuquerque, NM 87106-4265
(505) 842-0644

- Provides information on state chambers of commerce

☐ New Mexico Small Business Development Center

6401 Richards Ave.
Santa Fe, NM 87505
(505) 471-8200
1-800-281-7232 (in-state)

- Provides counseling, training, and workshops through 18 service centers statewide

OVERVIEW OF BUSINESS TAXES

The following summary of business-related taxes administered by the Department *is not intended as an exhaustive description* because it does not address exemptions, deductions and certain other issues.

Legislation may change tax rates and requirements at various times throughout the year. Taxpayers should review the applicable tax statutes and regulations. For details about how taxes apply, or their rates and filing requirements, refer to the specific tax or fee's return or contact a local tax office for more information (see *page 18*).

911 EMERGENCY SURCHARGE: The 911 Emergency Services (E-911) Surcharge at a rate of \$.51 is payable by all telecommunication companies who provide wire access or wireless lines capable of originating a 911 call. The surcharge is intended to produce an amount necessary to meet annual debt service charges on all respective outstanding enhanced 911 bonds. This includes those who provide radio-telephone communication services by a wireless, real-time, two-way voice communication device capable of originating a 911 call.

ALTERNATIVE FUEL TAX: Imposed on dealers of alternative fuel placed into fuel tanks for off-road or on-road use. Alternative fuel is defined as liquefied petroleum gas, compressed natural gas, liquefied natural gas or a water-phased hydrocarbon fuel emulsion for use as fuel for motor vehicles. Annual permits are available for vehicles powered by alternative fuel.

BINGO AND RAFFLE TAX: Section 60-2F-21 NMSA 1978 imposes a bingo and raffle tax. The tax is 0.5% of the gross receipts of any game of chance held, operated, or conducted for or by a qualified organization.

CANNABIS EXCISE TAX: Starting in 2022, Section 7-42-3, NMSA 1978, imposes a cannabis excise tax. This excise tax is imposed on a cannabis retailer that sells adult use cannabis products in this state. This tax does not apply to retail sales of medical cannabis products sold to a qualified patient or a primary caregiver.

CIGARETTE TAX: Imposed on each cigarette sold, given, or consumed in New Mexico.

CONSERVATION TAX: Owners of coal, uranium or geothermal energy in New Mexico are subject to the conservation tax established by Section 7-30 NMSA 1978.

COPPER AD VALOREM TAX: New Mexico levies an ad valorem tax upon the owner of each copper mineral property that is not subject to valuation and taxation under the Property Tax Code (Section 7-39-8 NMSA 1978). In general, the tax is imposed instead of property taxes on active copper production properties.

COMPENSATING TAX: Similar to other states' "use" taxes. Tax is imposed on tangible personal property that is acquired inside or outside of New Mexico as a result of a transaction that would have been subject to the GRT had the property been acquired from a person with nexus with New Mexico. The compensating tax is also due on services rendered in New Mexico which were not initially subject to GRT, but which should have been subject to the GRT because of the buyer's subsequent use of the services. Compensating tax is also due on making taxable use of a license or franchise in New Mexico where the license or franchise was acquired in a transaction when the receipts were not subject to the gross receipts tax.

CORPORATE FRANCHISE TAX: Applied to every domestic and foreign corporation doing business in the state, and to every corporation -- whether engaged in active business or not -- which has or

exercises its corporate franchise in the state. **Note:** A corporation may owe the \$50 franchise tax even if it is exempt from corporate income tax.

CORPORATE INCOME TAX: Imposed on the net income of every domestic corporation and on the income of foreign corporations from engaging in business in New Mexico. Insurance companies that pay the New Mexico premium tax are not subject to corporate income tax.

GAMING TAXES: For the privilege of engaging in gaming activities in New Mexico the state imposes an excise tax known as the gaming tax. Gaming tax at 10% applies to the gross receipts of gaming device manufacturers and distributors from the sale, lease or transfer of gaming devices into New Mexico. Persons who operate gaming devices in the state remit a gaming operator tax.

GASOLINE TAX: A tax on distributors for the privilege of receiving gasoline in this state.

GOVERNMENTAL GROSS RECEIPTS TAX: Imposed on certain receipts of New Mexico state and local governments, including admissions to recreational, athletic or entertainment events, and sales of sewer and refuse collection services, water, and tangible personal property, and the renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats.

GROSS RECEIPTS TAX (GRT): An excise tax on the gross – not net -- receipts of persons who sell property in New Mexico, perform services in New Mexico, lease or license property used in New Mexico, grant a right to use a franchise employed in New Mexico, or perform services outside New Mexico when initial use of the product of the service occurs in this state. **Note:** state and local governments selling gas, electricity and cable television services are liable for the GRT.

INSURANCE PREMIUM TAX: Starting January 1, 2020, the Department started administering the insurance premium taxes previously collected by the Office of Superintendent of Insurance. If you need immediate assistance, please send an email to INSPremium.Outreach@tax.nm.gov.

INTERSTATE TELECOMMUNICATIONS GROSS RECEIPTS TAX: Placed on receipts from interstate telecommunications services that originate or terminate in New Mexico and are charged to a telephone number or account in New Mexico, regardless of where the bill for the services is ultimately delivered. This tax is in lieu of “regular” GRT.

LEASED VEHICLE GROSS RECEIPTS TAX AND SURCHARGE: Applied to the lease of a passenger automobile when the lease is for a term of six months or less, the vehicle is part of a fleet of five or more leased vehicles, the vehicle is a passenger automobile that accommodates six or fewer adults, and the lessor acquires the vehicle on or after July 1, 1991. The tax and surcharge are imposed in addition to “regular” GRT. The leased vehicle surcharge does not apply to the lease of a temporary replacement vehicle if the lessee signs a statement that the temporary replacement vehicle is to be used as a replacement for another vehicle that is being repaired, serviced or replaced.

LIQUOR EXCISE TAX: Imposed on any wholesaler who sells alcoholic beverages on which this tax has not already been paid. There also is a local liquor excise tax, collected by the Taxation and Revenue Department, on wholesale liquor purchases in McKinley County.

LOCAL LIQUOR EXCISE TAX: The local liquor excise tax is imposed on retailers who sell alcoholic beverages or possess them for sale in a New Mexico county or municipality that elects to impose the tax.

MOTOR VEHICLE EXCISE TAX: Applies to the sale of every motor vehicle that must be registered in

the State of New Mexico. We presume that every time a vehicle is titled, a sale has occurred and the motor vehicle excise tax is due.

NATURAL GAS PROCESSORS TAX: Privilege tax on the processing of natural gas. Every operator of a natural gas processing plant is liable for this tax.

NON-WAGE WITHHOLDING TAX: The non-wage withholding tax return is for individuals who withhold New Mexico income tax from payments of pensions and annuities, gambling winnings, or some other purpose that does not include wages paid to employees.

OIL & GAS CONSERVATION TAX: Applied to all natural gas or liquid hydrocarbon individually or any combination thereof, uranium, coal, geothermal energy carbon dioxide, helium or a non-hydrocarbon gas produced in the state.

OIL & GAS EMERGENCY SCHOOL TAX: Privilege tax applied to the business of producing oil, natural gas or liquid hydrocarbon, individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas in the state.

OIL & GAS AD VALOREM PRODUCTION TAX: Applied to all oil, natural gas or liquid hydrocarbon individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas produced in the state.

OIL AND GAS PROCEEDS AND PASS-THROUGH ENTITY WITHHOLDING TAX: A special withholding tax applies to pass-through entities operating in New Mexico but whose owners are nonresidents, and to those who remit proceeds from oil and gas wells located in New Mexico to out-of-state residents.

OIL & GAS PRODUCTION EQUIPMENT AD VALOREM TAX: Levied in lieu of property tax on the assessed value of equipment used at each production unit.

OIL & GAS SEVERANCE TAX: Applied to all oil, natural gas or liquid hydrocarbon, individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas produced in the state.

PASS-THROUGH ENTITY: S-corporations, limited liability companies, and other pass-through entities doing business in the state must file a New Mexico income tax return. This requirement includes entities registered to do business in the state, transacting business in, into or from the state, or receiving any income from property or employment within the state. The federal return that a pass-through entity is required or elects to file determines the New Mexico income tax return that the pass-through entity files. A pass-through entity may be required to file Form PTE, *Pass-through Entity Tax Return Form S-Corp, New Mexico Sub-Chapter S Corporate Income and Franchise Tax Return*, or Form FID-1, *New Mexico Fiduciary Income Tax Return*.

PETROLEUM PRODUCTS LOADING FEE: Owed by distributors of petroleum products, whether gasoline or special fuel.

PROPERTY TAX: Levied on all real and tangible personal property in New Mexico. "Property" includes residential or nonresidential properties, personal property, livestock, and manufactured homes. Only federally taxable business personal property is subject to property tax. "Personal property" means movable items that are not part of the real estate. Examples of tangible personal property held by a business are machinery, tools, furniture, fixtures, equipment, and supplies. Automobiles and inventories are exempt.

RAILROAD CAR COMPANY TAX (PRIVATE CAR TAX): Applied rather than property tax to the gross

earnings from the use or operation of private railroad cars in New Mexico by organizations that own private railroad cars.

RESOURCE EXCISE TAX: The Resources Excise Tax Act consists of three taxes on activities related to natural resources in New Mexico. Natural resources include timber and mineral products but do not include oil, natural gas, liquid hydrocarbons, carbon dioxide, helium or non-hydrocarbon gas.

SEVERANCE TAX: New Mexico imposes a severance tax on the privilege of severing natural resources. “Natural resources” is defined as “timber and any metalliferous or nonmetalliferous mineral product, combination or compound thereof but does not include oil, natural gas, liquid hydrocarbon, individually or any combination thereof or carbon dioxide”

SPECIAL FUEL SUPPLIER EXCISE TAX: Placed on distributors of special fuel (diesel, kerosene) used in vehicles registered to travel on the highway.

SPECIAL FUEL USERS EXCISE TAX (IFTA): Imposed on commercial vehicles based in New Mexico for purposes of the International Fuel Tax Agreement. Fuel users file quarterly reports.

TELECOMMUNICATION RELAY SERVICE SURCHARGE: Every telecommunications company, including mobile telecommunications (cellular service) companies, providing intrastate telephone services (ITS) within New Mexico must charge, collect, and remit the telecommunications relay service surcharge (TRS) to the Taxation and Revenue Department (TRD) (Section 63-9F-11, NMSA 1978). The surcharge is thirty-three hundredths of one percent (0.33%) of the gross amount paid by customers for intrastate calls (see the definitions in the instructions). Telecommunications companies must include the surcharge on the monthly bills of their customers. The companies must then remit the surcharge on or before the 25th day of the month following the month the surcharge was collected.

TOBACCO PRODUCTS TAX: Applied to the value of tobacco products (other than cigarettes) sold, shipped, or given to a person in the state and imposed on the first purchase of the products.

TRIP TAX: Imposed on commercial vehicles owned or operated by out-of-state companies not registered in New Mexico in lieu of weight-distance tax and the vehicle registration requirements of the International Fuel Tax Agreement and International Registration Plan.

WAGE WITHHOLDING TAX: For employers who withhold New Mexico income tax from payments to employees. Similar to federal withholding tax. Resident and nonresident employers who control wages of employees working in New Mexico and withhold a portion of their wages for federal income tax purposes also must withhold from employees’ wages and remit the money to New Mexico. Transportation companies with New Mexico-resident employees must withhold for New Mexico even if the resident employees do not actually work here. Withholding tax applies to residents and nonresidents, but employers are not required to withhold from wages of nonresidents who work in New Mexico for 15 or fewer days a year. The withholding tax tables are found in the publication **FYI-104**, *New Mexico Withholding Tax*. The FYI-104 is available on the web site at <https://www.tax.newmexico.gov/forms-publications/>.

WATER CONSERVATION FEE: Applied to operators of public water supply systems who regularly service an average of at least 25 individuals for 60 days a year or whose systems have 15 or more service connections.

WEIGHT-DISTANCE TAX: Placed upon any commercial motor vehicle traveling the state’s highways with a declared gross vehicle weight of more than 26,000 pounds.

WORKERS' COMPENSATION ASSESSMENT FEE: Due from every employee and employer who is required or who chooses to be covered by the Workers' Compensation Act. Payment of this fee is in addition to the requirement to obtain a worker's compensation insurance policy, which is private insurance obtained from an insurance company.

OTHER TAXES AND FEES

The following taxes are *not* administered by the Taxation and Revenue Department. Please refer to the previous section, *Checklist of Other Registration Requirements*, on page 4 for contact information. The responsible agency is named in parentheses.

Lodger's tax, sometimes known as occupancy tax or room tax (municipality or county)
Pari-mutuel tax (Racing Commission)
Unemployment insurance tax (New Mexico Department of Workforce Solutions)
Utility franchise tax (municipality)
Business or professional licenses (Regulation and Licensing Department)
Corporation registration and reporting (Secretary of State)

BUSINESS CREDITS

The following summary of business-related credits that the Department administers *is not an exhaustive description*. For more information contact a local tax office (page 18) for publication **FYI-106**, *Claiming Business-Related Tax Credits for Individuals and Business*, or view it online at www.tax.newmexico.gov.

Affordable Housing Tax Credit. The state's Mortgage Finance Authority (not TRD) issues vouchers to persons who qualify as investors in affordable housing projects in counties of fewer than 100,000 persons. The vouchers may be applied to certain tax liabilities administered by the Taxation and Revenue Department.

Agricultural Biomass Tax Credit. A taxpayer who owns a dairy or feedlot may be eligible for this credit. The credit is equal to \$5.00 per wet ton of agricultural biomass transported from the taxpayer's dairy or feedlot to a facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use. "Agricultural biomass" means wet manure meeting specifications established by the New Mexico Energy, Minerals and Natural Resources Department (EMNRD).

Alternative Energy Products Manufacturing Tax Credit. This credit can be up to 5 percent of a taxpayer's spending on manufacturing equipment used in a manufacturing operation that produces "advanced energy products." If the amount of the credit exceeds a taxpayer's liability, the excess can be carried forward for up to five years. To be eligible to claim a credit, the taxpayer shall employ at least one new full-time employee for every \$500 thousand of expenditures up to \$30 million, and at least one new full-time employee for every \$1 million of expenditures over \$30 million.

Angel Investment Tax Credit. For tax years beginning on or after January 1, 2007, a taxpayer who files a New Mexico personal income tax return, who meets the definition of an accredited investor, and makes a qualified investment may claim a credit for 25% of the investment in a qualified high-technology or manufacturing business. For tax years beginning on or after January 1, 2015, the credit allowed for each qualified investment shall not exceed \$62,500. Accredited investors may claim the angel investment credit for not more than one qualified investment per investment round and may claim the credit in no more than five qualified businesses per tax year. A claim for the credit may not be made or allowed with respect to any

investment made before January 1, 2007, or after December 31, 2025.

Biodiesel Blending Equipment Tax Credit. A taxpayer, who is a rack operator, as defined in the Special Fuels Supplier Tax Act, can claim a GRT and/or compensating tax credit equal to 30 percent of the cost of purchasing or installing biodiesel blending equipment. The credit cannot exceed \$50,000 for equipment installed at one facility.

Corporate-Supported Child Care Credit. A corporation that provides or pays for certain childcare services for its employees' children is allowed a credit against its income tax.

Film Production Tax Credit. New Mexico has a generous credit for persons who produce commercial films, audiovisual projects or television series in New Mexico. After qualification of the project by the New Mexico Film Commission, the taxpayer may apply the credit against income taxes owed to New Mexico. Excess amounts are refunded to the taxpayer. Based upon the amount of the approved credit, refunds may be divided into two or three payments, issued once per year.

Foster Youth Employment Tax Credit. This credit may be claimed on corporate income tax (and personal income tax) in an amount up to \$1,000 of gross wages paid during the taxable year when employing a qualified foster youth in New Mexico. The credit may be claimed for multiple qualified foster youth, but the credit must be claimed within one calendar year from the date of hire. Any portion of credit that is not used against the taxpayer's liability may be carried forward for up to three years. Before an employer may claim this credit, the qualified foster youth must obtain certification from the Children, Youth and Families Department, New Mexico Indian Nations, Tribes and Pueblos, or the United States Department of the Interior Bureau of Indian Affairs Division of Human Services and provide that to his or her employer.

Intergovernmental Business Tax Credit. A corporation engaged in growing, processing or manufacturing may receive a credit for half the business taxes it owes to a tribal government for income from new or expanded business operations established on tribal land after July 1, 1997. Tribal taxes already covered by other intergovernmental credits are ineligible.

Investment Credit. Taxpayers who incorporate qualified equipment into a New Mexico manufacturing operation and meet a sliding-scale job-creation requirement may claim credit against GRT, compensating tax, or withholding tax. Terms apply until June 30, 2020.

Job Mentorship Tax Credit. The state grants a corporate or personal income tax credit to businesses hiring students who participate in a certified school-to-career program administered by the Department of Finance and Administration (505) 827-4948.

Laboratory Partnership Credit. When a national laboratory offers certain types of eligible assistance to individual small businesses ("small business" as defined in the federal Small Business Act, P.L. 85-536) in New Mexico and incurs expenses for doing so, it may take a credit against the state portion of GRT of up to \$10,000 per business or \$20,000 for a business in a rural area. Local option GRT is excluded. The maximum credit is \$2.4 million in any calendar year.

Land Conservation Credit. Credits against personal and corporate income tax liability for donations of land to nonprofit institutions and private or public conservation agencies. The credits are for 50 percent of the market value of land or interest in land donated and may not exceed \$250,000 for one taxpayer. Section 7-2A-8.9 and 7-2-18.10 NMSA 1978.

Renewable Energy Production Tax Credit. Corporate income taxpayers and personal income taxpayers receive credit for producing electricity by solar light or heat, wind or biomass at a penny per kilowatt hour up to 400,000 megawatt hours yearly per taxpayer for ten years.

Rural Jobs Tax Credit. Eligible employers may earn a credit for each job created after July 1, 2000, and may claim the credit against GRT, compensating tax, wage withholding, non-wage withholding, personal, or corporate tax liabilities. Contact the Economic Development Department (800) 374-3061 or (505) 827-0300 for a certificate of eligibility first.

Preservation of Cultural Property Credit. This credit may be claimed on corporate income tax (and personal income tax) for restoring, rehabilitating, or renovating properties listed on the New Mexico Register of Cultural Properties. The cultural properties review committee must approve the project in advance and at completion.

Service for Resale Tax Credit. According to prescribed percentages based on locality, a seller of services for resale may take a credit against GRT or governmental gross receipts tax when the resale of the service is not subject to either tax. If the taxpayer's business location is within a municipality, the credit equals 10% of receipts from sales of eligible services multiplied by 3.775%. Businesses within unincorporated areas of counties apply for credit for 10% of eligible sales multiplied by 5%. The buyer must resell the service in the ordinary course of business and present documentation to the seller. The credit is not available to those who sell services to government entities or national laboratories.

Sustainable Building Tax Credit/2015 Sustainable Building Tax Credit/2021 Sustainable Building Tax Credit. Available for taxpayers for the construction in New Mexico of a sustainable building, the renovation of an existing building in New Mexico into a sustainable building or the permanent installation of manufactured housing, regardless of where the housing is manufactured, that is a sustainable building. For more information on each credit see the **FYI-106**, *Claiming Business-Related Tax Credits for Individuals and Businesses*.

Taxes Paid to Another State Credit. There are two: The first ensures that New Mexico compensating tax is not paid on tangible personal property for which similar tax has already been paid to another state. The second ensures that New Mexico GRT is not paid on research and development services performed outside New Mexico when the product of the service is initially used in New Mexico and for which a sales or similar tax has already been paid to another state.

Technology Jobs and Research and Development Tax Credit. Any taxpayer doing qualified research at a facility in New Mexico (other than one operated for the United States government) may claim the basic credit equal to 5% of qualified expenditures. Qualified expenditures include rent, facility operation and maintenance (except for facilities owned by the taxpayer before July 3, 2000, owned by a local government as an industrial revenue bond project or for which the taxpayer received an investment tax credit), equipment, software, payroll and technical manuals and materials. After approval, the basic credit may be applied against state taxes due on the Form **TRD-41413**, *Gross Receipts Tax Return*, excluding local option GRT. An eligible taxpayer must apply to this Department for approval of basic credit amounts within one year following the end of the reporting period in which the qualified expenditure occurred.

An additional credit, equal to 5%, can be earned by certain taxpayers who are qualified research and development small businesses and who increase their payroll expenses at a qualified facility over the prior year. These additional credits can only be applied to income tax liabilities. An eligible taxpayer must apply to this Department for approval of additional credit amounts within one year following the end of the calendar year in which the qualified expenditure occurred.

Unpaid Doctor Services. Licensed medical doctors and licensed osteopathic physicians may claim a credit against GRT due for the value of unpaid bills for medical care services performed while on call to a hospital.

SPECIAL SITUATIONS

Following are brief discussions of situations that may affect your business. For more information about these subjects, please contact any local tax office (see *For Further Assistance* at the end of this FYI).

SPECIAL PAYMENT METHODS

If your combined tax liability for the taxes listed below averaged \$25,000 or more per month for the previous calendar year regardless of the tax due for the current month, you must pay your tax using one of the Department's special payment methods. The Department must receive your payment on or before the due date. Special methods* are electronic transfer; United States currency; a check drawn upon and payable at any New Mexico financial institution if the Department receives the check at least one banking day before the due date, or a check drawn on and payable at any domestic non-New Mexico financial institution if the Department receives the check at least two banking days before the due date. For more information see **FYI-401**, *Special Payment Methods*. The taxes are:

Group 1

GRT

Compensating Tax

Withholding Tax (Wage and Non-Wage Withholding)

Leased Vehicle Gross Receipts Tax/Leased Vehicle Surcharge

Interstate Telecommunications Gross Receipts Tax

Governmental Gross Receipts Tax

Group 2

Natural Gas Processors Tax

Group 3

Other Oil and Gas Taxes

If you are a "special payment" taxpayer, request publication **FYI-401**, *Special Payment Methods* at any local tax office. When your tax liability averages less than \$25,000 per month currently and in the previous calendar year, you may choose to use special payment methods, but you are not required to do so.

*Although payment over the Internet is not one of the "special payment" methods, you also may use it for filing and paying your \$25,000-or-more gross receipts taxes via VISA, MasterCard, American Express, Discover Card or electronic check. Deadlines for reporting by special payment methods and the Department's receipt of your payment are the same. Please note that payments via credit card carry a convenience fee to reimburse the state for fees charged by banks and credit card companies when you use your card. There is no fee for any other type of payment.

Notice: When you provide a check as payment, you authorize the Taxation and Revenue Department either to use information for your check to make a one-time electronic fund transfer from your account, or to process the payment as a check transaction.

ELECTRONIC FILING REQUIREMENTS

Many tax programs that businesses frequently file have e-file and e-pay mandates. The **FYI-108**, *Electronic Filing Mandate*, provides guidance on which programs have these requirements or under which conditions the program must be e-filed. E-file mandates are also available in E-File and E-Pay mandates folder on the Forms & Publications page of the Department's website found here: <https://www.tax.newmexico.gov/forms-publications/>.

All taxpayers are required to who have an average monthly GRT tax liability of \$1000 or more in the previous calendar year are required to e-file.

Aside from an e-file mandate that may require filing certain taxes electronically, there are many benefits to e-filing your return with the Department. Filers receive immediate electronic acknowledgment from the Department that their returns and payments have been received. The elimination of postage and paper-handling costs also dramatically reduce the tax-filing burden of filers and the Department. You may file and pay for all tax programs for free on the Taxpayer Access Point (TAP). You can locate more information on TAP and how to sign up for a TAP account can be located here: <https://tap.state.nm.us/Tap>.

Videos on the Department's YouTube channel provide instruction on how to file many different tax programs electronically. It is found here: <https://www.youtube.com/channel/UC5cM2t8EvaVfktonhMwDgNw>.

Oil and gas production taxpayers can also be filed electronically. Most oil and gas production taxpayers are required to file in a specific format. Please see the Oil and Gas website at <https://www.tax.newmexico.gov/businesses/oil-and-gas-severance-tax-registration-and-filing/>.

Once you are required to file electronically, you must continue to do so unless you receive an exception or a waiver. An e-file exception may be requested by filing Form **RPD-41350**, *E-file and E-Pay Exception Request Form*, which is valid for one calendar year, or by filing for an e-file waiver, Form **RPD-41351**, *E-file and E-Pay Waiver Request Form*, which is valid for a single return. Each of these forms have separate qualifications. You may read more about the qualifying reasons that allow for these exceptions to e-filing in the instructions to these forms and in the publication **FYI-108**, *Electronic Filing Mandate*. Failure to file electronically without an exception or waiver may result in penalty being assessed.

ACCOUNT NOTICES

At some point during your relationship with the Department you may receive tax-related account notices. Among these are assessments, provisional assessments, bills, non-filer notices, and notifications of overpayment or credit. There is more information about different kinds of account notices in **FYI-105**, *Gross Receipts and Compensating Taxes: An Overview*.

You may receive multiple account notices or continue to receive account notices even after you have provided the payment or information requested. Many notices are generated by computer and sent automatically, so your payment (or other information requested) and the Department's notice may cross in the mail. Sometimes payment arrives too late to enter it into the system and prevent the next round of computer-generated letters.

Do not ignore any account notice. Call the phone number on the notice with your questions about the meaning of the notice.

If you disagree with the information in the notice, a series of informal and formal steps may resolve your differences with the Department. *Act promptly because there are time limits.* You may wish to request **FYI-400**, *Tax Audits and Protest Procedures, Your Rights as a Taxpayer*, available at any local tax office or the Department's web site at www.tax.newmexico.gov. Click on "forms and publications."

SUCCESSOR IN BUSINESS

For its own protection, the purchaser of another business should complete and submit Form **ACD-31096**, Request for Tax Clearance to the Department. *Without prior tax clearance the purchaser automatically buys and assumes responsibility for the seller's unpaid tax obligations.* The Department has 30 days after submission of the request to issue the clearance, notify the purchaser of any tax liability, or begin an audit to determine the tax due. When the Department begins an audit, it has 60 days to issue a clearance or determine the tax due. The buyer is released from any tax obligation as a successor in business should the Department fail to meet the deadlines.

The buyer should withhold enough of the purchase price to cover a tax liability that may be discovered before the purchase of the business is final. **Caution:** if the purchase of the business is already complete and a tax liability is revealed, the purchaser is liable for the tax, which includes any penalty and interest. Tax clearances are not issued if requested after the sale. For more information on successor in business contact the call center at 1-866-285-2996.

BUSINESS PREFERENCES FOR RESIDENT BUSINESSES

New Mexico resident businesses and contractors, or those resident businesses or contractors who have veteran or Native American ownership, may obtain a certificate from the Department that may be used by the holder to obtain a bidding advantage when participating in a formal bid process for the sale of goods or services to a New Mexico state or local public body. So long as the business initially meets and continues to meet the necessary requirements, the certificate is valid for three years from the date of issuance. The application to obtain a business preference certificate is **TRD-31120**, *Application For New Mexico Business Preference Certification*, and may be submitted in person or applied for online by uploading all required documentation and paying the \$35 application fee at the TAP website here: <https://tap.state.nm.us>.

DEPARTMENT RESOURCES

The Department offers a variety of resources to use in conducting your business.

LOCAL TAX OFFICES

There are full-service tax offices throughout the state where employees answer your questions and provide tax forms and additional information. You may take advantage of any local tax office regardless of which office you normally use or where you mail your tax returns. See the **Further Assistance Page** at the end of this publication. Please note that these offices operate on an appointment basis. An appointment may be made on the Department's website, <https://www.tax.newmexico.gov/>, using the Schedule an Appointment link near the bottom of the homepage.

VIDEOS FOR TAXPAYERS

The Department has a variety of videos available on its YouTube channel, <https://www.youtube.com/channel/UC5cM2t8EvaVfktonhMwDgNw>, that can be helpful to new businesses. This includes a *Workshop for New Businesses* video, as well as many more short and informative videos.

TAXPAYER INFORMATION

General Information. FYIs and Bulletins present general information with minimum technical language. All FYIs and Bulletins are free of charge and available through all local tax offices and on the Taxation and Revenue Department's website at <https://www.tax.newmexico.gov/forms-publications/>

Regulations. The Department establishes regulations to interpret and exemplify the various tax acts it administers. Current statutes with regulations can be located on the Department's website for free at <https://www.tax.newmexico.gov/all-nm-taxes/statutes-with-regulations/>. Specific regulations are also available at the State Records Center and Archives or on its web page at <http://www.srca.nm.gov/>.

The Taxation and Revenue Department regulation book is available for purchase from the New Mexico Compilation Commission. Order regulation books directly from the New Mexico Compilation Commission at <https://www.nmcompcomm.us/>.

Rulings. Rulings signed by the Secretary and approved by the Attorney General are written statements that apply to one or a small number of taxpayers. A taxpayer may request a ruling (at no charge) to clarify its tax liability or responsibility under specific circumstances. The Department will not issue a ruling to a taxpayer who is undergoing an audit, who has an outstanding assessment, or who is involved in a protest or litigation with the Department over the subject matter of the request. The Department's rulings are compiled and available on free of charge at <https://www.tax.newmexico.gov/all-nm-taxes/rulings/>.

The request for a ruling must be in writing, include accurate taxpayer identification and the details about the taxpayer's situation, and be addressed to the Secretary of the Taxation and Revenue Department at P.O. Box 630, Santa Fe, NM 87504-0630. The taxpayer's representative, such as an accountant or attorney, may request a ruling on behalf of the taxpayer but must disclose the name of the taxpayer. While the Department is not required to issue a ruling when requested to do so, every request is carefully considered.

The Secretary may modify or withdraw any previously issued ruling and is required to withdraw or modify any ruling when subsequent legislation, regulations, final court decisions or other rulings invalidate a ruling or portions of a ruling.

Public Decisions & Orders. All public decisions and orders issued since July 1994 are compiled and available on the Department's web page free of charge at <https://www.tax.newmexico.gov/all-nm-taxes/tax-decisions-orders/>.

This publication provides general information. It does not constitute a regulation, ruling, or decision issued by the Secretary of the New Mexico Taxation and Revenue Department. The Department is legally bound only by a regulation or a ruling [7-1-60, New Mexico Statutes Annotated, 1978]. In the event of a conflict between FYI and statute, regulation, case law or policy, the information in FYIs is overridden by statutes, regulations and case law. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this FYI.

FOR FURTHER ASSISTANCE

Tax District Field Offices and the Department's call center provide full service and general information about tax programs, Taxpayer Access Point filing, classes and forms, as well as information specific to your filing situation, including payment plans and assistance with delinquent accounts. For information about district office availability, times, and making an appointment, visit our website here:

<https://www.tax.newmexico.gov/send-us-a-message/>

TAX DISTRICT FIELD OFFICES

ALBUQUERQUE

10500 Copper Pointe Avenue NE
Albuquerque, NM 87123

SANTA FE

Manuel Lujan Sr. Bldg.
1200 S. St. Francis Dr.
Santa Fe, NM 87504

FARMINGTON

3501 E. Main St., Suite N
Farmington, NM 87499

LAS CRUCES

2540 S. El Paseo Bldg. #2
Las Cruces, NM 88004

ROSWELL

400 Pennsylvania Ave., Suite 200
Roswell, NM 8820

For forms and instructions visit the Department's web site at <http://www.tax.newmexico.gov>

Call Center Number:

1-866-285-2996

If faxing something to a tax district field office, please fax to:

Call Center Fax Number:

1-505-841-6327

If mailing information to a tax district field office, please mail to:

Taxation and Revenue Department
P.O. Box 8485
Albuquerque, NM 87198-8485

For additional contact information please visit the Department's website:

<http://www.tax.newmexico.gov/contact-us/>

This information is as accurate as possible as of the date specified on the publication. Subsequent legislation, new state regulations and case law may affect its accuracy. For the latest information please check the Taxation and Revenue Department's web site at www.tax.newmexico.gov.

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