

New Mexico Taxation and Revenue Department
Application for Investment Credit

A taxpayer who qualifies for an Investment Tax Credit completes and submits this application within one year following the end of the calendar year in which the qualified equipment for the manufacturing operation is purchased or introduced into New Mexico. See instructions for more detail.

Section 1: Identifying Information			
1. Name of Taxpayer			
2. FEIN, SSN or ITIN	3. NMBTIN		
4. Mailing Address - City, State, Zip Code			
5. Physical Address - City, State, Zip Code			
6. Name of Contact Person	7. Telephone Number	8. Email Address	
Section 2: Qualifying Information			
9. Description of your manufacturing operation: _____ _____ _____ _____			
10. Qualified Equipment (Section 7-9A-6 NMSA 1978)		Yes	No
10a. Was the qualified equipment previously used in New Mexico?			
10b. Was the qualified equipment previously approved for a credit under the Investment Credit Act?			
10c. Was the qualified equipment owned by the taxpayer (listed above)?			
10d. Was the qualified equipment owned by the United States, the State of New Mexico or a political subdivision thereof and leased or subleased to the taxpayer?			
10e. Was the qualified equipment incorporated into the taxpayer's manufacturing operation within one year of being introduced into New Mexico?			
10f. Were the employment requirements met per Section 7-9A-7.1 NMSA 1978?			
10g. Were the requirements met per Section 7-9A-3(C) NMSA 1978?			
Section 3: Calculation of Credit Claimed			
11. Total number of new full-time employees from Schedule A, cell H16			
12. Total value of equipment claimed from Schedule B, cell D12			
13. Total amount of credit claimed from Schedule B, cell F12			

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Section 4: Required Attachments for a Completed Application

14. Please place a checkmark next to all required attachments that are being submitted.
- A completed RPD-41168, *Application for Investment Credit Schedule A and B*.
 - Federal Form 4562, *Depreciation and Amortization Schedule* and a detailed depreciation worksheet that reconciles to the Federal Form 4562
 - Payroll register for all New Mexico employees listing hours worked for the pay period ending on the date the application was submitted or post marked.
 - Payroll register for all New Mexico employees listing hours worked for the same pay period one year prior to the submission or post marked date.
 - ACD-31102, *Tax Information Authorization Tax Disclosure*, will need to be submitted if the contact person for this application is not the taxpayer, a corporate officer, partner, or fiduciary who has been previously identified as such to the Department or an authorized individual representative with the authority to perform all authorized acts that the taxpayer can perform.

Section 5: Signature
This application must be signed by the taxpayer, a corporate officer, partner, or fiduciary who has been previously identified as such to the Department or an authorized individual representative with the authority to receive Federal and State confidential information on behalf of the taxpayer.

I declare that I have examined this claim, and to the best of my knowledge and belief it is true, correct, and complete.

15. Printed Name	16. Title
17. Signature	18. Date

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**Application for Investment Credit
Instructions**

About This Credit

The purpose of the Investment Credit Act is to provide a favorable tax climate for manufacturing businesses and to promote increased employment in New Mexico.

The Investment Credit Act, Sections 7-9A-1 to 7-9A-11 NMSA 1978 provides a credit for taxpayers for qualifying equipment purchased or brought into New Mexico in connection with a manufacturing operation.

The investment credit provided for in the Investment Credit Act may be claimed by a taxpayer carrying on a manufacturing operation in New Mexico in an amount equal to:

1. The product of the sum of the compensating tax rate and, beginning July 1, 2021, any municipal or county compensating tax rate multiplied by the value of the qualified equipment; or
2. If the sale is subject to the gross receipts tax, the product of the sum of the gross receipts tax rate and, beginning July 1, 2021, any municipal or county local option gross receipts tax rates multiplied by the seller's gross receipts from the sale of the qualified equipment.
3. If the purchase or the introduction into New Mexico of the qualified equipment is not subject to the gross receipts tax or compensating tax, the rate to determine the amount of the credit shall be equal to a rate of five and one-eighth percent.

Prior to July 1, 2030, to be eligible to claim a credit pursuant to the Investment Credit Act, the taxpayer shall employ the equivalent of one full-time employee who has not been counted to meet this employment requirement for any prior claim in addition to the number of full-time employees employed on the day one year prior to the day on which the taxpayer applies for the credit for every:

1. Seven hundred fifty thousand dollars (\$750,000), or portion of that amount, in value of qualified equipment claimed by the taxpayer in a taxable year in the same claim, up to a value of thirty million dollars (\$30,000,000); **and**
2. One million dollars (\$1,000,000), or portion of that amount, in value of qualified equipment over thirty million dollars (\$30,000,000) claimed by the taxpayer in a taxable year in the same claim.

Application

A taxpayer who qualifies for the Investment Tax Credit may apply to the Taxation and Revenue Department (Department) within one year following the end of the calendar year in which the qualified equipment for the manufacturing operation is purchased or introduced into New Mexico. Apply to the Department by completing RPD-41167, *Application for Investment Credit*.

FORM INSTRUCTIONS

Section 1

1. Enter taxpayer's name. If taxpayer is an individual, enter first name, middle initial, and last name.
2. Enter taxpayer's Federal Employer Identification Number (FEIN), Social Security Number (SSN), or Individual Taxpayer Identification Number (ITIN)
3. Enter taxpayer's New Mexico Business Tax Identification Number (NMBTIN).
4. Enter taxpayer's mailing address including city, state and zip code.
5. Enter taxpayer's physical address including city, state and zip code.
6. Enter contact person's name.
7. Enter contact person's telephone number.
8. Enter contact person's email address.

Section 2

9. Briefly describe your manufacturing operation.
10. Check either the yes or no column next to each question about the qualified equipment.

Section 3

11. Enter the total number of full-time employees hired from RPD-41168, Schedule A tab, cell H16.
12. Enter the total value of the equipment from RPD-41168, Schedule B tab, cell D12.
13. Enter the total amount of credit claimed from RPD-41168, Schedule B tab, cell F12.

Section 4

14. Place a checkmark next to all required attachments that are being submitted. See table below for more information.

Required Documents	
RPD-41167	RPD-41167, <i>Application for Investment Credit</i>
RPD-41168	RPD-41168, <i>Application for Investment Credit Schedule A and Schedule B</i>
Federal Form 4562	<ul style="list-style-type: none"> • Federal Form 4562, <i>Depreciation and Amortization Schedule</i> • A detailed depreciation worksheet that reconciles to the Federal Form 4562.

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Payroll	<ul style="list-style-type: none">• Payroll registers for all New Mexico employees listing hours worked for the pay period ending on the date the application was submitted or post marked. The payroll information should reconcile to the hours claimed.• Payroll registers for all New Mexico employees listing hours worked for the same pay period one year prior to the submission or post marked date. The payroll information should reconcile to the hours claimed.
ACD-31102	ACD-31102, <i>Tax Information Authorization Tax Disclosure</i> , will need to be submitted if the contact person for this application is not the taxpayer, a corporate officer, partner, or fiduciary who has been previously identified as such to the Department or an authorized individual representative with the authority to perform all authorized acts that the taxpayer can perform.
Additional documentation may be requested if needed.	
A site visit will be required.	

Mail: Taxation and Revenue Department
Attn: ACD Business Credit
P.O. Box 8575
Albuquerque, New Mexico 87198-8575

Processing Time

The Department will make a determination within 120 days of the date on which the completed application is received. For status of the application please contact the Business Credit unit by email or by phone 505-795-1735. If approved, the applicant will be issued a document granting the tax credit.

To Claim the Credit

The holder of the credit may claim all or a portion of the Investment Credit to a maximum of 85% gross receipts, compensating, and withholding taxes due, less any local options tax. Local options tax is imposed by a municipality or county. Any amount of available credit not claimed against the taxpayer's tax liabilities for a reporting period may be claimed in subsequent reporting periods. When claiming an investment credit RPD-41212, *Investment Credit Claim Form* must be submitted with the return. Any amount of available credit not claimed against the taxpayer's tax liabilities for a reporting period may be claimed in subsequent reporting periods

A taxpayer may apply by September 30 of the current calendar year for a refund of the unclaimed balance of the available credit up to a maximum of two hundred fifty thousand dollars (\$250,000) if on January 1 of the current calendar year:

- (1) the taxpayer's available credit is less than five hundred thousand dollars (\$500,000); **and**
- (2) the sum of the taxpayer's tax liabilities for the previous calendar year was less than thirty-five percent of the taxpayer's available credit but more than ten thousand dollars (\$10,000).

If a taxpayer claims any amount of research and development small business tax credit with respect to a reporting period, the taxpayer may not claim any amount of approved investment credit with respect to that same period. If for the same reporting period an amount of investment credit is claimed in addition to any amount of research and development small business tax credit, the amount of investment credit will be disallowed by the department, which may result in an underpayment of tax. The taxpayer is not barred from applying for approval of new or additional investment credit with respect to qualified equipment purchased or introduced into New Mexico during that reporting period.

Transfer Of Credit

Any amount of investment credit claimed and approved may be applied by the claimant only against the gross receipts, compensating and withholding taxes owed by the claimant.

Section 5

Before submission, this application must be signed by the taxpayer, a corporate officer, partner, or fiduciary who has been previously identified as such to the Department or an authorized individual representative with the authority to perform all authorized acts that the taxpayer can perform on behalf of the taxpayer. By signing this application you are certifying that this application is true, correct, and complete.

- 15. Enter the printed name of signer
- 16. Enter the title of signer
- 17. Enter signature
- 18. Enter the date application is signed. Use the date format mm/dd/ccyy

Form Submission

Submit the completed RPD-41167, *Application for Investment Credit*; RPD-41168 *Application for Investment Credit Schedule A and Schedule B*; and all required documents listed in the table above using Taxpayer Access Point (TAP), <https://tap.state.nm.us>, via email, or mail. **NOTE:** You must have an account to apply for the credit using TAP.

Forms and Publications can be located on our website: <https://www.tax.newmexico.gov/forms-publications/>.

Email: TRD-BusinessCredit@state.nm.us

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The credit amount may not be transferred to any other person, including an affiliate.

Definitions

Equipment - means an essential machine, mechanism or tool, or a component or fitting thereof, used directly and exclusively in a manufacturing operation and subject to depreciation for purposes of the Internal Revenue Code by the taxpayer carrying on the manufacturing operation. Equipment **does not** include any vehicle that leaves the site of the manufacturing operation for purposes of transporting persons or property or any property for which the taxpayer claims the credit pursuant to Section 7-9-79 NMSA 1978.

Manufacturing - means combining or processing components or materials, including recyclable materials, to increase their value for sale in the ordinary course of business, including genetic testing and production, but not including:

- construction;
- farming;
- power generation, except for electricity generation at a facility other than one for which both location approval and a certificate of convenience and necessity are required prior to commencing construction or operation of the facility, pursuant to the Public Utility Act and the Electric Utility Industry Restructuring Act of 1999; **or**
- processing natural resources, including hydrocarbons.

Manufacturing Operation - means a plant, including a genetic testing and production facility, employing personnel to perform production tasks, in conjunction with equipment not previously existing at the site, to produce good.

QUALIFIED EQUIPMENT

For purposes of Section 7-9A-6, "Qualified Equipment" is equipment not previously used in New Mexico and not previously approved for a credit under the Investment Credit Act that is owned by the taxpayer or owned by the United States or an agency or instrumentality thereof or the state or a political subdivision thereof and leased or subleased to the taxpayer is qualified equipment if it is in New Mexico and is incorporated or to be incorporated within one year into a manufacturing operation.

Subject to Depreciation

For purposes of Section 7-9A-3, "subject to depreciation" means the taxpayer's federal income tax return must include a depreciation expense with respect to equipment for which an investment credit is sought or claimed. Equipment depreciated under the accelerated cost recovery system, I.R.C. Section 168, and property for which the taxpayer makes an election under Internal Revenue Code Section 179 are "subject to depreciation".

RPD-41168, Application for Investment Credit Schedule A Instructions

RPD-41168, *Application for Investment Credit, Schedule A*, must accompany the RPD-41167, *Application for Investment Credit*, to the Department. Complete all information requested on the spreadsheet and attach the spreadsheet to the application along with the other required documents.

For the Department to verify that employment requirements for claiming the investment credit are met, please provide the requested information for each new employee.

The employees used to meet the employment requirement for this claim cannot have been counted toward the employment requirement for any prior claim and must be in addition to the number of full-time employees employed on the day one year prior to the day on which the taxpayer applied for the credit.

Section 7-9A-7.1(B) NMSA 1978 states, "The department may require evidence showing compliance with this section. The department may find that an additional employee meets the requirements of this section, although employed earlier than one year prior to the day on which the taxpayer applies for the credit, if the employee was only being trained prior to that date or the employee's employment was necessitated by the use of the qualified equipment."

The investment credit is available only to manufacturers who increase employment in the relevant periods. Manufacturers who do not meet the employment requirement do not qualify for the investment credit, regardless of the amount of equipment acquired.

SPREADSHEET INSTRUCTIONS

Rows 5 through 8

Make sure the information in these rows matches the information for the taxpayer on RPD-41167.

- Row 5. Enter taxpayer's name. If taxpayer is an individual, enter first name, middle initial, and last name.
- Row 6. Enter taxpayer's Federal Employer Identification Number (FEIN), Social Security Number (SSN), or Individual Taxpayer Identification Number (ITIN).
- Row 7. Enter taxpayer's New Mexico Business Tax Identification Number (NMBTIN).
- Row 8. Enter the date from the signature section of the RPD-41167. Use the date format mm/dd/ccyy.

Columns A through F

Columns A through H rows 17 and below are completed for each full-time employee who has not been counted to meet this employment requirement for any prior claim in addition to the number of full-time employees employed on the day one year prior to the day on which the taxpayer applies for the credit.

DO NOT ENTER DATA IN ROWS 14 - 16. Cells H14, H15, and H16 are formulated cells that total the numbers for their respective columns. The formula goes to line 200, if additional lines are used, the formula should be extended. These totals will be used to complete the RPD-41167.

ROW 15, COLUMN H FORMULA: The formula is set up to calculate the number of full time employees for a bi-weekly pay period (80 hours). If employees are paid weekly, formula in cell H15 needs to be changed to be divided by 40 hours instead of 80 hours.

- Column A. Enter employee's last name.
- Column B. Enter employee's first name.
- Column C. Enter employee's middle initial.
- Column D. Enter employee's Social Security Number or Individual Taxpayer Identification Number. If providing only the last 4 digits, prefill the number with asterisks.
- Column E. Enter the date that the employee was hired. Use the date format mm/dd/ccyy.
- Column F. Enter an "X" in this column if the employee is currently still employed with you at the time of this application.
- Column G. Enter an "X" in this column if the employee is **not** currently employed with you at the time of this application.
- Column H. Enter the average hours worked per week or expected to be worked by employee in a pay period.

RPD-41168, Application for Investment Credit Schedule B Instructions

RPD-41168, *Application for Investment Credit, Schedule B*, must accompany the RPD-41167, *Application for Investment Credit*, to the Department. Complete all information requested on the spreadsheet and attach the spreadsheet to the application along with the other required documents.

For the Department to verify that the qualified equipment requirements for claiming the investment credit are met, please provide the requested information for each piece of qualified equipment.

To qualify for the credit, equipment must be subject to depreciation for purposes of the Internal Revenue Code.

Prior to July 1, 2030, the value of qualified equipment shall be the adjusted basis established for the equipment under the applicable provisions of the Internal Revenue Code of 1986.

SPREADSHEET INSTRUCTIONS

Rows 5 through 8

Make sure the information in these rows matches the information for the taxpayer on RPD-41167.

- Row 5. Enter legal name of taxpayer. If taxpayer is an individual, enter first name, middle initial, and last name.
- Row 6. Enter taxpayer's Federal Employer Identification Number (FEIN), Social Security Number (SSN), or Individual Taxpayer Identification Number (ITIN).
- Row 7. Enter taxpayer's New Mexico Business Tax Identification Number (NMBTIN).
- Row 8. Enter the date from the signature section of the RPD-41167. Use the date format mm/dd/ccyy.

Columns A through F

Columns A through F row 13 and below are completed for each piece of qualified equipment.

DO NOT ENTER DATA IN ROW 12. Cells D12 and F12 are formulated cells that total the numbers for their respective columns. The formula goes to line 200, if additional lines are used, formula should be extended. These totals will be used to complete the RPD-41167.

- Column A. Enter a brief description of the qualified equipment.
- Column B. Enter the asset number for the qualified equipment. The asset number listed should correspond to the asset number listed on the detailed depreciation worksheet that reconciles to the Federal Form 4562.
- Column C. Enter the date the qualified equipment was purchased or introduced into New Mexico. Use the date format mm/dd/ccyy.

Column D. Enter the value of the equipment. Use the equipment's adjusted basis for federal income tax purposes as reflected in the depreciation schedule filed with your federal income tax return. The value of qualified equipment shall be adjusted basis established under the applicable provisions of the Internal Revenue Code of 1986 (Section 7-9A-7 NMSA 1978).

Column E. If the sale was subject to gross receipt tax rate, enter the gross receipt tax rate. If the sale was not subject to gross receipt tax enter the compensating tax rate. If the purchase or the introduction into New Mexico of the qualified equipment is not subject to the gross receipts tax or compensating tax, enter five and one-eighth percent.

Column F. Enter the amount of credit claimed. Multiply amount in column D by the tax rate in column E to determine credit amount.