FYI-105

FOR YOUR INFORMATION

New Mexico
Taxation and Revenue Department

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

GROSS RECEIPTS & COMPENSATING TAXES: AN OVERVIEW

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Taxpayers should be aware that subsequent legislation, regulations, court decisions, revenue rulings, notices and announcements may affect the accuracy of this publication's contents. Please contact the district tax office nearest you (see the last page of this publication) or check the Department's web site at https://www.tax.newmexico.gov/. Click on "Forms and Publications."

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INTRODUCTION

This publication includes a description of gross receipts and compensating taxes; exemptions, deductions, and credits available for each tax; how and when to report and pay the taxes; account notices issued by the Taxation and Revenue Department (Department); and, finally, responses to frequently asked questions by taxpayers.

This information is a general explanation of the gross receipts and compensating tax laws and is presented as a service to taxpayers. Because these instructions are intended to provide general guidance and do not address all specific circumstances, they are not binding on the Department. If you have any questions regarding your situation, please contact one of the Department's local district tax offices, tax call center, or the Santa Fe headquarters.

Statutory citations in this publication are to the New Mexico Statutes Annotated (NMSA 1978). The Gross Receipts and Compensating Tax Act is compiled as Sections 7-9-1 through 7-9-121 NMSA 1978.

Gross receipts tax (GRT) is reported on the TRD-41413, *Gross Receipts Tax Return.* This return allows for the reporting of municipal and county taxes as well as certain tribal taxes. Below are a list of taxes related to GRT but that are filed and reported on different returns:

TRD-41412 - Compensating Tax (for more information, see FYI-230, *Compensating*)
TRD-41411 - Governmental Gross Receipts Tax (for more information, see FYI-240, *Transactions with Government Agencies*)
TRD-41410 - Interstate Telecommunications Gross Receipts Tax (for more information, see FYI-403, *Interstate Telecommunications*)
TRD-41408 - Leased Vehicle Gross Receipts Tax And Surcharge Return (for more information, see FYI-225, *Short-Term Leased Vehicles*)

All the above mentioned publications are located at the Department's website at https://www.tax.newmexico.gov/forms-publications/ or may be requested at your local district tax office.

The GRT Filer's Kit contains a one year supply of Form TRD-41413, *Gross Receipts Tax Return*, a table of the current GRT rates, and frequently requested GRT-related forms. The GRT Filer's Kit is located on the Department's website at https://www.tax.newmexico.gov/forms-publications/ or you may contact your local district tax office (see FOR FURTHER ASSISTANCE on page 47).

Note: Other publications such as the FYI-402, *Taxpayer Remedies* and FYI-406, *Your Rights Under the Tax Law* may also be located on the website at https://www.tax.newmexico.gov/forms-publications/or a copy may be obtained from your local district office.

GOVERNMENTAL GROSS RECEIPTS TAX

This tax is reported on Form TRD-41411, *Governmental Gross Receipts Tax Return.* For the privilege of engaging in certain activities by governments, there is a governmental gross receipts tax of 5% imposed on the receipts of New Mexico state and local government agency, institution, instrumentality, or political subdivision (except public school districts and an entity licensed by the Department of health, other than a hospital, that is principally engaged in providing health care services) from:

1. The sale of tangible personal property, other than water, from facilities open to the general public;
2. The performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public;
3. Refuse collection, refuse disposal, or both;
4. Sewage services;
5. The sale of water by a utility owned or operated by a county, municipality, or other political subdivision of the state,
6. The renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft, or dock boats (7-9-4.3);
7. The sale of tangible personal property handled on consignment when sold from facilities open to the general public; and
8. A hospital licensed by the Department of Health (report with special code **GH**).

Governmental gross receipts DOES NOT include:

1. Cash discounts taken and allowed;
2. Governmental gross receipts tax payable on transactions reportable for the period; and
3. Any type of time-price differential.

For governmental gross receipts purposes a “facility open to the general public” DOES NOT include point-of-sale registers or electronic devices at a bookstore owned or operated by a public post-secondary educational institution when the registers or devices are utilized in the sale of textbooks or other materials required for courses at the institution to a student enrolled at the institution who displays a valid student identification card.

EXEMPTIONS FROM GOVERNMENTAL GROSS RECEIPTS TAX

Receipts subject to one of the following taxes are exempt from governmental gross receipts tax: gross receipts tax; compensating tax; motor vehicle excise tax; gasoline tax; special fuel supplier's tax; the oil and gas emergency school, severance, conservation, and ad valorem taxes; resources tax; processors tax; service tax; event center surcharge (7-9-13.5); stadium surcharge (7-9-13.3); athletic facility surcharge (7-9-41.1) or the boat excise tax (7-9-13.2). In addition, receipts from the sale of livestock or unprocessed agricultural products are exempt (7-9-18).

DEDUCTIONS FROM GOVERNMENTAL GROSS RECEIPTS TAX

Deductions that can be claimed under governmental gross receipts are:

1. Receipts from selling tangible personal property to manufacturer (7-9-46);
2. Receipts from sales of tangible personal property or licenses for resale (including prosthetic devices) (7-9-47 and 7-9-73);
3. Receipts from selling tangible personal property, or from selling licenses to use digital goods for the purpose of loaning those digital goods to the public, to a U.S. or New Mexico governmental entity or to the governing body of an Indian nation, tribe, or pueblo for use on the reservation (7-9-54);
4. Receipts from selling tangible personal property to 501(c)(3) organizations (7-9-60);
5. Receipts from sale of services for resale (7-9-48);
6. Receipts from sales in interstate commerce (7-9-55);
7. Refunds and uncollectible debts (7-9-67);

8. Receipts from sales of prescription drugs, oxygen and oxygen services provided by a licensed Medicare durable medical equipment provider and cannabis products that are sold in accordance with the Lynn and Erin Compassionate Use Act (7-9-73.2);
9. 60% of receipts of hospitals licensed by the Department of Health may be deducted (7-9-73.1);
10. Receipts for sales, leases and licenses of tangible personal property, sales of licenses and sale of services or licenses for use of real property that are facilitated by a marketplace provider; provided that the marketplace provider will collect and remit the tax associated with the transactions;
11. Receipts from selling professional services to a person engaged in the business of manufacturing services shall be related to the product that the buyer is in the business of manufacturing (7-9-46.1);
12. Receipts from the sale of feminine hygiene products (7-9-120).

For further information on these deductions see “Deductions from Gross Receipts Tax” on page 13 or see a “List of Deductions” beginning on page 15.

LEASED VEHICLE GROSS RECEIPTS TAX AND LEASED VEHICLE SURCHARGE

This tax is reported on Form TRD-41408, *Leased Vehicle Gross Receipts Tax and Surcharge Return.* In addition to gross receipts tax, a leased vehicle gross receipts tax of 5% is imposed on the receipts of a lessor of automobiles when:

1. The lease is for a term of six months or less;
2. The automobile is part of a fleet of five or more leased vehicles;
3. The vehicle is a passenger automobile that will accommodate six or fewer adults; and
4. The lessor acquired the automobile on or after July 1, 1991.

A $2-per-day leased vehicle surcharge is also imposed except when the vehicle is leased to a person who signs a statement that the vehicle is being rented to temporarily replace a vehicle that is being repaired, serviced, or replaced. Also, see FYI-225: *Short-Term Leased vehicles* available from your local district tax office or view it online at https://www.tax.newmexico.gov/forms-publications/.

TRIBAL TAXES

The Department has entered into agreements with the Acoma, Cochiti, Isleta, Jemez, Jicarilla Apache Nation, Kewa (formerly Santo Domingo Pueblo), Laguna, Nambe, Ohkay Owingeh (formerly San Juan Pueblo), Picuris, Pojoaque, San Ildefonso, Sandia, Santa Ana, Santa Clara, Taos, Tesuque, Zia, and Zuni Pueblos, to collect a tax imposed by these tribes. The Department has also entered into cooperative agreements with the Albuquerque Indian School District Governing Board and the Santa Fe Indian School. These taxes are all reported using location codes on **TRD-41413**, *Gross Receipts Tax Return* please look at the *Gross Receipts and Compensating Tax Rate Schedule* for each location code. Many tribes have two different location codes. Type 1 receipts are for sales to tribal entities or members and Type 2 receipts are for sales to tribal non-members by tribal non-members.

The Department is also authorized to enter into similar agreements with the Mescalero Apache Tribe and San Felipe Pueblo but has not entered into one yet. An agreement with the Navajo Nation can also be entered into based on Section 9-11-12.2 NMSA 1978 but has not been entered into. An agreement with the Navajo Nation would be limited to gross receipts tax based on Section 7-9-88.2 NMSA 1978.

GROSS RECEIPTS TAX

This tax is reported on Form TRD-41413, *Gross Receipts Tax Return.*

WHAT IS GROSS RECEIPTS?

"Gross receipts" means the total amount of money or the value of other consideration received from selling property in New Mexico, leasing or licensing property employed in New Mexico, from granting a right to use a franchise employed in New Mexico, from selling services performed outside New Mexico, the product of which is initially used in New Mexico, or for performing services in New Mexico. Gross receipts includes receipts from:

1. Sales of tangible personal property handled on consignment;
2. Commissions received;
3. Amounts paid by members of any cooperative association;
4. Amounts received by persons providing telephone or telegraph services;
5. Fees received by persons for serving as disclosed agents for another "disclosed agency" means an agent receiving money on behalf of a principal if the agent or the agent's principal disclosed the agency relationship to a third party from which the agent receives money, or if the third party otherwise has actual knowledge that the agent receives money on behalf of the principal;
6. Amounts received by a New Mexico florist from the sale of flowers, plants, etc., that are filled and delivered outside New Mexico by an out-of-state florist;
7. Providing intrastate mobile telecommunications services (i.e., the services originate and terminate in the same state) to customers whose place of primary use is in New Mexico; and
8. Amounts collected by a marketplace provider engaging in business in the state from sales, leases and licenses of tangible personal property, sales of licenses and sales of services or license for use of real property that are sourced to New Mexico by a marketplace provider on behalf of a marketplace seller(s) regardless if the marketplace seller(s) are engaging in business in New Mexico.

Gross receipts **DOES NOT** include:

1. Tax billed to the buyer (*i.e.*, gross receipts tax, governmental gross receipts tax, leased vehicle gross receipts tax, cannabis excise tax, interstate telecommunications gross receipts tax and local option taxes).

2. Cash discounts allowed and taken.

   ♦ Example: When a seller offers 2% off for paying cash or for paying within a certain time frame and the buyer takes advantage of the offer, the gross receipts amount is the amount received (sales price less 2%). However, Manufacturers' coupons redeemable by the seller, i.e., a grocery store, are not cash discounts allowed and taken since the seller will be reimbursed for the face value of the coupon. Gross receipts includes cash received plus the value of the coupon.

3. Gross receipts or sales tax imposed by an Indian nation, tribe, or pueblo if the Indian nation, tribe, or pueblo if the Indian Nation, tribe, or pueblo has a similar exclusion for New Mexico gross receipts tax.

4. Any type of time-price differential, such as interest or a reduced sale price for pay.

5. Amounts received solely on behalf of another in a disclosed agency capacity.

6. Amounts received by a New Mexico florist from the sale of flowers, plants, *etc.*, where the sale is the result of orders placed with an out-of-state florist for filling and delivery in New Mexico by a New Mexico florist.

WHAT IS THE GROSS RECEIPTS TAX?

The gross receipts tax is a tax on persons engaged in business in New Mexico for the privilege of doing business in New Mexico. The tax is imposed on the gross receipts of persons who:

1. Sell property in New Mexico;
   ♦ Property includes real property; tangible personal property, including electricity and manufactured homes, licenses, including licenses of digital goods, (other than the licenses of copyrights, trademarks, or patents) and franchises.

2. Perform services in New Mexico;
   ♦ Service includes construction activities and all construction materials that will become part of the construction project.

3. Lease or license property employed in New Mexico;

4. Grant a right to use a franchise employed in New Mexico; or

5. Sell research and development services performed outside New Mexico when the product of the service is initially used in New Mexico.

NOTE: Starting July 1, 2019, when billing a customer, the tax must be separately stated, or a statement must be provided to the customer indicating that the gross receipts tax is included in the billed amount.

ENGAGING IN BUSINESS

"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 gross receipts tax.

Physical presence or nexus includes any work that is physically completed in New Mexico by employees or independent contractors on your behalf, leasing equipment in New Mexico, licensing the use of intangible property in New Mexico, and more. For more information on what gives a business physical nexus in New Mexico for the purposes of gross receipts tax go to the Department's website here: https://www.tax.newmexico.gov/businesses/determining-nexus/.

WHAT IS THE GROSS RECEIPTS TAX RATE AND HOW IS IT DETERMINED?

The gross receipts tax rate varies throughout the state from 4.875% to 10.8125%. The total rate is a combination of the rates imposed by:

1. The state,
2. The counties, and
3. The municipalities.

The total gross receipts tax is paid to the state. The state keeps its portion and distributes the counties' and municipalities' portions to them.

The state's portion of the gross receipts tax (4.875%), which is also the largest portion of the tax, is determined by state law. Changes to the state rate occur no more than once a year, usually in July.

The counties' portion of gross receipts tax is determined by the county commissions. These increments can go into effect in January and July of every year.

Municipal councils determine the municipalities' portion of gross receipts tax. Like the counties, changes can go into effect in January and under certain circumstances July of every year.

Because the combined gross receipts tax rate may change effective July 1st of every year, the Department issues a new tax rate schedule each year and includes it in the GRT Filer's Kit. You can also view the tax rate schedule online at https://www.tax.newmexico.gov/governments/gross-receipts-location-code-and-tax-rate-map/. Always check the *Gross Receipts and Compensating Tax Rate Schedule* to see if the rate for your reporting location(s) has changed. Due to the frequency of tax rate changes, the Department does not send out separate notices of changes.

DETERMINING THE TAX RATE TO USE FOR GROSS RECEIPTS TAX AND COMPENSATING TAX

The rate to use is determined by Section 7-1-14 NMSA 1978, and the regulations thereunder. For more details on how to determine which tax rate to use see FYI-200, *Gross Receipts Reporting Location, and the Appropriate Tax Rate*. Prior to July 1, 2021 the rules for determining the reporting location code are different from those outlined below: In order to determine a rate based on a specific address see the Gross Receipts Location Code and Tax Rate Map on our website https://www.tax.newmexico.gov/governments/gross-receipts-location-code-and-tax-rate-map/.

For reporting purposes, reporting locations are broken down by county, municipality, tribal entity, or district on the tax rate schedule.

A person that has gross receipts and a person using property or services in New Mexico in a taxable manner shall report the gross receipts to the proper reporting location as provided in this section. It is important to note that the place where you operate your business, whether a retail establishment or office, will not always be the reporting location for GRT purposes, or provide the location code, or rate that is called for below:

1. The reporting location for gross receipts from the sale, lease or granting of a license to use real property located in New Mexico, and any related deductions, shall be the location of the property.

2. The reporting location for gross receipts from the sale or license of property, other than real property, and any related deductions, shall be at the following locations:

    a. if the property is received by the purchaser at the New Mexico reporting location of the seller, the location of the seller;

    b. if the property is not received by the purchaser at the location of the seller, the location indicated by instructions for delivery to the purchaser, or the purchaser's donee, when known to the seller;

    c. if a and b above do not apply, the location indicated by an address for the purchaser available from the business records of the seller that are maintained in the ordinary course of business; if use of the address does not constitute bad faith;

    d. if a, b, and c above do not apply, the location for the purchaser obtained during consummation of the sale, including the address of a purchaser's payment instrument, if no other address is available; if use of this address does not constitute bad faith; or

    e. if a, b, c, and d above do not apply, including a circumstance in which the seller is without sufficient information to apply those standards, the location from which the property was shipped or transmitted.

3. The reporting location for gross receipts from the lease of tangible personal property, including vehicles, other transportation equipment and other mobile tangible personal property, and any related deductions, shall be the location of primary use of the property, as indicated by the address for the property provided by the lessee that is available to the lessor from the lessor's records maintained in the ordinary course of business; provided that use of this address does not constitute bad faith. The

location of primary use shall not be altered by intermittent use at different locations, such as use of business property that accompanies employees on business trips and service calls.

4. The reporting location for gross receipts from the sale, lease or license of franchises, and any related deductions, shall be where the franchise is used.

5. The reporting location for gross receipts from the performance or sale of the following services, and any related deductions, shall be at the following locations:

    a. for professional services performed in New Mexico, other than construction-related services, or performed outside New Mexico when the product of the service is initially used in New Mexico, the location of the performer of the service or seller of the product of the service, as appropriate;

    b. for construction services and construction-related services performed for a construction project in New Mexico, the location of the construction site;

    c. for services with respect to the selling of real estate located in New Mexico, the location of the real estate;

    d. for transportation of persons or property in, into or from New Mexico, the location where the person or property enters the vehicle; and

    e. for services other than those described in a, b, c, and d above, the location where the product of the service is delivered.

Definitions that are important for determining the correct rate to use are below:

(1) "gross receipts" means, as applicable, "gross receipts" as used in the Gross Receipts and Compensating Tax Act and the Leased Vehicle Gross Receipts Tax Act and "interstate telecommunications gross receipts" in the Interstate Telecommunications Gross Receipts Tax Act [Chapter 7, Article 9C NMSA 1978];

(2) "in-person service" means a service physically provided in person by the service provider, where the customer or the customer's real or tangible personal property upon which the service is performed is in the same location as the service provider at the time the service is performed; and

(3) "professional service" means a service, other than an in-person service, that requires either an advanced degree from an accredited post-secondary educational institution or a license from the state to perform.

1. If you have no reporting location or resident salesperson in New Mexico and you are performing a professional service, but are liable for gross receipts tax, you are liable for tax at the rate for out-of-state businesses, the state gross receipts tax rate of 4.875%. Use the out-of-state location code, **88-888**. As deductions are also required to be reported using these location codes, if you are selling tangible personal property and shipping to an out-of-state buyer and reporting either the exempt or deductible receipts you will use this code to report the gross receipts and deductions associated with those transactions.

2. If you are a craftsperson who sells at craft fairs where you rent a booth, because you can be expected to be found at the booth for the duration of the fair, that booth is a reporting location, and your tax rate is based on the location of the crafts fair for items sold and taken by the purchaser at the fair.

3. In some counties, more than one location code exists for land owned by a municipality but located in that part of the county outside all municipalities. Examples: State Fairgrounds in Bernalillo County, Santa Clara Pueblo in Rio Arriba, and Santa Fe Counties. Use the codes for these specific areas when your location is in one of them. You can find location codes and rates by address on the Department’s

website here: https://www.tax.newmexico.gov/governments/gross-receipts-location-code-and-tax-rate-map/

4. If you are located outside New Mexico and sell research and development services that are considered professional services the product of which is initially used in New Mexico, use the state rate, 4.875%. Use the location code **77-777** for those transactions only.

5. The receipts of sales on tribal land are further distinguished as either Class 1 Receipts or Class 2 Receipts. **Class 1** Receipts means receipts of a person other than a Pueblo Entity that are (a) reportable to a location on Pueblo Land, (b) derived from the sale of services to a Pueblo Entity, and (c) are documented by the taxpayer to be exempt from the State tax evidenced by obtaining a written statement signed by a tribal official that the services were provided to a Tribal or Pueblo Entity or member. **Class 2** Receipts means receipts from a person other than a Pueblo Entity that are reportable to a location on Pueblo Land and are not Class 1 Receipts. Evidence that a tribe, pueblo, or nation has entered into a cooperative agreement is a separate location listed on the *Gross Receipts and Compensating Tax Rate Schedule*.

GROSS RECEIPTS TAX SPECIAL CODES

Receipts from a nonprofit hospital licensed by the Department of Health (7-9-41.5). The exemption is only from the local option portion of gross receipts taxes. The state gross receipts tax rate of 4.875% must be paid. To report these receipts, use special code **NH** (Column B)**.**

DETERMINING TAXABILITY OF GROSS RECEIPTS

Gross receipts, as defined in Section 7-9-3.5, are taxable, exempt, or deductible. If your receipts do not fall under any exemption or deduction, those receipts are taxable. The exemptions and deductions from gross receipts tax that follow are grouped in categories, *e.g.*, agriculture, construction, government entity, for convenient reference. Where helpful, we have included an example of the application of the exemption or deduction. In cases where an exception to qualifying for the exemption or deduction exists, we have included the exception. Please refer to the Gross Receipts and Compensating Tax Act and regulations for specifics on exemptions and deductions from gross receipts tax. A regulation book can be obtained from the New Mexico Compilation Commission, http://www.nmcompcomm.us/index.html.

EXEMPTIONS FROM GROSS RECEIPTS TAX

WHAT IS AN EXEMPTION?

Exemptions from gross receipts tax are receipts which are not taxable and do not have to be reported. Therefore, if all your receipts are exempt, you do not have to register with the Department for gross receipts tax purposes (you may have to register for withholding tax or to obtain nontaxable transaction certificates, though) nor do you have to report those receipts on the Form TRD-41413, *Gross Receipts Tax Return*. However, if you have exempt, deductible, and taxable receipts, you should register and report only the deductible and taxable receipts on the Form TRD-41413, *Gross Receipts Tax Return*. For administrative purposes, receipts on which no state tax may be imposed because of federal preemption are considered exempt.

FEDERAL PREEMPTION

In some cases, federal law bars New Mexico from imposing its tax on transactions, which, but for the preemption, would be subject to tax. For example, federal law prohibits the application of state and local gross receipts tax to many transactions with Indian nations, tribes or pueblos or their agencies or members if the transaction takes place on the tribe's territory, see regulation 3.2.4.9 NMAC for more details. Receipts from transactions with non-members, even when on a tribe's territory, are **not** preempted (Class 2 receipts if there is a tribal cooperative agreement). If you are uncertain whether preemption applies to your transaction(s), contact the Department.

♦ **NOTE**: this preemption does not apply to taxes imposed by an Indian nation, tribe, or pueblo. This includes those Indian nations, tribes, or pueblos that have a tribal cooperative agreement with the

Department. These are identified on the gross receipts and compensating tax rate schedule as Class 1 receipts. See Tribal Taxes on page 4 for more information.

New Mexico is also preempted from imposing:

1. gross receipts tax on receipts of Job Corps contractors from operating any Job Corps center, program, or activity;
2. local option gross receipts taxes on receipts of a provider of direct satellite service from providing direct satellite service;
3. gross receipts tax on receipts of federal and state credit unions; and
4. gross receipts tax on internet access fees (Internet Freedom Tax Act July 1, 2020).

LIST OF EXEMPTIONS

The following receipts are exempt from the gross receipts tax:

Agricultural Exemptions

1. Receipts from selling livestock and the receipts of growers, producers, and trappers from selling live poultry, unprocessed agricultural products (for example, a bale of hay, a head of lettuce or an unroasted sack of green chile), hides or pelts (7-9-18).
   - ♦ Exception: receipts from selling dairy products at retail are not exempt.
   - ♦ **NOTE**: this exemption also applies to governmental gross receipts tax.

2. Receipts of persons from feeding or pasturing livestock (7-9-19).
   - ♦ Example: penning, handling, or training livestock.

Athletic Facility Surcharge Exemption

Receipts of a university from an athletic facility surcharge imposed pursuant to the University Athletic Facility Funding Act (7-9-41.1).

Disabled Street Vendor Exemption

Receipts of disabled street vendors from the sale of goods (7-9-41.3).

Food Stamp Exemption

Receipts of retailers from the redemption of food stamps (7-9-18.1).

Fuel Exemptions

1. The use of gasoline, special fuel or alternative fuel on which the gasoline tax (7-13-3), special fuel excise tax (7-16A-3) or alternative fuel excise tax (7-16B-4) has been paid and not refunded (7-9-26).

2. Receipts from selling fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).

Governmental Entity Exemptions

1. Receipts of the federal government, State of New Mexico, or any Indian nation, tribe, or pueblo from activities or transactions occurring on its sovereign territory, or any agency or political subdivision of the foregoing; for example: New Mexico cities, counties, and public schools. Receipts of any foreign nation are exempt when exemption is required by a treaty to which the United States is a party (7-9-13).
   - ♦ Exception: receipts of political subdivisions of the state from owning or operating a gas or electric utility or a municipal cable television system are not exempt.
   - ♦ **NOTE**: certain receipts of the state and its subdivisions may be subject to governmental gross receipts tax (see “Governmental Gross Receipts Tax” on page 3).

6. Receipts of instrumentalities of the armed forces of the United States (7-9-31).
   - ♦ Example: receipts of base exchanges or post exchanges.
   - ♦ Exception: receipts of a concessionaire operating on a military base or federal area are not exempt.

7. Sales to Indian nations, tribes, or pueblos, or to their members, are exempt if the transaction takes place on the tribe's territory (see "Federal Preemption" on page 9).

Insurance Company and Bail Bondsman Exemption

Receipts of insurance companies or their agents from premiums and receipts of property bondsmen from security for a bail bond (7-9-24).

Interest and Dividend Exemption

Interest on money loaned or deposited; dividends or interest from stocks, bonds, or securities; and receipts from the sale of stocks, bonds, or securities (7-9-25).

Interstate Telecommunications Services Exemption

Receipts from selling or providing interstate telecommunications services (7-9-38.1).
- ♦ **NOTE**: these services are subject to the interstate telecommunications gross receipts tax.

Isolated or Occasional Sale Exemption

Receipts from the isolated or occasional sale of or leasing of property or a service by a person who is not in the business of selling or leasing the same or similar property or service (7-9-28).

Mobile Telecommunications Services Exemption

Receipts of a home service provider from providing mobile telecommunications services to persons whose place of primary use is outside New Mexico, regardless of where the mobile telecommunications services originate, terminate, or pass through (7-9-38.2).

Municipal Event Center Surcharge Exemption

Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising, merchandises, corporate suites or boxes, broadcast revenues and all other products or services sold at or related to a municipal event center or related to activities occurring at the event center on which an event center surcharge is imposed pursuant to the Municipal Event Center Funding Act (7-9-13.5).

Nonprofit Organization Exemptions

1. Receipts of 501(c)(3) organizations and receipts of 501(c)(6) organizations from conducting chamber of commerce, visitor bureau and convention bureau activities (7-9-29).
   - ♦ Exception: receipts from an unrelated trade or business are taxable.
   - ♦ Exception: receipts from a prime contractor that are derived from operating a facility in New Mexico designated as a national laboratory by the act of congress or are derived from operating a research facility in New Mexico that is state owned are taxable.
   - ♦ Exception: receipts of a hospital licensed by the Department of Health are taxable.

2. Receipts from dues and registration fees of nonprofit social, fraternal, political, trade, labor or professional organizations and business leagues (7-9-39).
   - ♦ **NOTE**: 501(c)(4) civic leagues, civic organizations and social welfare organizations are social organizations and included in this exemption.

3. Receipts of a minister of a 501(c)(3) religious organization from performing religious services (7-9-41).

4. Receipts of homeowners' associations from membership fees, dues, and assessments from owner-members to be used for tax, insurance and maintenance expenses for commonly owned areas and facilities (7-9-20).

5. Receipts from a nonprofit hospital licensed by the Department of Health (7-9-41.5). This exemption is only from the local option portion of gross receipts tax. The state gross receipts tax rate of 4.875% must be reported and paid. To report these receipts, use the special code **NH** (Column B) on the Form TRD-41413, *Gross Receipts Tax Return*.

Oil, Natural Gas and Mineral Exemptions

1. Oil, natural gas, or liquid hydrocarbons, individually or any combination thereof, carbon dioxide, helium, or a non-hydrocarbon gas subject to the Oil and Gas Emergency School Tax Act that are sold for resale, for consumption outside New Mexico or for use as an ingredient or component part of a manufactured product (7-9-33).

2. Receipts from the sale or the processing of products the processing of which is subject to the Natural Gas Processors Tax Act or for receipts from storing or using crude oil, natural gas, or liquid hydrocarbons by a processor or by a person engaged in the business of refining oil. (7-9-34).
   ♦ Exception: Receipts from the sale of products other than for subsequent resale in the ordinary course of business for consumption outside New Mexico, or for use as an ingredient or component part of the manufacturing product are subject to the Gross Receipts and Compensating Tax Act and the Natural Gas Processors Tax Act.

3. Natural resources subject to the Resources Excise Tax Act that are sold for resale or for use as an ingredient or component part of a manufactured product (7-9-35).

4. Receipts from the sale or lease of oil, natural gas, or mineral interests (7-9-32).

5. Receipts from the sale of oil, natural gas, or liquid hydrocarbons consumed as fuel in the pipeline transportation of such products (7-9-36).

Out-of-State Certain Services Exemption

Receipts from research and development services performed outside the state when the product of the service is initially used in New Mexico (7-9-13.1).

♦ Exception: receipts from performing a research and development service are not exempt unless the service is sold between affiliated corporations; to the United States government by operators of national laboratories (other than 501(c)(3) organizations); or to persons (other than 501(c)(3) organizations) operating national laboratories.

Racetrack Exemption

Receipts of horsemen, jockeys, and trainers from race purses at New Mexico horse racetracks and receipts of racetracks from gross amounts wagered (7-9-40).

School Event Services Exemption

Receipts from refereeing, umpiring, scoring or other officiating at school events sanctioned by the New Mexico Activities Association (7-9-41.4).

Stadium Exemption

Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising merchandise, corporate suites or boxes, broadcast revenues and all other products, services or activities sold at, related to or occurring at a minor league baseball stadium on which a stadium surcharge is imposed under the Minor League Baseball Stadium Funding Act (7-9-13.3).

Textbook Exemption

Receipts of certain bookstores from selling textbooks and other materials required for courses at a public post-secondary educational institution to a student enrolled at the institution (7-9-13.4).

- ♦ Requirement: bookstore must be located on the campus of the institution and operated by contract with the institution.
- ♦ Requirement: the student must present a valid student identification card.

Vehicle, Boat and Fuel Exemptions

1. Receipts from selling vehicles subject to the motor vehicle excise tax and vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-22).
   - ♦ Exception: the sales of manufactured homes are subject to tax.

2. Receipts from selling boats subject to the boat excise tax (7-9-22.1).

Wage Exemption

Receipts of employees from wages and salaries (7-9-17).

- ♦ **NOTE**: commissions received as an employee are also exempt.

DEDUCTIONS FROM GROSS RECEIPTS TAX

WHAT IS A DEDUCTION?

A deduction from gross receipts, like an exemption, results in an amount not subject to tax. However, unlike an exemption, **YOU MUST REPORT ON THE FORM TRD-41413**, *Gross Receipts Tax Return* **BOTH THE GROSS RECEIPTS RECEIVED (in Column D) AND THE AMOUNT OF DEDUCTIONS YOU ARE ELIGIBLE TO CLAIM AGAINST THOSE GROSS RECEIPTS (in Column F).**

Some deductions are required to be separately reported. All the required codes (Column E) can be located in the instructions for the TRD-41413, Gross Receipts Tax Return.

SUBSTANTIATION REQUIRED TO SUPPORT A DEDUCTION

The Department requires taxpayers to retain substantiation in their records when claiming a deduction from gross receipts. That substantiation can be one of the following, depending on the deduction being claimed:

1. Nontaxable transaction certificate (see description below).

2. Farmer or rancher statement – a signed statement from a farmer or rancher declaring that the person is regularly engaged in the business of farming or ranching (used for agricultural deductions under Sections 7-9-58, 7-9-62 and 7-9-109).

3. Jewelry manufacturer statement – a written statement declaring the purchaser is engaged in the business of manufacturing jewelry and will use the property purchased in manufacturing jewelry (used only for jewelry manufacturing deduction under Section 7-9-74).

4. Out-of-state buyer certificate, Type NTTC-OSB (see description on page 14).

5. Border state certificate, Type BSC (see description on page 14).

6. Multijurisdictional uniform sales and use tax certificate, Type MTC (see description on page 15).

7. Solar energy deduction written statement – a written statement declaring the equipment or services purchased are for the exclusive use in the installation or operation of a solar energy system (use only for the solar energy system deduction under Section 7-9-112)

8. Alternative Evidence - Other documents including invoices, purchase orders, contracts, etc., that demonstrate the facts necessary to support the entitlement to a deduction, but the burden of proof is on that person. (As specified in Section 7-9-43, NTTC's must be used by sellers of electricity or fuels that are parties to an agreement with the Department pursuant to Section 7-1-21.1 regarding the deduction in Section 7-9-46(B) as it relates to the seller being a utility company). For more information on this, please see FYI-204, *Nontaxable Transaction Certificates.*

Nontaxable Transaction Certificate (NTTC)

The buyer obtains an NTTC from the Department to give to a seller. The NTTC entitles the seller to deduct those receipts when determining taxable gross receipts. In practice, this means the buyer can purchase goods and services free of the gross receipts tax that is usually passed on to the buyer. The seller must accept an NTTC in "good faith", reasonably assured that the buyer executing the NTTC will use the property or service in a nontaxable manner. A properly executed NTTC is the conclusive evidence that the receipts are deductible from the seller's gross receipts. However, any person who obtains an NTTC in bad faith does not receive the safe harbor that the NTTC provides.

The seller needs only ONE NTTC from each buyer to cover all transactions of the same type with that buyer. Resale certificates issued by other states are not valid as NTTC's in New Mexico.

All taxpayers who wish to execute NTTCs are required to: 1) register with the Department using Form ACD-31015, *Application for Business Tax Identification Number*, and 2) complete Form ACD-31050, *Application for Nontaxable Transaction Certificates* or apply on-line at https://tax.state.nm.us/tap. Utility companies must apply for NTTCs to support the deduction under Section 7-9-46(B) are also required to complete Form RPD-41378, *Application for Type 11 or 12 Nontaxable Transaction Certificates.*

The taxpayer may request additional NTTCs online or view prior executed NTTC's in their taxpayer access point account at https://tax.state.nm.us/tap

For more information on the use of NTTCs, please find FYI-204: *Nontaxable Transaction Certificates* online at https://www.tax.newmexico.gov/forms-publications/ or request a copy from your local district tax office.

♦ **NOTE:** The Department stopped issuing Type 1, 3, 4, 7, 8, 13, 14, or Type D NTTCs as of January 1, 2004. The Department will continue to recognize those NTTC types in audit situations when the seller has accepted the NTTC in "good faith", reasonably assured that the buyer executing the NTTC will use the property or service in a nontaxable manner. The Department stopped issuing a Type 10 NTTC as of July 1, 2023.

Type NTTC-OSB

Unlike other NTTCs, which are obtained from the Department by the buyer, the Type NTTC-OSB must be obtained by the seller. The New Mexico seller completes the Form ACD-31050, *Application for Nontaxable Transaction Certificates* and the seller then provides the NTTC-OSBs to their out-of-state customers who:

1) are purchasing tangible personal property either for resale or for use as an ingredient or component part of a manufactured product; or
2) are purchasing a manufacturing service to be performed directly upon tangible personal property the purchaser is in the business of manufacturing, or upon ingredient or component parts of that manufactured product.

The buyer must provide all the required information on an NTTC-OSB and give it to the New Mexico seller who will keep it on file along with all other NTTCs the seller receives. The documentation requirements for accepting NTTC-OSBs should be carefully observed. See "Out-of-State Buyer Deduction" on page 28 for those requirements.

Border State Certificate

New Mexico sellers may accept the Border State Certificate (BSC) from out-of-state buyers from Arizona, California, Oklahoma, Texas, Utah, and the United States of Mexico that are not required to register in New Mexico but who:

1) wish to buy goods for resale or incorporation as ingredients or components of a manufactured product; or
2) wish to buy a manufacturing service that will be performed on a manufactured product or an ingredient or component part thereof, and
3) will transport the tangible personal property across state or national boundaries.
   ♦ **NOTE:** BSCs are not issued by New Mexico.

Multijurisdictional Uniform Sales and Use Tax Certificate

New Mexico sellers may accept the Multijurisdictional Uniform Sales and Use Tax Certificate (MTC) from out-of-state buyers not required to register in New Mexico who:

1) wish to buy goods for resale or incorporation as ingredients or components of a manufactured product; or
2) wish to buy a manufacturing service that will be performed on a manufactured product or ingredient or component part thereof.
   ♦ **NOTE:** MTCs are not issued by New Mexico.

LIST OF DEDUCTIONS

A list of deductions from gross receipts is presented below along with any special requirements for claiming the deduction and specific documentation required to support the deduction (e.g., an NTTC). If your receipts do not fall under one of the deductible categories, you do not have any deductions from gross receipts. **GENERAL BUSINESS EXPENSES** (that is, telephone and electric bills, supply purchases, etc.) **ARE NOT DEDUCTIBLE FOR GROSS RECEIPTS TAX PURPOSES.**

GROSS RECEIPTS DEDUCTION CODES – REQUIRED TO BE SEPARATELY REPORTED

1. If you sell uranium hexafluoride and your receipts are deductible under Section 7-9-90, use the required deduction code of **D0-001** to report your deductible receipts.

2. If you sell tangible personal property to a manufacturer who incorporates the property as an ingredient or component part of a manufactured product and your receipts are deductible under Section 7-9-46(A), use required deduction code of **D0-002** to report your deductible receipts.

3. If you sell a manufacturing consumable to a manufacturer or manufacturing service provider Section 7-9-46(B), use the required deduction code of **D0-003** to report your deductible receipts.

4. If you transmit electricity and provide ancillary services and your receipts are deductible under Section 7-9-103.1, use the required deduction code of **D0-004** to report your deductible receipts.

5. If you operate a market or exchange for the sale or trade of electricity and your receipts are deductible under Section 7-9-103.2, use the required deduction code of **D0-005** to report your deductible receipts. The taxpayer taking the deduction consents to the Department reporting the amount of the deduction in the annual tax expenditure report if there are fewer than three taxpayers taking this deduction.

6. If you sell agricultural implements, vehicles or aircraft and your receipts are deductible under Section 7-9-62(A), use the required deduction code of **D0-006** to report your deductible receipts.

7. If you sell aircraft, provide flight support and training and your receipts are deductible under Section 7-9-62(B), use the required deduction code of **D0-007** to report your deductible receipts.

8. If you sell aircraft parts, provide maintenance services for aircraft and aircraft parts and your receipts are deductible under Section 7-9-62(C), use the required deduction code of **D0-008** to report your deductible receipts.

9. If you sell or provide services for commercial and military aircraft and your receipts are deductible under Section 7-9-62.1, use the required deduction of **D0-009** to report your deductible receipts.

10. If you provide medical and health care services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(A), use the required deduction code of **D0-010** to report your deductible receipts.

11. If you provide medical and health care services as a third-party administrator for the TRICARE program and your receipts are deductible under Section 7-9-77.1(C), use the required deduction code of **D0-011** to report your deductible receipts.

12. If you provide medical and health care services to Indian Health Service beneficiaries and your receipts are deductible under Section 7-9-77.1(D), use the required deduction code of **D0-012** to report your deductible receipts.

13. If you are a clinical laboratory and provide medical and health care services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(E), use the required deduction code of **D0-013** to report your deductible receipts.

14. If you are a home health agency and provide medical, other health and palliative services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1F), use the required deduction code of **D0-014** to report your deductible receipts.

15. Prior to July 1, 2032, if you are a dialysis facility and you provide medical and other health services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(G), use the required deduction of **D0-015** to report your deductible receipts.

16. If you sell or rent durable medical equipment or medical supplies and your receipts are deductible under Section 7-9-73.3, use the required deduction code of **D0-016** to report your deductible receipts.

17. If you sell goods and services to the United States Department of Defense related to directed energy or satellites and your receipts are deductible under Section 7-9-115, use the special business location code of **D0-018** to report your deductible receipts. (Available prior to January 1, 2031).

18. If you are a trade-support company and have receipts from business activities and operations at the business' border location and your receipts are deductible under Section 7-9-56.3, use the required deduction code of **D0-019** to report your deductible receipts.

19. If you sell jet fuel for use in turboprop or jet engines 40% can be deducted under Section 7-9-83, use the required deduction code **D0-022** to report deductible receipts.

20. If you have receipts from retail sales of specified tangible personal property, if the sale of the property occurs during the period between 12:01 am on the last Friday in July and ending at midnight the following Sunday your receipts are deductible under Section 7-9-95, use the required deduction code **D0-023** to report deductible receipts.

21. The receipts of a dispenser liquor license holder who held the license on June 30, 2021, may be deducted under Section 7-9-119 for up to $50,000 from the sale of alcoholic beverages for taxable years 2022 through 2025 if the sales of alcoholic beverages for consumption off premises are less than 50% of total alcoholic beverage sales. Use the required deduction code **D0-024** to report deductible receipts. This deduction is effective January 1, 2022 through December 31, 2025.

22. The receipts from selling or leasing qualified equipment to a person engaged in the business of manufacturing or a manufacturing service provider under Section 7-9-46(C). Use the required deduction code **D0-025** to report deductible receipts. This deduction is effective January 1, 2022.

23. The receipts for selling medical and other health and palliative services provided by hospice or nursing home to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1. Use the required deduction code **D0-026** to report deductible receipts. This deduction is effective July 1, 2022.

24. The receipts of a professional service provider as defined in Section 7-9-46.1 from a sale made to a person engaged in the business of manufacturing and the professional services are related to the product that the buyer is in the business of manufacturing. Use the required deduction code **D0-027** to report deductible receipts. This deduction is effective July 1, 2022.

25. The receipts from selling feminine hygiene products as defined in Section 7-9-120. Use the required deduction code **D0-028** to report deductible receipts. This deduction is effective July 1, 2022.

26. The receipts from the sale of child care assistance services by a taxpayer pursuant to a contract or grant with the Early Childhood Education and Care Department under Section 7-9-77.2(A). Use required deduction code **D0-029** to report deductible receipts. This deduction is effective July 1, 2024.

27. The receipts of for-profit pre-kindergarten providers for the sale of pre-kindergarten services pursuant to the Pre-Kindergarten Act are deductible under Section 7-9-77.2(B). Use required deduction code **D0-030** to report deductible receipts. This deduction is effective July 1, 2024.

28. The receipts from selling tangible personal property installed as part of, or services rendered in connection with, constructing and equipping a geothermal electricity generation facility made to a person who holds an interest in a geothermal electricity generation facility are deductible under Section 7-9-112.1(A)(1). Use required deduction code **D0-031** to report deductible receipts.

29. The receipts from selling tangible personal property installed as part of a system used for the distribution of electricity generated from a geothermal electricity generation facility made to a person who holds an interest in a geothermal electricity generation facility are deductible under Section 7-9-112.1(A)(2). Use required deduction code **D0-032** to report deductible receipts.

30. The receipts from selling or leasing tangible personal property or selling services that are construction plant costs made to a person who holds an interest in a geothermal electricity generation facility are deductible under Section 7-9-112.1(A)(3). Use required deduction code **D0-033** to report deductible receipts.

31. The receipts from the sale of prescription drugs and oxygen and oxygen services provided by a licensed Medicare durable medical equipment provider and cannabis products that are sold in accordance with the Lynn and Erin Compassionate Use Act are deductible under 7-9-73.2. Use required deduction code **D0-034** to report deductible receipts.

GROSS RECEIPTS TAX DEDUCTIONS BY INDUSTRY

Agricultural Deductions

1. Receipts from selling feed for livestock (including the baling wire or twine used to contain the feed), fish raised for human consumption, poultry or for animals raised for their hides or pelts, seeds, roots, bulbs, plants, soil conditioners, fertilizers, insecticides, germicides, insects used to control populations of other insects, fungicides or weedicides or water for irrigation to persons engaged in the business of farming or ranching and receipts of auctioneers from selling livestock or other agricultural products at auction (7-9-58).
   - ♦ Requirement: farmer or rancher statement (not required for auctioneers).
   - ♦ **NOTE**: includes feed for all horses.

2. Receipts from warehousing grain or other agricultural products and receipts from threshing, cleaning, growing, cultivating or harvesting agricultural products including the ginning of cotton, testing or transporting milk for the producer or nonprofit marketing association from the farm to a milk processing or dairy product manufacturing plant or processing for growers, producers or nonprofit marketing associations of agricultural products raised for food and fiber, including livestock (7-9-59).

3. 50% of receipts from selling agricultural implements, farm tractors or vehicles not required to be registered under the Motor Vehicle Code. The 50% deduction for receipts from sales of agricultural implements may be taken only on sales to persons engaged in the business of farming or ranching. An "agricultural implement" is defined as a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and that is:
   a) designed to irrigate agricultural crops above ground or below ground at the place where the crop is grown; or
   b) designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-62).
   ♦ Requirement: farmer or rancher statement (for sales of agricultural implements only).
   ♦ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.

4. Receipts from sales of veterinary medical services, medicine or medical supplies used in the medical treatment of cattle if the sale is made to one of the following:
   a) a person who is regularly engaged in the business of ranching or farming, including dairy farmers; or
   b) a veterinarian who holds a valid license pursuant to the Veterinary Practice Act and who is providing veterinary medical services, medicine, or medical supplies in the treatment of cattle owned by a person engaged in the ranching or farming business (7-9-109).
   ♦ Requirement: farmer or rancher statement.

Aircraft Deductions

1. 50% of the receipts from selling aircraft (7-9-62).
   ♦ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.
   ♦ **NOTE: special reporting is required for this deduction,** see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

2. Receipts of an aircraft manufacturer from selling:
   1.aircraft or aircraft parts;
   2.services performed on aircraft or aircraft components; and
   3.aircraft flight support, pilot training or maintenance training services (7-9-62).
   ♦ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.
   ♦ NOTE**: special reporting is required for this deduction,** see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .

3. Receipts from maintaining, refurbishing, remodeling or otherwise modifying a commercial or military carrier over 10,000 pounds gross landing weight (7-9-62.1).
   ♦ **NOTE: special reporting is required for this deduction,** see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .

4. Receipts from selling aircraft parts and maintenance services for aircraft or aircraft parts (7-9-62).
   ♦ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.
   ♦ **NOTE: special reporting is required for this deduction,** see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .

5. Receipts from selling commercial or military aircraft over ten thousand pounds gross landing weight (7-9-62.1).

♦ **NOTE: special reporting is required for this deduction,** see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .

Border Trade-Support Deduction

Receipts of a trade-support company located in New Mexico within twenty miles of a port of entry on New Mexico's border with Mexico that are received within a five-year period beginning on the date the trade-support company locates in New Mexico (7-9-56.3).

♦ Requirement: trade-support company must locate to New Mexico between July 1, 2003, and July 1, 2013, or on or after January 1, 2016, but before January 1, 2021.

♦ Requirement: the receipts must be received by the trade-support company within a five-year period beginning on the date the company locates in New Mexico and they must be derived from its business activities and operations at its border-zone location.

♦ Requirement: the trade-support company must employ at least two employees in New Mexico.

♦ **NOTE: special reporting is required for this deduction,** see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/

Boxing, Wrestling & Martial Arts Deduction

Receipts from producing or staging professional boxing, wrestling or martial arts contests that occur in New Mexico (7-9-107).

Child Care Service Deductions

1. Receipts from the sale of child care assistance services by a taxpayer pursuant to a contract or grant with the Early Childhood Education and Care Department to provide such services through a licensed child care assistance program may be deducted from gross receipts (7-9-77.2(A)). Use required deduction code **D0-029** to report your deductible receipts.
   ♦ **NOTE**: A "licensed child care assistance program" means "licensed child care program," "licensed early childhood care program" or "licensed exempt child care program," as those terms are defined in the Early Childhood Care Accountability Act."

2. Receipts of for-profit pre-kindergarten providers for the sale of pre-kindergarten services pursuant to the Pre-Kindergarten Act (7-9-77.2(B)). Use required deduction code **D0-030** to report your deductible receipts.

Commission Deductions

1. Receipts derived from commissions on sales of tangible personal property which are not subject to gross receipts tax and from commissions of the owner of a dealer store for selling from the owner's dealer store a principal's tangible property (7-9-66).
   ♦ **NOTE**: includes sales that are either exempt or deductible.
   ♦ Exception: commissions on sales or leases of real property or intangible property (e.g., stocks, bonds, licenses, tickets, or the lease of tangible property) are taxable.

2. Receipts from real estate commissions on the sale of real property which is subject to the gross receipts tax (*i.e.*, new construction) (7-9-66.1).
   ♦ Exception: commissions associated with the sale of land, since those receipts are not subject to the gross receipts tax, may not be deducted.
   ♦ **NOTE**: the tax rate for real estate commissions is the rate for the location of the property being sold.

3. Travel agents' commissions paid by maritime transportation companies, and interstate airlines, railroads and passenger buses for booking, referral, reservation, or ticket services (7-9-76).

4. Receipts of lottery ticket retailers from commissions received on lottery ticket sales (7-9-87).

Construction Deductions

1. Receipts from the sale of tangible personal property to a person in the construction business (7-9-51).
   - ♦ Requirement: the tangible personal property by design and intent must become part of a construction project (so that while receipts from the sale of nails are deductible, those from selling a hammer are not).
   - ♦ Requirement: upon its completion the construction project must be subject to gross receipts tax.
   - ♦ **NOTE**: construction materials sold to a contractor for use in a construction project on the tribal territory of an Indian nation, tribe or pueblo are deductible.
   - ♦ **NOTE**: a contractor who is an accrual-basis taxpayer must pay the gross receipts tax on progress payments as they are received.
   - ♦ NTTC Requirement: Type 6.

2. Receipts from the sale of subcontracting services to a person in the construction business (7-9-52).
   - ♦ Exception: indirect services, such as accounting, architectural, engineering, drafting, bid depository services and plan room services are not construction services.
   - ♦ Requirement: upon its completion, the construction project must be subject to the gross receipts tax.
   - ♦ **NOTE**: construction services sold to a contractor for use in a construction project on the tribal territory of an Indian nation, tribe or pueblo are deductible.
   - ♦ NTTC Requirement: Type 6.

3. Receipts from sales of engineering, architectural and construction services to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-99).
   - ♦ Requirement: the deduction may only be taken if the foundation or nonprofit organization has made a written agreement with a county to pay at least 95% of the new facility construction costs and executes an appropriate NTTC (Type 5 NTTC for engineering and architectural services and a Type 6 NTTC for construction services) or delivers evidence that such a written agreement has been made.

4. Receipts from sales of construction equipment or construction materials to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-100).
   - ♦ Requirement: the deduction may only be taken if the foundation or nonprofit organization has made a written agreement with a county to pay at least 95% of the construction costs and executes an appropriate NTTC (Type 2 NTTC for the sale of construction equipment or a Type 6 NTTC for construction materials) or delivers evidence that such a written agreement has been made.

5. Receipts from the sale of construction materials to a 501(c)(3) organization organized for the purpose of providing homeownership opportunities to low-income families (7-9-60).
   - ♦ NTTC Requirement: Type 9.

6. Receipts from the sale of construction-related services to persons engaged in the construction business (7-9-52).
   - ♦ Exception: this deduction cannot be taken for general business services such as legal or accounting services, equipment maintenance and real estate sales commissions.
   - ♦ Requirement: upon its completion the construction project must be subject to gross receipts tax or located on the tribal territory of an Indian nation, tribe, or pueblo.
   - ♦ Requirement: services must be directly contracted for or billed to a specific construction project.
   - ♦ NTTC Requirement: Type 6.

7. Receipts from leasing construction equipment to persons engaged in the construction business (7-9-52.1).
   - ♦ Requirement: the leased equipment can only be used at the construction location of a construction project that is subject to gross receipts tax upon its completion or sale or that is located on the tribal territory of an Indian nation, tribe, or pueblo.
   - ♦ NTTC Requirement: Type 6.

Credit Union Deductions (Sale to)

1. Receipts from selling tangible personal property to federally-chartered credit unions.
   ♦ NTTC Requirement: Type 9.

2. Receipts from selling tangible personal property to state-chartered credit unions (7-9-61.2).
   ♦ NTTC Requirement: Type 9.
   ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

Electric Generation, Transmission, Exchange, and Storage Facility Deductions

1. Receipts from selling equipment to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority (7-9-101).
   ♦ Requirement: the equipment must be installed as part of an electric transmission facility or an interconnected storage facility.

2. Receipts from providing services to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority. Qualified services include planning, installation, repair, maintenance or operation of an electric transmission facility or an interconnected storage facility (7-9-103).

3. Receipts from the transmission of electricity where voltage source conversion technology is employed to provide such services and from providing ancillary services (7-9-103.1).
   ♦ **NOTE**: "ancillary services" means services that are supplied from or in connection with facilitate employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system.
   ♦ **NOTE:** special reporting is required for this deduction, see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

4. Receipts from operating a market or exchange for the sale or trading of electricity, rights to electricity and derivative products and from providing ancillary services (7-9-103.2). The taxpayer taking the deduction consents to the Department reporting the amount of the deduction in the annual tax expenditure report if there are fewer than three taxpayers taking this deduction.
   ♦ **NOTE**: "ancillary services" means services that are supplied from or in connection with facilities employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system.
   ♦ **NOTE:** special reporting is required for this deduction, see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

The following three deductions are effective January 1, 2025. These deductible receipts are required to be reported separately and by using a deduction code that will become available on the gross receipts tax return after their effective date.

5. Prior to July 1, 2032, selling tangible personal property installed as part of, or services rendered in connection with, constructing and equipping a geothermal electricity generation facility, provided that the sale is made to a person who holds an interest in a geothermal electricity generation facility (Section 7-9-112.1(A)(1)). Use required deduction code **D0-031** to report deductible receipts.

6. Prior to July 1, 2032, selling tangible personal property installed as part of a system used for the distribution of electricity generated from a geothermal electricity generation facility, provided that the sale is made to a person who holds an interest in a geothermal electricity generation facility (Section 7-9-112.1(A)(2)). Use required deduction code **D0-032** to report deductible receipts.

7. Prior to July 1, 2032, selling or leasing tangible personal property or selling services that are construction plant costs, provided that the sale is made to a person who holds an interest in a geothermal electricity generation facility (Section 7-9-112.1(A)(3)). Use required deduction code **D0-033** to report deductible receipts.

Feminine Hygiene

The receipts of selling feminine hygiene products as defined in Section 7-9-120, use the required deduction code **D0-028** to report deductible receipts. This deduction is effective July 1, 2022.

♦ **NOTE**: special reporting is required for this deduction; see the instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit or on our website at https://www.tax.newmexico.gov/forms-publications/.

Film Lease Deduction

Receipts from leasing theatrical and television films and tapes to movie theaters or similar facilities when the theater's receipts are subject to gross receipts tax (7-9-76.2).

Food Deduction

Receipts from qualifying food sales by retail food stores as defined under the federal supplemental nutrition assistance program (7-9-92).

♦ Exception: sales of alcoholic beverages, tobacco and prepared hot foods for immediate consumption are not deductible.

♦ **NOTE**: special reporting is required for this deduction; see the instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit or on our website at https://www.tax.newmexico.gov/forms-publications/.

♦ **NOTE**: FYI-201 *Gross Receipts Tax and Certain Foods,* has a sample Form TRD-41413, *Gross Receipts Tax Return* showing the correct reporting of this deduction. You will find the FYI-201 on our website at https://www.tax.newmexico.gov/forms-publications/ .

Fuel Deductions

1. From July 1, 2003, through June 30, 2017, 55% of the receipts from selling jet fuel for use in turboprop or jet engines. After June 30, 2017, 40% of the receipts from selling jet fuel for use in turboprop or jet engines (7-9-83).

♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/. **D0-022**

2. Receipts from selling fuel to a common carrier to be loaded or used in a locomotive engine (7-9-110.1).

♦ NTTC Requirement: Type 2.

Governmental Entity Deductions (Sale to)

1. Receipts from selling tangible personal property, or from selling licenses to use digital goods for the purpose of loaning those digital goods to the public, to a United States or New Mexico governmental entity or the governing body of an Indian nation, tribe, or pueblo for use on an Indian reservation or pueblo grant (7-9-54).

♦ Exception: does not include materials sold to a United States or New Mexico governmental entity that will be incorporated into a construction project (e.g., lumber, paint, etc.).

♦ **NOTE**: when a seller in good faith deducts receipts from the sale of construction materials to a government after receiving written assurances from the government that the property will not be used in a construction project, the Department is barred from assessing the seller gross receipts tax on those receipts. However, the Department may assess the buyer for compensating tax if the materials are subsequently used in a construction project.

♦ Exception: does not include leasing of property, the sale of licenses or the performance of services.

♦ Exception: not applicable to other states' governmental entities (*e.g.*, Texas, Colorado, Arizona, etc.).

♦ Requirement: either a Type 9 NTTC or proof that payment was from a United States or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo.

♦ **NOTE**: includes receipts from selling tangible personal property to the American National Red Cross.
♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling or leasing property to, or from performing services for accredited foreign missions or diplomats (7-9-89)
♦ NTTC Requirement: Type 16.

3. Prior to July 1, 2034, receipts from selling wind generation equipment or solar generation equipment to a government for the purpose of installing a wind or solar electric generation facility (7-9-54(3)(A)).

4. Prior to July 1, 2034, receipts from selling energy storage equipment or related equipment to a government for the purpose of installing an energy storage facility (7-9-54(3)(B)).

5. Receipts from the sale of property or services purchased by, or on behalf of, the state of New Mexico (7-9-97).
♦ Requirement: the purchases must be made with funds obtained from the forfeiture of financial assurance pursuant to the New Mexico Mining Act or the Water Quality Act.

6. Receipts from the sale by a qualified contractor of qualified research and development services and qualified directed energy and satellite-related inputs (7-9-115).
♦ Requirement: the sales must be made pursuant to a contract with the United States Department of Defense.
♦ NOTE: This deduction is available until January 1, 2031)
♦ NOTE: special reporting is required for this deduction; see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .

Gross Receipts Tax Holiday Deduction

Receipts from retail sales of specified tangible personal property if the sale of the property occurs during the period between 12:01 a.m. on the last Friday in July and ending at midnight the following Sunday (7-9-95).
♦ Requirement: this deduction applies only to receipts from sales of the following items:
- clothing or shoes sold for less than $100;
- desktop, laptop or notebook computers, e-readers with computing capabilities and tables sold for no more than $1,000 and any associated monitor, speaker or set of speakers, printer, keyboard, microphone or mouse sold for no more than $500;
- school supplies normally used by students in a standard classroom for educational purposes, including:
  - notebooks, paper, writing instruments, crayons, art supplies, and rulers valued at under $30 per unit;
  - book bags, backpacks, maps and globes valued at under $100 per unit; and
  - handheld calculators valued under $200.

♦ **Exception**: this deduction does not apply to receipts from sales of the following items:
- special clothing or footwear worn for athletic activities or protective use;
- accessories, including jewelry, handbags, luggage, umbrellas, wallets and watches; or
- radios, compact disc players, headphones, sporting equipment, portable or desktop telephones, copiers, office equipment, furniture or fixture.

♦ ♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ . **D0-023**

Internet Deductions

1. Receipts from hosting web sites (7-9-56.2).

2. Receipts from providing telecommunications, Internet, or Internet access services to Internet Service Providers (ISPs) (7-9-56.1).

♦**NOTE**: receipts of ISPs from providing access or other services (except hosting) to ultimate users are not deductible.

Interstate Commerce Deductions

1. Receipts from transactions in interstate commerce and from sales of radio or television broadcast time if the ultimate buyer is a national or regional advertiser (7-9-55).
   ♦ **NOTE**: retail sales to out-of-state buyers who place orders from out of state, accept delivery out of state, and title and risk of loss pass to buyer out of state are deductible.
   ♦ **NOTE**: starting July 1, 2021, if you claim this deduction the receipt of tangible personal property is reported at the buyer's location. The gross receipts are to be reported at the out-of-state rate and location code. The deduction is then claimed prior to calculating your tax due.
   ♦ Exception: commissions of advertising agencies are not deductible.
   ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from intrastate transporting of persons or property if under a single contract for transportation in interstate or foreign commerce (including handling, storage, drayage or packing) (7-9-56).

3. Receipts from leasing vehicles used by persons required to have federal authority to transport passengers or property for hire in interstate commerce (7-9-70).
   ♦ **NOTE**: this deduction is available to the lessor, not the lessee.

Leasing Deductions

1. Receipts from the sale of tangible personal property or licenses for leasing (7-9-49).
   ♦ Exception: receipts from the sale of coin-operated machines, manufactured homes or furniture and appliances used in an apartment, manufactured home or other leased or rented dwelling unit are not deductible.
   ♦ NTTC Requirement: Type 2.

2. Receipts from leasing tangible personal property or licenses for subsequent lease (7-9-50).
   ♦ Exception: receipts from leasing coin-operated machines, manufactured homes or furniture and appliances used in an apartment, manufactured home or other leased or rented dwelling unit are not deductible.
   ♦ NTTC Requirement: Type 2.

3. Receipts from leasing construction equipment to persons engaged in the construction business (7-9-52.1).
   ♦ Requirement: the leased equipment can only be used at the construction location of a construction project that is subject to gross receipts tax upon its completion or sale or that is located on the tribal territory of an Indian nation, tribe or pueblo.
   ♦ NTTC Requirement: Type 6.

Liquor License Deduction

The receipts of a dispenser liquor license holder who held the license on June 30, 2021, may be deducted up to $50,000 from the sale of alcoholic beverages for taxable years 2022 through 2025 if the sales of alcoholic beverages for consumption off premises are less than 50% of total alcoholic beverage sales, use the required deduction code **D0-024** to report deductible receipts. This deduction can be claimed starting January 1, 2022.

♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .

Loan Charges Deduction

Receipts from charges made in connection with the origination, making or assumption of a loan or from charges made for handling loan payments (7-9-61.1).

- ♦ Exception: the receipts of an escrow agent are not deductible from gross receipts.

Lottery Retailer Deduction

Receipts of a lottery game retailer from selling New Mexico lottery tickets (7-9-87).

Manufactured Home Resale Deduction

Receipts from the resale of a manufactured home which was subject to gross receipts, compensating or motor vehicle excise tax on its original sale or use in New Mexico (7-9-76.1).

- ♦ Requirement: proof of payment of one of the above-mentioned taxes.

Manufacturing Deductions

1. Receipts from selling tangible personal property to persons in the manufacturing business are deductible under Section 7-9-46(A). Use required deduction code **D0-002** to report your deductible receipts.
   - ♦ Requirement: tangible personal property must become an ingredient or component part of the manufactured product.
   - ♦ Requirement: person must own the product to be considered a manufacturer.
   - ♦ Requirement: Type 2 NTTC, NTTC-OSB, MTC BSC or other evidence.
   - ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from the sale of a manufacturing consumable to a manufacturer or a manufacturing service provider under Section 7-9-46(B). Use required deduction code **D0-003** to report your deductible receipts.
   - ♦ Exception: this deduction does not apply to the lease of a tool or equipment used to create the manufactured product.
   - ♦ Requirement: the property must be sold to a person engaged in the business of manufacturing.
   - ♦ Requirement: the consumable must be sold to a manufacturer or a manufacturing service provider.
   - ♦ Requirement: Type 11 or alternative evidence, unless in the following case where a Type 11 is used the taxpayer is a seller of electricity or fuels that is a party to an agreement with the department to have the manufacturer or manufacturing service provider report and pay the gross receipts tax on the seller's behalf.
   - ♦ Requirement: Type 12 NTTC, for a utility company or sellers of utilities, an agreement with the Department pursuant to Section 7-1-21.1 NMSA 1978 and the Type 12 NTTC is required, and alternative evidence may not be used.
   - ♦ **NOTE:** "manufacturing consumable" means tangible personal property, other than qualified equipment or an ingredient or component part of a manufactured product, that is incorporated into, destroyed, depleted or transformed in the process of manufacturing a product including electricity, fuels, water, manufacturing aids and supplies, chemicals, gases, and other tangibles used to manufacture a product.
   - ♦ **NOTE:** special reporting is required for this deduction. Please see FYI-275 available online at https://www.tax.newmexico.gov/forms-publications/ or from your local district tax office.
   - ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

3. Receipts from selling or leasing qualified equipment to a person engaged in the business of manufacturing or a manufacturing service provider under Section 7-9-46(C). Use required deduction code **D0-025** to report your deductible receipts. This deduction can be claimed starting January 1, 2022.
   - ♦ Requirement: Type 11 NTTC, NTTC-OSB, MTC BSC or other evidence.
   - ♦ Requirement: The manufacturer or manufacturing service provider shall not claim an investment credit for that same equipment.
   - ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

4. Receipts from selling the service of combining or processing materials to a manufacturer (7-9-75).

- ♦ Requirement: service must be performed directly on the product being manufactured.
- ♦ Requirement: Type 5 NTTC, NTTC-OSB, MTC BSC or other evidence.

5. Receipts from selling tangible personal property to be used in the manufacture of jewelry (7-9-74).
   - ♦ Requirement: deduction may not exceed $5,000 per purchaser during a twelve-month period.
   - ♦ Requirement: jewelry manufacturer statement; if sales exceed $5,000 in twelve-month period, a Type 2 NTTC, NTTC-OSB, MTC BSC or other evidence is needed.

6. The receipts of a professional service provider as defined in Section 7-9-46.1 to a person engaged in the business of manufacturing and the professional services are related to the product that the buyer is in the business of manufacturing, use the required deduction code **D0-027** to report deductible receipts. This deduction is effective July 1, 2022.
   - ♦ Requirement: Type 5 NTTC, NTTC-OSB, MTC BSC or other evidence.

Marketplace Seller Deduction

A marketplace seller may deduct receipts for sales, leases and licenses of tangible personal property, sales of licenses and sales of services or licenses for use of real property that are facilitated by a marketplace provider and where the provider has or will pay the gross receipts tax (7-9-117).

- ♦ Requirement: the marketplace seller must obtain documentation from the marketplace provider indicating that the marketplace provider is registered with the Department and has remitted or will remit the taxes due on the gross receipts from those transactions.
- ♦ **NOTE:** This deduction does not apply if the marketplace provider is determined not to owe the tax as a result of the marketplace provider's reliance on information provided by the seller.

Medical Deductions

1. Receipts from the sale of prescription drugs and oxygen and oxygen services provided by a licensed Medicare durable medical equipment provider and cannabis products that are sold in accordance with the Lynn and Erin Compassionate Use Act (7-9-73.2). Use required deduction code **D0-034** to report deductible receipts.
   - ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling prosthetic devices to persons licensed to practice medicine, osteopathy, dentistry, podiatry, optometry, chiropractic or professional nursing (7-9-73).
   - ♦ **NOTE**: includes contact lenses, eyeglasses (frame and lens glass) sold to ophthalmologists and optometrists.
   - ♦ Exception: does not include property used in making dentures and supplies such as silver, orthodontia wire, facings and similar items sold to dentists.
   - ♦ NTTC Requirement: Type 2.
   - ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

3. 60% of receipts of hospitals may be deducted (7-9-73.1).
   - ♦ Requirement: this deduction may be taken only after all other available deductions.
   - ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

4. Receipts of a health care practitioner or an association of health care practitioners from providing medical and other health services to Medicare beneficiaries (7-9-77(1)(A)). For the purposes of this section a "health care practitioner" includes athletic trainers, audiologists, chiropractic physicians, counselors and therapist practitioners, dentists, doctors of oriental medicine, social workers, massage therapists, naprapaths, nutritionists, dietitians, occupational therapists, optometrists, osteopathic physicians, pharmacists, physical therapists, physicians, podiatrists, psychologists, radiologic technologists, registered nurses, respiratory care practitioners, and speech-language pathologists. An "association of health care practitioners" means a business that employs one or more health care practitioners as long as that business is not an organization granted exemption from the federal income tax by the United States commissioner of internal revenue as organizations described in Section 501(C)(3) or a health maintenance organization, hospital, hospice, nursing home, or an entity that is solely an outpatient facility or intermediate care facility licensed pursuant to the Public Health Act.

♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

5. Receipts of a hospice or nursing home from providing medical, other health and palliative services to Medicare beneficiaries by a health care practitioner (7-9-77(1)(B)).
   ♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

6. Receipts of a health care practitioner or an association of health care practitioners from payments by a third-party administrator of the federal TRICARE program for providing medical and other health services to covered beneficiaries (7-9-77(1)(C)).
   ♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

7. Receipts of a health care practitioner or an association of health care practitioners from payments by or on behalf of the Indian Health Service of the United States Department of Health and Human Services for the provision of medical and other health services provided by physicians and osteopathic physicians to covered beneficiaries (7-9-77(1)(D)).
   ♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

8. Receipts of a clinical laboratory from providing medical services to Medicare beneficiaries (7-9-77.1(E)).
   ♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

9. Receipts of a home health agency for medical, other health and palliative services to Medicare beneficiaries (7-9-77.1(F)).
   ♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.

10. Prior to July 1, 2032, receipts from payments by the United States government or agency thereof for medical and other health services provided by a dialysis facility to Medicare beneficiaries (7-9-77.1(G)).
    ♦ **NOTE:** special reporting is required for this deduction (by subsection); see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/.
    ♦ **NOTE**: this deduction is only available through **June 30, 2032**.

11. Receipts of a health care practitioner or an association of health care practitioners from payments by managed care organization or health care insurers for commercial contract services or Medicare Part C services provided by a health care practitioner (7-9-93(A)).

    Starting July 1, 2023, and prior to July 1, 2028, receipts from a copayment or deductible paid by an insured or enrollee to a health care practitioner or an association of health care practitioners for commercial contract services pursuant to the terms of the insured's health insurance plan or enrollee's managed care health plan may be deducted from gross receipts tax if the services are within the scope of practice of the health care practitioner providing the service (7-9-93(B)).

    ♦ Exception: receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Tax Act are not deductible under this section.
    ♦ **NOTE**: special reporting is required for this deduction using the "M" special rate code. Please see the instructions for completing the TRD-41413, Gross Receipts Tax Return Form, in the GRT Filer's

Kit or on our website at https://www.tax.newmexico.gov/forms-publications/. FYI-202, *Gross Receipts Tax and Health Care Services,* has a sample form showing the correct reporting of this deduction. You will find the FYI-202 on our website at https://www.tax.newmexico.gov/forms-publications/.

12. Receipts from selling vision aids or hearing aids or related services (7-9-111).
    ♦ Exception: receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Tax Act are not deductible under this section.

13. Receipts from selling or renting durable medical equipment and medical supplies (7-9-73.3).
    ♦ Requirement: this deduction may only be taken by a taxpayer participating in the New Mexico Medicaid Program whose receipts are no less than 90% derived from the sale or rental of durable medical equipment or medical supplies including the medications used in infusion therapy services.
    ♦ **NOTE:** special reporting is required for this deduction (by subsection), see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .
    ♦ **NOTE**: this deduction is only available through **June 30, 2030**.
    ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

14. Prior to July 1, 2034, receipts of an eligible provider for environmental modifications reimbursed by the Medical Assistance Division of the Health Care Authority Department for a person who the division has determined is eligible to receive Medicaid-related services and who meets the financial and medical level of care criteria to receive division services through one of its waiver programs granted by the federal Department of Health and Human Services (Section 7-9-73.4).
    ♦ **NOTE**: Environmental modifications include the purchasing and installing of equipment or making physical adaptions to a recipient's residence that are necessary to ensure the health, welfare and safety of the recipient or enhance the recipient's access to the home environment and increase the recipient's ability to act independently.
    ♦ Requirement: An eligible provider must meet requirements of the Medical Assistance Division to provide environmental modifications pursuant to a waiver granted by the federal Department of Health and Human Services to provide home and community-based services to recipients.

Mining, Milling or Oil Company Deduction

Receipts from selling chemicals or reagents to any mining, milling or oil company for use in processing ores or oil in a mill, smelter or refinery or in acidizing oil wells, and receipts from selling chemicals or reagents in lots in excess of eighteen tons to any hard rock mining or milling company for use in any combination of extracting, leaching, milling, smelting, refining, or processing ore at a mine site (7-9-65).

♦ Exception: receipts from selling explosives, blasting powder or dynamite are not deductible.

Nonathletic Special Event Deduction

Receipts from admissions to nonathletic special events held at a venue that is located on the campus of a post-secondary school within 50 miles of the New Mexico border that holds at least 10,000 people (7-9-104).

♦ Requirement: to be eligible, receipts must be received between July 1, 2007, and June 30, 2027.

Nonprofit Organization Deductions (Sale to)

1. Receipts from selling tangible personal property to 501(c)(3) organizations for use in their exempt functions (7-9-60).
    ♦ Exception: materials included as part of a construction project and construction services provided by a construction contractor are not deductible unless the organization is providing homeownership opportunities to low-income families (7-9-60(B)).
    ♦ Exception: leasing of tangible personal property or licenses or performance of construction or other services is not deductible.
    ♦ NTTC Requirement: Type 9.
    ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling construction materials and metalliferous mineral ore to 501(c)(3) organizations (7-9-60).
   - ♦ Requirement: the 501(c)(3) organization must be organized for the purpose of providing homeownership opportunities to low-income families.
   - ♦ NTTC Requirement: Type 9.

Nonprofit Organization Deduction (Sale by)

Organizations exempt from federal income tax under Section 501(c) of the Internal Revenue Code may deduct the receipts from two fund-raising events each calendar year (7-9-85).

- ♦ Exception: this deduction is not available to 501(c)(3) organizations, the receipts of which are exempt under Section 7-9-29, except for receipts from unrelated trade of business as defined in the United States Internal Revenue Code.

Out-of-State Buyer Deduction (Sale to)

Receipts from the sale of tangible personal property either for resale or for use as an ingredient or component part of a manufactured product or from purchasing a manufacturing service that will be performed directly upon tangible personal property to a customer located outside of New Mexico.

- ♦ Requirement: buyer must provide proof the buyer is in the business of reselling the property purchased or manufacturing a product containing the property or service purchased.
- ♦ Requirement: buyer must be registered to pay sales, gross receipts, or a similar type of tax with the taxing authority in the buyer's business location.
- ♦ **NOTE**: buyer may not be required to be registered in New Mexico. In those cases, the buyer can provide a MTC or BSC OR the seller can issue a NTTC-OSB.

Property Resale Deduction

Receipts from sales of tangible personal property or licenses for resale (7-9-47).

- ♦ Requirement: Type 2 NTTC, Type NTTC-OSB, MTC, BSC or other alternative evidence as specified in Regulation 3.2.201.10 NMAC.
- ♦ **NOTE**: Type NTTC-OSB, BSC or MTC for sales of tangible personal property only to buyers not required to be registered in New Mexico.
- ♦ **NOTE**: includes receipts from selling tangible personal property to a qualified federal contractor or subcontractor who has entered into a service contract with one of the United States agencies that signed a special agreement between New Mexico and the United States government. If criteria listed in the agreement are met, the federal contractor or subcontractor may execute Type 15 NTTCs with its vendors.
- ♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

Publisher Deductions

1. Receipts from publishing newspapers or magazines (7-9-63).
   - ♦ Exception: receipts from selling advertising space are not deductible.
   - ♦ Exception: receipts from selling magazines at retail are not deductible.

2. Receipts from selling newspapers (7-9-64).
   - ♦ Exception: receipts from selling advertising space are not deductible.

Real Estate Deductions

1. Receipts from the sale or lease of real property, which includes the land, and anything permanently affixed thereto, from the lease of a manufactured home for at least one month and from the rental of space for a manufactured home or recreational vehicle for at least one month (7-9-53).
   - ♦ **NOTE**: receipts attributable to the inclusion of furniture or appliances as part of the lease of a dwelling are deductible.
   - ♦ Exception: receipts from the rental of manufactured homes, or spaces for recreational vehicles or manufactured homes for periods of less than a month are not deductible.

♦ Exception: receipts from the rental of rooms in hotels, motels, rooming houses, campgrounds, and guest ranches regardless of the rental time period are not deductible.
♦ Exception: this deduction does not apply to improvements constructed on the land by a construction contractor.

2. Receipts from real estate commissions on the sale of real estate which is subject to the gross receipts tax (*i.e.*, new construction) (7-9-66.1).
♦ Requirement: the person claiming the deduction must submit to the Department evidence to substantiate the deduction.
♦ Exception: commissions associated with the sale of land are <u>not</u> deductible since receipts from the sale of land are not subject to the gross receipts tax.
♦ **NOTE**: the tax rate for real estate commissions is the rate for the location of the property being sold.

<u>Refund and Allowance Deduction</u>

Refunds and allowances made to buyers and amounts written off the books as uncollectible debts by accrual-basis taxpayers (7-9-67).
♦ Requirement: deduction must be taken in the month refund or allowance is given.
♦ Requirement: deduction cannot exceed gross receipts for a given report period. Excess may be carried forward.
♦ Requirement: the gross receipts tax must have been paid on the initial transaction.
♦ Requirement: only accrual-basis taxpayers may deduct amounts written off the books as uncollectible debts, *e.g.*, sales previously reported as taxable receipts for which payment has not been received.
♦ Example: when you register with the Department, we ask you to choose your accounting method based on how you post your receipts into your books. If you post charge sales as receipts when you actually receive payment, you use the cash-basis accounting method; if you post charge sales as receipts when you bill them, you use the accrual-basis accounting method.
♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

<u>Service Provider Deductions</u>

1. Receipts from the sale of services for resale (7-9-48).
♦ Requirement: subsequent sale must be subject to the gross receipts tax or governmental gross receipts tax.
♦ Requirement: seller must be in the business of selling the same or a similar service to that being purchased.
♦ NTTC Requirement: Type 5.
♦ **NOTE**: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from the sale of a service to an out-of-state buyer (7-9-57).
♦ Requirement: the out-of-state buyer must accept delivery and make initial use of the product of the service outside New Mexico.
♦ Requirement: Type 5 NTTC or other evidence to support deduction as specified in Regulation 3.2.215.10 NMAC.
♦ ♦ **NOTE**: starting July 1, 2021, if you claim this deduction the receipt of services by an individual providing a **non-professional service** is reported at the buyer's location. The gross receipts are to be reported at the out-of-state rate and location code. The deduction is then claimed prior to calculating your tax due.
♦ ♦ **NOTE**: starting July 1, 2021, if you claim this deduction the receipt of services by an individual providing a **professional service** is reported at the seller's location. The gross receipts are to be reported at the professional service provider's location rate and location code. The deduction is then claimed prior to calculating your tax due.

3. Receipts of a business entity from an affiliate for performing administrative, managerial, accounting and customer services or sharing office machines and facilities (7-9-69).
♦ Requirement: must be on a nonprofit or cost basis.

♦ **NOTE**: an affiliate is a business entity that, directly or indirectly, through one or more intermediaries' controls, is controlled by, or is under common control with, another business entity.

4. Receipts from the sale of aerospace services to a 501(c)(3) organization or the United States, other than a national laboratory (7-9-54.1).
   ♦ NTTC Requirement: Type 5.

5. Receipts from operating a spaceport; launching, operating or recovering space vehicles or payloads; preparing a payload; or research, development, testing and evaluation services for the United States Air Force Operationally Responsive Space Program (7-9-54.2).

6. Receipts from the sale of software development services that are performed in a qualified area by an eligible software company (7-9-57.2).
   ♦ Requirement: only a taxpayer who is not a successor in business of another taxpayer and whose primary business in New Mexico is established after July 1, 2002, is eligible for this deduction.
   ♦ Requirement: the software development services must be performed outside the municipal boundaries of Albuquerque, Las Cruces, Santa Fe and Rio Rancho.
   ♦ Exception: does not include software implementation or support services.

7. Receipts from fees received for performing management or investment advisory services for a mutual fund, hedge fund or real estate investment trust (7-9-108).

Solar Energy Systems Deduction

Receipts from the sale or installation of solar energy systems. The solar energy system means an installation that is used to provide space heat, hot water or electricity to the property in which it is installed **and** is (1) an installation that utilizes solar panels that are not also windows, including the solar panels and all equipment necessary for the installation and operation of the solar panels; (2) a dark-colored water tank exposed to sunlight, including all equipment necessary for the installation and operation of the water tank as a part of the overall water system of the property; or (3) a non-vented trombe wall, including all equipment necessary for the installation and operation of the trombe wall. (7-9-112).

♦ Requirement: written statement that the equipment or services purchased are for the exclusive use in the installation or operation of the solar energy system. We have Form RPD-41341, *Solar Energy Systems Gross Receipts Tax Deduction Purchase and Use Statement,* available on our website at https://www.tax.newmexico.gov/forms-publications/ .

♦ **NOTE**: construction contractors who intend to take the solar energy systems deduction should not execute a Type 6 NTTC for the purchase of the solar energy system.

Telecommunications Deduction

Receipts from telephone access charges paid by other telephone carriers (7-9-56).

♦ **NOTE**: receipts of telephone companies from providing interstate and foreign telecommunication services are exempt from gross receipts tax but subject to the interstate telecommunications gross receipts tax. Hotels and motels are not telephone companies and therefore are subject to gross receipts tax.

Trade-In Deduction

Receipts from a trade-in of tangible personal property (7-9-71).

♦ Requirement: property traded in must be the same type as that being sold.
♦ Exception: does not include manufactured homes.

Uranium Deduction

Receipts from selling uranium hexafluoride or from enriching uranium (7-9-90).

♦**NOTE:** special reporting is required for this deduction, see instructions for completing the Form TRD-41413, *Gross Receipts Tax Return* in the GRT Filer's Kit on our web site at https://www.tax.newmexico.gov/forms-publications/ .

Warranty Fulfillment Deduction

Receipts of a dealer from furnishing goods or services to fulfill a manufacturer's warranty obligation (7-9-68).

- ♦ Exception: receipts of warranty subcontractors may not be deducted since they are not dealers.

COMPENSATING TAX

This tax is reported on Form TRD-41412, *Compensating Tax Return*.

WHAT IS COMPENSATING TAX?

Compensating tax is an excise tax imposed on persons making taxable use of property, license, franchise or services in New Mexico as described below (7-9-7).

Compensating tax is designed to protect New Mexico businesses from unfair competition from out-of-state businesses not subject to gross receipts tax. It is also in place to make certain that if an item was purchased that is subject to gross receipts tax and gross receipts tax was not charged the local governments are able to collect the tax due for the use of that item in New Mexico.

“taxable use” means use by a person who acquires property, a license, a franchise or a service, and the use of which would not have qualified for an exemption or deduction.

COMPENSATING TAX IS LEVIED ON PROPERTY

The following property is subject to compensating tax:

1. Property that was manufactured by the person using the property in New Mexico (7-9-7); or

2. Property that was acquired inside or outside New Mexico that would have been subject to gross receipts tax, but gross receipts tax was not charged in the purchase. (7-9-7).
   ♦ Example: X purchases for its own use computer floppy disks and printer ribbons from a mail order company in New Jersey that delivers the order by common carrier to X’s location. X notices that gross receipts tax was not charged on the sale. X must pay compensating tax on the value of these products, plus any freight, delivery and handling charges billed by the seller in New Jersey.

WHAT IS THE COMPENSATING TAX RATE?

Compensating tax at a state rate of 4.875% plus any local option imposed. The tax rate is imposed on the value of property, license, franchise or service at the time of acquisition or introduction into New Mexico or at the time conversion to use, whichever is later.

1. Except as provided in item 2 below, uses of property or services subject to the compensating tax shall be reported at the reporting location at which gross receipts would have been required to be reported had the transaction been subject to the gross receipts tax.

2. If a person subject to the compensating tax can demonstrate that the first use upon which compensating tax is imposed occurred at a time and place different from the time and place of the purchase, then compensating tax shall be reported at the reporting location of the first use.

The **value of tangible personal property** is the adjusted basis of the property for federal income tax purposes determined as of the time of acquisition or introduction into this state or of conversion to use, whichever is later. If no adjusted basis for federal income tax purposes is established for the property, a reasonable value of the property shall be used (7-9-7).

The **value of license or franchise** is its value in use (7-9-7). This tax only applies to the value of the license or franchise used in New Mexico where the license or franchise was acquired in a transaction if the receipts were subject to gross receipts tax, but tax was not charged.

The **value of services** is the total amount of money or other consideration paid for the service unless the reasonable value is greater than the actual amount paid, in which case value would be the reasonable value (7-9-8). The value of the service is based on when the service was performed, or the product of the service was acquired (7-9-7).

WHO HAS THE LIABILITY FOR COMPENSATING TAX?

1. **Buyer or User** - Unlike gross receipts tax, liability for compensating tax rests with the buyer or user rather than the seller. The buyer has met the tax obligation, however, if the buyer paid compensating tax to a seller who is an agent for the collection of compensating tax. The compensating tax must be separately stated on the invoice to verify payment (7-9-9).

2. **Agent for the Collection of Compensating Tax** - Persons selling property or property and service for use in New Mexico who are not liable for gross receipts tax on the sales may be liable to collect compensating tax for the state if the person is carrying on or causing to be carried on any business activity in New Mexico (7-9-10).

Note: If another states tax similar to gross receipts, sales, or compensating tax has been charged you may be able to claim a credit for that tax paid in an amount not to exceed the amount of compensating tax due on the property or services used in New Mexico (7-9-79).

EXEMPTIONS FROM COMPENSATING TAX

Transactions exempt from compensating tax do not have to be reported on the Form TRD-41412, *Compensating Tax Return*.

LIST OF EXEMPTIONS

Electricity Exemption

The use of electricity in the production and transmission of electricity, including transmission using voltage source conversion technology (7-9-38).

Fuel Exemptions

1. The use of gasoline, special fuel or alternative fuel on which the gasoline tax (7-13-3), special fuel excise tax (7-16A-3) or alternative fuel excise tax (7-16B-4) has been paid and not refunded (7-9-26).

2. The use of oil, natural gas, liquid hydrocarbons or any combination of these as fuel consumed in the pipeline transportation of any of these products (7-9-37).

3. The use of fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).

Governmental Entity Exemptions

1. The use of property and services by the United States Government or one of its agencies or the state of New Mexico or one of its agencies or political subdivisions (7-9-14(A)).
   ♦ Exception: the use of property by a New Mexico political subdivision that is or will be incorporated into a metropolitan redevelopment project created under the Metropolitan Redevelopment Code is not exempt.
   ♦ Exception: the use of construction materials -- tangible personal property that becomes or is intended to become an ingredient or component part of a construction project -- is not exempt.

2. The use of property on Indian reservations or pueblo grants by the governing body, agency or subdivision of an Indian nation, tribe or pueblo (7-9-14(B)).

3. The use of property by any instrumentality of the United States Armed Forces engaged in resale activities (7-9-31).

Nonprofit Organization Exemption

The use of property by organizations that have been granted tax exemption under Section 501(c)(3) of the Internal Revenue Code as long as the property is used in the conduct of their exempt functions (7-9-15).

♦ Exception: property used in an unrelated trade or business as defined in Section 513 of the Internal Revenue Code and property used as an ingredient or component part of a construction project are not exempt.

Personal and Household Effects Exemption

The use by an individual of personal or household effects brought into New Mexico at the time the individual establishes an initial residence in this state (7-9-27).

♦ **NOTE**: includes the non-business use of property in New Mexico by a nonresident while temporarily in this state.

Railroad, Aircraft and Space Vehicle Exemptions

1. The use of railroad locomotives, trailers, containers, tenders or cars procured or bought for use in railroad transportation (7-9-30).

2. The use of commercial aircraft bought or leased primarily for use in the transportation of passengers or property for hire in interstate commerce (7-9-30).

3. The use of space vehicles for transportation of persons or property in, to or from space (7-9-30).

Vehicles and Boats Exemptions

1. The use of vehicles on which the motor vehicle excise tax has been paid and the use of vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-23).

2. The use of vehicles subject to registration with the Motor Vehicle Division under Section 66-3-16 (special registration for disabled persons) (7-9-23).

3. The use of boats on which the boat excise tax (66-12-6.1) has been paid (7-9-23.1).

DEDUCTIONS FROM COMPENSATING TAX

Deductions from compensating tax should be reported on the Form TRD-41412, *Compensating Tax Return*.and documentation substantiating the deduction should be kept in the taxpayer's records.

LIST OF DEDUCTIONS

Agricultural Implement, Aircraft, and Vehicle Deduction

50% of the value of farm tractors, aircraft not exempted under Section 7-9-30 and vehicles not required to be registered under the Motor Vehicle Code may be deducted from total value before computing compensating tax due. Also 50% of the value of agricultural implements may be taken by persons engaged in the business of farming or ranching. An "agricultural implement" is defined to be a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-77).

♦ Requirement: any trade-in deduction (7-9-71) must be taken before taking this 50% deduction.

Biomass-Related Equipment Deductions

1. The value of a biomass boiler, gasifier, furnace, turbine-generator, storage facility, feedstock processing or drying equipment, feedstock trailer or interconnection transformer may be deducted in computing the compensating tax due (7-9-98).

2. The value of biomass materials used for processing into biopower, biofuels or biobased products may be deducted in computing the compensating tax due (7-9-98).

Electric Generation, Transmission and Storage Facility Deduction

1. The value of equipment installed as part of an electric transmission facility or an interconnected storage facility acquired by the New Mexico Renewable Energy Transmission Authority may be deducted in computing compensating tax due (7-9-102).

The following three deductions are effective January 1, 2025. These deductible receipts are required to be reported separately and by using a deduction code that will become available on the gross receipts tax return after their effective date.

2. Prior to July 1, 2032, the value of tangible personal property installed as part of, or services rendered in connection with, constructing and equipping a geothermal electricity generation facility, may be deducted in computing compensating tax due, provided that the sale is made to a person who holds an interest in a geothermal electricity generation facility (Section 7-9-112(1)(B)(1)). Use required deduction code **D0-031** to report deductible receipts.

3. Prior to July 1, 2032, the value of tangible personal property installed as part of a system used for the distribution of electricity generated from a geothermal electricity generation facility may be deducted in computing compensating tax due, provided that the sale is made to a person who holds an interest in a geothermal electricity generation facility (Section 7-9-112(1)(B)(2)). Use required deduction code **D0-032** to report deductible receipts.

4. Prior to July 1, 2032, the value of construction plant costs purchased by a person who holds an interest in a geothermal electricity generation facility may be deducted in computing compensating tax due (Section 7-9-112(1)(B)(3)). Use required deduction code **D0-033** to report deductible receipts.

Fuel Deductions

1. From July 1, 2003, through June 30, 2017, 55% of the value of jet fuel prepared and sold for use in turboprop or jet engines may be deducted from the total value before computing compensating tax due. After June 30, 2017, 40% of the value of jet fuel prepared and sold for use in turboprop or jet engines may be deducted from the total value before computing compensating tax due (7-9-84).
   Requirement – This deduction is required to be separately reported on Form TRD-41412, *Compensating Tax Return* using code D0-22. See the TRD-41412, *Compensating Tax Return*. Instructions for more information.

2. The value of fuel to be loaded or used by a common carrier in a locomotive engine may be deducted in computing the compensating tax due (7-9-110.2).

Government Deduction (Contribution to)

The value of tangible personal property that is removed from inventory and contributed to a United States or New Mexico government entity or the governing body of an Indian nation, tribe or pueblo for use on an Indian reservation or pueblo grant, may be deducted in computing the compensating tax due (7-9-91).

- ♦ Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.
- ♦ Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.

Leasing Deduction

The value of tangible personal property held for leasing by a person engaged in the business of selling or leasing the same type of property may be deducted before computing compensating tax due (7-9-78).

♦ Requirement: the person must be engaged in a business which derives a substantial portion of its receipts from leasing or selling tangible personal property of the type leased.

♦ Requirement: the person cannot use the tangible personal property in any manner other than holding it for lease or sale.

♦ Requirement: the person cannot use the tangible personal property in a manner incidental to the performance of a service.

♦ Exception: the value of furniture or appliances furnished as part of a leased or rented dwelling by the lessor, coin-operated machines and manufactured homes may not be deducted.

Nonprofit Organization Deduction (Contribution to)

The value of tangible personal property that is removed from inventory and contributed to 501(c)(3) organizations may be deducted in computing the compensating tax due (7-9-91).

♦ Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.

♦ Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.

♦ Requirement: the tangible personal property must be deductible by the contributor for federal income tax purposes.

Space-Related Test Article Deductions

1. The value of space-related test articles used in New Mexico exclusively for research or testing, placing on public display after research or testing or storage for future research, testing or public display, may be deducted in computing compensating tax due (7-9-54.4).
   ♦ Exception: this deduction does not apply to any other use of space-related test articles.

2. The value of equipment and materials used in New Mexico for research or testing, or for supporting the research or testing of space-related test articles or for storage of such equipment or materials for research or testing or supporting the research and testing of space-related test articles may be deducted in computing compensating tax due (7-9-54.4).
   ♦ Exception: this deduction does not apply to any other use of such equipment and materials.
   ♦ **NOTE:** a space-related test article is a material or device intended to be used primarily in research or testing to determine properties and qualities of material or properties, qualities or functioning of a device or technology when the principal use of the material, device or technology is intended to be in space or as part of, or associated with, a space vehicle.

Test Article Deduction

The value of test articles upon which research or testing is conducted in New Mexico pursuant to a contract with the United States Department of Defense may be deducted in computing the compensating tax due (7-9-54.5).

♦ **NOTE:** a test article is a material or device upon which research or testing is conducted to determine the properties and qualities of the material or the properties, qualities or functioning of the device or a technology used with the device.

♦ Exclusion: this deduction does not apply to the value of property purchased by a prime contractor operating a facility designated as a national laboratory by an act of congress.

Trade-In Allowance Deduction

The value of the allowance given to a buyer for a trade-in of the same type of tangible personal property being purchased may be deducted from the value of the property sold before computing compensating tax due (7-9-77).

Uranium Enrichment Plant Deduction

The value of equipment and replacement parts used to enrich uranium in a uranium enrichment plant (7-9-78.1).

TAX CREDITS

New Mexico offers certain business-related tax credit to taxpayers that meet statutory requirements. For more information including statutory reference, applicable tax programs, application and claiming process see, FYI-106, *Claiming Business-Related Tax Credits for Individuals and Businesses*, the instructions for the tax return that you are filing, or the credits applications and claim form you can get a copy from your local district tax office or view it online in the Tax Credits (TC) folder at: https://www.tax.newmexico.gov/forms-publications/.

Tax Credit	**Gross Receipts Tax** (GRT) (TRD-41413)	**GRT excluding local option** (TRD-41413)	**Compensating Tax** (TRD-41412)
Affordable Housing		X	X
High-Wage Jobs		X	X
Investment Credit	X		X
Laboratory Partnership w/ Small Business		X	
Legal Services for Wildfire Compensation Recovery	X		
Rural Job		X	X
Sale of Dyed Special Fuel Used for Agricultural Purposes	X		
Technology Jobs and Research and Development Tax Credit	X		X
Technology Readiness Gross Receipts Tax Credit		X	
Unpaid Doctor Services Tax Credit	X		

The following four credits have further detail below:

1. Sales or use tax paid to another state may be applied against compensating tax liability.

2. A gross receipts tax credit is available when the product of a research and development service performed outside New Mexico is initially used in New Mexico and the service has been taxed through a gross receipts, sales or similar tax in another state.

3. Compensating tax paid on construction projects may be applied against gross receipts tax liability.

4. A tax credit for unpaid charges for services provided in a hospital may be claimed by a licensed medical doctor or licensed osteopathic physician against gross receipts taxes.

TAX PAID TO ANOTHER STATE

The amount of sales, compensating or similar tax paid to another state on property acquired in that state or another state for use in New Mexico may be credited against the amount of compensating tax due to New Mexico on the property (7-9-79).

TAX PAID TO ANOTHER STATE – PRODUCT OF RESEARCH AND DEVELOPMENT SERVICE

When a taxpayer pays gross receipts, sales or similar tax in another state, or political subdivision of that state, on the product of research and development services performed outside New Mexico but initially used in New Mexico a credit against gross receipts tax can be claimed. This credit can only be claimed for receipts after July 1, 1989, and the amount of the credit cannot exceed 4.875% multiplied by the amount subject to tax by both New Mexico and the other state or political subdivision of that state. To

claim this credit, taxpayers should use the *Non-New Mexico Research and Development Credit Form* (RD-1). (7-9-79.1)

COMPENSATING TAX ON CONSTRUCTION PROJECTS

When a person in the construction business owes gross receipts tax on the sale of a construction project, the person may take a credit against the gross receipts tax due for the amount of any compensating tax (NOT GROSS RECEIPTS TAX) previously paid on construction materials and services incorporated into the construction project (7-9-79).

The credit must be taken for the same report period in which the gross receipts tax is paid. Use the Form ACD-31077, *Special Contractor's Report for Compensating Tax Credit* to compute the credit and attach the form to the Form TRD-41412, *Compensating Tax Return* with the schedule of computation.

UNPAID DOCTOR SERVICES

Licensed medical doctors, licensed osteopathic physician(s), or an association of licensed medical doctors may claim a credit against gross receipts taxes due in an amount equal to the value of unpaid bills for medical care services performed by a licensed medical doctor or licensed osteopathic physician while on call to a hospital. The value of unpaid qualified health care services cannot exceed 130% of the reimbursement rate for the services under the Medicaid program. The credit can only be taken if the medical services performed remains unpaid one year after the date of billing and the licensed medical doctor or licensed osteopathic physician has reason to believe it will not be paid because: 1) health insurance did not cover the client or the medical services; 2) the client was not eligible for Medicaid, and 3) the charges are not reimbursable under the Indigent Hospital and County Health Care Act.(7-9-96.2)

HOW AND WHEN TO REPORT AND PAY TAXES

You should report gross receipts, compensating and withholding taxes using the appropriate Forms.

TRD-41413 - Gross Receipts Tax
TRD-41412 - Compensating Tax
Withholding Tax:
TRD-41414, *Wage Withholding Tax Return*
TRD-41409, *Non-Wage Withholding Tax Return*
TRD-41411 - Governmental Gross Receipts Tax
TRD-41410 - Interstate Telecommunications Gross Receipts Tax
TRD-41408 - Leased Vehicle Gross Receipts Tax And Surcharge Return
TRD-41413 - Tribal Taxes are filed on the gross receipts tax return

Taxes are due on the 25th of the month following the end of your reporting period. If the 25th falls on a Saturday, Sunday or legal holiday the return and payment are due the next business day. **The above Forms must be filed whether or not any tax is due.** If no tax is due, file a “zero” report.

For paper returns that are mailed to the Department, we look at the U.S. Postal Service postmark or time stamp of a qualifying courier service (currently designated by the U.S. Secretary of the Treasury under 26 USCA 7502) on the envelope to determine if a report was filed on time. Please do not mail cash. The Department does recommend filing returns online through the Taxpayer Access Point (TAP) whenever possible. You can locate TAP here: https://tap.state.nm.us/Tap

If you file your tax return and pay the tax using our online system, the date that the return and payment is submitted and accepted by the Department will be used to determine if the filing and payment of tax is timely.

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

IF YOU OWE $1,000 OR MORE

Filing Requirements: You are required to file as a monthly filer if your combined tax liability for gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts and interstate telecommunications gross receipts taxes and leased vehicle surcharge averaged $1,000 or more per month for the previous calendar year (regardless of the tax due for the current month), you are required to file your tax return(s) electronically (Regulation 3.1.4.18 NMAC). You can file your tax return on the Department's website at https://tap.state.nm.us/Tap

IF YOU OWE $25,000 OR MORE

Payment Requirements: If your combined tax liability for gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts and interstate telecommunications gross receipts taxes and leased vehicle surcharge averaged $25,000 or more per month for the previous calendar year (regardless of the tax due for the current month), statute requires your payment in usable funds by the tax-due date. You may choose one of several special payment methods to make the payment, but you must make your payment by the due date appropriate for the method you choose. For the mechanics of the choices and more detailed information, please see FYI-401, *Special Payment Methods*. This FYI can be located online at https://www.tax.newmexico.gov/forms-publications/.

IMPORTANT: Your tax return(s) must be mailed on or before the due date, or penalty will be assessed at 2% per month, up to 20%, of the amount of tax due, even if payment has been made in a timely fashion. Even if the return has a zero liability the return must be filed timely or a minimum penalty of $5 will be assessed.

REPORTING PERIODS

MONTHLY FILING

A monthly filing period is assigned when you register with the Department unless you qualify for and request either a quarterly or semi-annual filing period. Monthly reporting periods are from the first day of the month to the last day of the month; e.g., January 1 through January 31. New businesses whose start-business date is after the first of the month should still use the first day of the month to the last day of the month as the report period. Monthly filers may be required to file their tax return(s) electronically. For more information on this filing requirement, please request FYI-108, *Electronic Filing Mandate*, from one of our local district tax offices or online at https://www.tax.newmexico.gov/forms-publications/ .

REQUESTING OR CHANGING FROM MONTHLY TO QUARTERLY OR SEMI-ANNUAL FILING

If you are on a monthly filing basis and your combined total tax due averages $500 a month or less, you may apply with the Department to file either quarterly or semi-annually. File the Form ACD-31015, *Business Tax Registration Application and Update Form* (included in the GRT Filer's Kit or online at https://www.tax.newmexico.gov/forms-publications/). Until you receive notification that you have been approved to file quarterly or semi-annually, you must continue to file monthly. Your approval will be effective at the beginning of the next quarterly or semi-annual period. If you are approved for quarterly reporting in February, you would continue to file monthly tax return(s) for February and March; your first quarterly report would be for April through June.

♦ NOTE: If you are approved to file on a quarterly or semi-annual basis and your tax liability exceeds the $500-a-month average for any 12-month period of time, you are required to convert to a monthly filing basis. Refer to the Form ACD-31015, *Business Tax Registration Application and Update Form*.

QUARTERLY FILING

Quarterly reporting periods are January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

SEMI-ANNUAL FILING

Semi-annual reporting periods are January 1 through June 30 and July 1 through December 31.

CALCULATING LATE-FILING PENALTY AND INTEREST

If you file your tax return(s) any time after the due date, you should add penalty and interest to the amount of tax due. Penalty is 2% per month or partial month the payment is late up to a maximum of 20% of tax due or a minimum of $5.00. When you are late filing your tax return(s) and you owe no tax, you still owe a $5.00 penalty. Interest is calculated at a quarterly rate of 7%*. Interest is calculated on a daily basis using the following formula:

Tax Due x 0.019178082%* x Number of Days Late = Interest Due

No interest is due if, at the time of payment, interest due is less than $1.00. Unlike penalty which has a 20% maximum, interest continues to accrue until you make payment.

***NOTE**: This is the interest rate in effect for the second quarter of 2023. The interest rate is set by the U.S. Internal Revenue Code (IRC) and can change on a quarterly basis. For current quarterly and daily interest rate visit our web site at https://www.tax.newmexico.gov/individuals/file-your-taxes-overview/penalty-interest-rates/ .

Your return must be postmarked by the United States Postal Service or time stamped by a qualifying courier service (currently designated by the United States Secretary of the Treasury under 26 USCA 7502) or received on or before the due date, or penalty will be assessed even if payment has been made in a timely fashion.

APPLYING FOR A REFUND

If you find you have overpaid gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts or interstate telecommunications gross receipts tax, or leased vehicle surcharge, the procedure to follow to apply for a refund is as follows:

1. Amend the tax return for the period or periods in which you overpaid (see “Amending” below).
2. Complete the Form RPD-41071, *Application for Tax Refund* included in the GRT Filer's Kit or available online at https://www.tax.newmexico.gov/forms-publications/. On the form state the amount and type of tax you overpaid and the reason for overpayment. The most common reason for overpayment is neglecting to claim an exemption or deduction to which you are entitled. Be sure to include documentation to support your claim for refund.

You can apply for a refund up to three years after the end of the year in which the payment was due; *e.g.*, if you overpaid on the December 2020 report, you have until December 31, 2024, to apply for a refund of the overpaid amount because that report was due January 25, 2021.

♦ **NOTE**: if the Department denies your claim for refund in whole or in part, you may file a protest with the Department within 90 days of either mailing or delivery of the denial or file a lawsuit in Santa Fe District Court. If the Department does not take action on your complete claim within 180 days of receiving your claim, you may either refile your claim if you are within the three-year statute of limitation, or you may file a protest with the Department. For more information on your remedies, please request FYI-402 from your local district tax office or view it online at https://www.tax.newmexico.gov/forms-publications/.

♦ **NOTE**: claims for refund of tribal taxes are to be filed with the Department but will be decided by the tribal taxing authority.

AMENDING A RETURN

If after filing a tax return you find that information supplied on that form was incorrect, you should submit an amended return. When amending the tax return, be sure to check the "amended report" box and provide the reason for amending the tax return. Fill out the form with the information as it should have been filed originally. If you underpaid, be sure to include payment for the difference between what you paid and what you owe. Add penalty and interest on the underpaid amount. If you voluntarily amend a tax return (i.e., without receiving an assessment) within 12 months of the original filing of a return and pay any additional tax due, you will not be subject to penalty, but interest will be due.

ACCOUNT NOTICES

While you are a registered taxpayer, you may at some point receive notices from the Department. A description of the notices that you may receive from the Department are listed below.

ASSESSMENT

We issue an assessment for tax, penalty, and interest due. The most common reasons for which the Department issues an assessment are:

1. Taxpayer did not include payment with the tax return;

2. Taxpayer paid tax at the incorrect tax rate. Always check the tax rate for your business location on the tax rate schedule as rates may change in January and July of each year;

3. Taxpayer filed the tax return late without adding penalty and interest for late filing;

4. The Department audited the taxpayer's books and records and discovered unreported receipts or disallowed deductions.

Occasionally the Department will issue an assessment due to a Department encoding error. In these cases, the taxpayer has written a check for the correct amount, but the Department encoded the check for the incorrect amount. For example, a check written for $100.00 may be encoded for $10.00. The Department then receives only $10.00 from the taxpayer's bank. The taxpayer should verify on their bank statement that the bank paid the lesser amount, pay the principal amount of the assessment, and enclose a copy of the check showing the Department's encoding error. The Department will then abate the penalty and interest amounts on the assessment.

♦ **NOTE**: The Department will issue assessments to non-members of the Acoma, Cochiti, Isleta, Jemez, Jicarilla Apache Nation, Kewa (formerly Santo Domingo Pueblo), Laguna, Nambe, Ohkay Owingeh (formerly San Juan Pueblo), Picuris, Pojoaque, San Ildefonso, Sandia, Santa Ana, Santa Clara, Taos, Tesuque, Zia, and Zuni Pueblos, and the with, and on behalf of these tribal entities with respect to the tax imposed by these tribal entities. Tribal officials must approve any abatement, closing agreement or installment agreement associated with the assessment.

NOTICE OF BILLING

We issue Notices of Billing the month after issuing an assessment if we have not received payment for that assessment.

♦ **NOTE**: if you receive an assessment, pay it and then receive a Notice of Billing, do not panic. Your payment probably was not processed in time to clear your account. If you receive a second Notice of Billing for that same assessment, you should contact your local district tax office (see FOR FURTHER ASSISTANCE on page 46).

NON-FILER NOTICE

We issue a Non-Filer Notice to a taxpayer with an active New Mexico Business Tax Identification Number (NMBTIN) previously known as a CRS number, who has not filed a tax return for a report period. New

Mexico statute requires taxpayers with an active NMBTIN to file for each reporting period whether or not they have any receipts.

♦ **NOTE**: to clear your account of non-filed periods, file tax returns for all non-filed periods. If you are no longer in business, you should close your NMBTIN as of the date your business closed using the Form ACD-31015, *Business Tax Registration Application and Update Form* included in the GRT Filer's Kit or online at https://www.tax.newmexico.gov/forms-publications/.

PROVISIONAL ASSESSMENT

Under the automated collection system, the Department can issue Provisional Assessments after we issue a Non-Filer Notice. The amount of the assessment may be based on past amounts paid, or an amount based on industry comparables for the taxpayer's type of business as reported on the registration application.

NOTIFICATION OF OVERPAYMENT

We issue Notifications of Overpayment to taxpayers whose accounts show a credit of at least $25.

Occasionally the Department will issue a Notification of Overpayment due to a Department encoding error. In these cases, the taxpayer has written a check for the correct amount, but the Department encoded the check for the incorrect amount. For example, a check written for $10.00 may be encoded for $100.00. The Department then receives $100.00 from the taxpayer's bank. To recoup the overpayment, the taxpayer should complete the Form RPD-41071, *Application for Tax Refund* and enclose a copy of the relevant bank statement so the Department can verify that the bank paid the higher amount.

COMMON QUESTIONS AND ANSWERS FORTAXPAYERS

Q: How do I file my taxes online?
A: You can access our online filing system the taxpayer access point (TAP) at https://tap.state.nm.us/tap. If you do not have a TAP account, you will need to create a primary TAP account under your business name by clicking the “Sign up now” link on the TAP login page. You can then log into TAP. Within the “Accounts” tab, click the “Account ID” link. Once you are on this page, click the “File Now” link for the period you wish to file, complete the return, and click the “Submit” button when you are finished.

Q: Can I file an amended return online?
A: Yes, an amended tax return can be filed online.

Q: I have attempted to file my tax return electronically and have received an error. Whom do I contact to resolve this?
A: Please contact our call center at 1-866-285-2996 or for technical assistance with TAP please email TRD-TAP-TechnicalHelp@state.nm.us.

Q: I have previously filed my tax return online and wish to do so again but I have forgotten my password. What should I do?
A: Go to TAP, the Department’s online filing system, at https://tap.state.nm.us/tap. Click the “Forgot Your Password” link on the TAP login page and follow the instructions to create a new password.

Q: How do I make a payment using the TAP online filing system?
A: You can make a payment on TAP without logging into your account by clicking the “Make a Payment” link on the TAP login page and following the prompts.

To make a payment while logged in to your TAP account, follow the steps below:
Select the “Accounts” tab;
Click the “Accounts ID” link;
Click the “Pay” link; and
Follow the prompts to complete the payment.

Q: What payment options do I have when paying my taxes online?
A: When filing your tax return online you can pay your tax using one of the following options:
Payment by credit card (VISA, American Express, MasterCard and Discover cards) *
Payment by electronic check
Payment by an approved special payment method. For more information on special payment methods and due dates, see FYI-401, *Special Payment Methods* online at https://www.tax.newmexico.gov/forms-publications/

* A 2.40% credit card service fee will be imposed on all credit card payments made. This credit card service fee is imposed on the credit card holder by the credit card company. There are no additional charges when using other types of payment.

Q: Our phone number and email address of record has changed due to employee turnaround. How do we make these changes for online filing?
A: You can make these changes using TAP, at http://tap.state.nm.us/tap. Once you are logged into TAP, click the "Manage My Login" header link and click the "Update My Logon Details" link.

Q: When I file my tax return electronically, do I have to pay right away?
A: No. You can choose to file your tax return electronically and later submit payment using TAP, at https://tap.state.nm.us/tap. Be aware that all due dates remain the same even if you do not pay at the same time you file.

Q: I overpaid in one report period. Can I take a credit for the overpayment on a subsequent report?
A: No. You must amend your tax return for the period in which you overpaid and apply for a refund by completing Form RPD-41071, *Application for Refund*. See procedures for amending and **Applying for a Refund** on page 40.

Q: How long am I required to retain my tax records?
A: It is in your best interest to maintain these files for 10 years in the event the Department requires information for you. New Mexico statute permits the Department to assess back 10 years, depending on the situation. The normal assessment period is three years back from the end of the year the tax was due. If you have under-reported any one tax on the tax return by more than 25%, the Department may assess back six years. If you have non-filed reports, the Department may assess back seven years. If there is evidence of tax fraud, the Department may assess back 10 years.

Q: If I currently have a New Mexico Business Tax Identification Number (NMBTIN) from the Taxation and Revenue Department as a registered proprietorship (i.e., sole owner) and later decide to incorporate, may I continue to use this number?
A: No. You must cancel the NMBTIN issued to you as a proprietorship and apply for a new identification number as a corporation. The incorporation of a business qualifies as a change in form of ownership. Upon applying for your identification number, you should indicate your date of incorporation as the "start business date" on the Form ACD-31015, *Business Tax Registration Application and Update Form* for the new number.

Q: When I am issued a new New Mexico Business Tax Identification Number (NMBTIN), what are my NTTC (nontaxable transaction certificate) requirements when: 1) I execute NTTCs to my vendors and 2) I receive NTTCs from my customers?
A: Under your new NMBTIN, apply for new NTTCs and execute them to your vendors.
For transactions after you are issued a new identification number all NTTCs you receive from your customers should reflect your new NMBTIN. Maintain all NTTCs you have previously received in case you need to provide documentation to support any deductions taken before your identification number changed.

You should return to the Department or destroy any unused paper NTTCs issued by the Department to you under your old NMBTIN. Once your NMBTIN account is closed you will be unable to obtain any further NTTCs for the NMBTIN in TAP.

Q: How do I separate ("back out") gross receipts tax from total gross receipts?

See the following examples of how to separate the gross receipts tax:

1) To separate (back out) tax from total receipts at the end of the report period, first subtract deductible and exempt receipts, and then divide total receipts including the tax for the report period by one plus the applicable gross receipts tax rate (decimal).

Example 1: The business had a total income of $ 2,000. All the income was subject to gross receipts tax. The business is located in Santa Fe and the gross receipts tax rate for July 1, 2021, through December 31, 2021, is 8.4375%.

Example 2: The business had a total income of $3,000. $100 was exempt from gross receipts tax and $450 was deductible from gross receipts tax. The business is located in Albuquerque and the gross receipts tax rate for July 1, 2021, through December 31, 2021, is 7.8750%.

	Example 1	Example 2
Gross Receipts (Including Tax)	$ 2,000.00	$ 3,000.00
Subtract Exemptions	– $ 0.00	– $ 100.00
Subtract Deductions	– $ 0.00	– $ 450.00
Subtotal: Total receipts	= **$ 2,000,00**	= **$ 2,450**
Tax rate (decimal) plus 1	÷ 1.084375	÷ 1.078750$
Gross Receipts (Excluding Tax)	= **$ 1,844.38**	= **$ 2,271.15**
Tax Rate	× 0.084375	× 0.078750
Tax Due	= **$ 155.62**	= **$ 178.85**

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 Departments website for free at https://www.tax.newmexico.gov/forms-publications/ . 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 can provide full service and general information about the Department's taxes, taxpayer access point, programs, classes, and forms. Information specific to your filing situation, payment plans and delinquent accounts.

TAX DISTRICT FIELD OFFICES

ALBUQUERQUE
10500 Copper Avenue NE, Suite C
Albuquerque, NM 87123

SANTA FE
Manuel Lujan Senior. Building
1200 S. Saint Francis Dr.
Santa Fe, NM 87505

FARMINGTON
3501 E. Main St., Suite N
Farmington, NM 87402

LAS CRUCES
2540 El Paseo Rd, Bldg 2
Las Cruces, NM 88001

ROSWELL
400 Pennsylvania Ave., Suite 200
Roswell, NM 88201

For forms and instructions visit the Department's web site at https://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 50130
Albuquerque, NM 87198-0130

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