
FYI-102

New Mexico
Taxation and Revenue Department

FOR YOUR INFORMATION

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

INFORMATION FOR NEW BUSINESSES

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

This general publication describes how to register a business in New Mexico, outlines the services and information the Department offers, provides a checklist of other agencies and resources, and lists business-related taxes and credits that the Department administers. For more detailed information please consult the resources listed in *For Further Assistance*, page 18.

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

INTRODUCTION

This publication provides general guidance for new businesses in New Mexico. Most forms and publications on a variety of tax programs are available at local tax offices around the state. Their addresses and phone numbers are on page 17. Forms, instructions and other publications are available also on the Department's web page at www.tax.newmexico.gov.

REGISTRATION WITH THE DEPARTMENT

Persons engaging in business in New Mexico must register with the New Mexico Taxation and Revenue Department. With few exceptions a business must hold a CRS identification number. "Combined Reporting System," ("CRS") is the Department's method for reporting the state's major business taxes: gross receipts tax, all local option gross receipts taxes, compensating tax, and withholding tax. The CRS identification number is your state tax identification number.

"Engaging in business" means carrying on or causing to be carried on any activity with the purpose of direct or indirect benefit. For a person who lacks physical presence in this state, including a marketplace provider, "engaging in business" means having, in the previous calendar year, total taxable gross receipts from sales, leases and licenses of tangible personal property, sales of licenses and sales of services and licenses for use of real property sourced to this state pursuant to Section 7-1-14 NMSA 1978, of at least one hundred thousand dollars (\$100,000).

CRS also accommodates governmental gross receipts tax, interstate telecommunications gross receipts tax, leased vehicle gross receipts tax, and leased vehicle surcharge.

Brief descriptions of these and other taxes in the *Overview of Business Taxes* begin on page 7. The **CRS-1 Filer's Kit** contains more information about CRS taxes and incorporates the forms and instructions for their filing. Page 3 has specifics on the CRS-1 Filer's Kit.

We discuss the CRS-1 Filer's Kit in greater detail in this publication because CRS taxes account for over half the state's general fund revenues.

Oil and gas persons or businesses that produce oil, natural gas, liquid hydrocarbons, carbon dioxide, helium or other non-hydrocarbon gas and/or is a process of natural gas must obtain a separate oil and gas taxpayer identification number. This "Oil and Gas Reporting Identification," is the number New Mexico issues to taxpayers reporting six oil and gas taxes: natural gas processors tax, oil and gas production equipment ad valorem tax, oil and gas severance tax, oil and gas conservation tax, oil and gas emergency school tax, and oil and gas ad valorem production tax.

The oil and gas tax forms are available online at <http://www.tax.newmexico.gov/forms-publications.aspx> under the "Business Taxes" folder.

Employers covered by the New Mexico Workers' Compensation Act must obtain an employer account number (EAN--unemployment insurance identification number) from the New Mexico Department of Workforce Solutions before registering separately with a local district office of the Taxation and Revenue Department for the worker's compensation personnel assessment fee. See page 6 for information about contacting the New Mexico Department of Workforce Solutions. Page 8 has more information on the worker's compensation personnel assessment fee.

REQUIREMENTS FOR CORPORATIONS

Corporations must register with the Secretary of State (see *Checklist of Other Registration Requirements*, page 4) in addition to obtaining a CRS identification number. With limited exceptions the state requires all corporations to file and pay corporate income tax and corporate franchise tax. These taxes are described in the *Overview of Business Taxes* on page 7 and discussed in more detail in FYI-350; CORPORATE INCOME TAX AND CORPORATE FRANCHISE TAX, available at any local tax office or online.

The CRS-1 Filer's Kit and the Corporate Income Tax packets are the Department's major sources of business information and forms. All information in the printed packets is available online at www.tax.newmexico.gov. If you file CRS taxes online, the Department presumes you no longer require a paper CRS-1 Filer's Kit. Please visit our web site for new rates, recent legislation, and other changes.

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

HOW TO OBTAIN A CRS IDENTIFICATION NUMBER

There are two ways to obtain a CRS identification number. You may fill out and submit the *Application for Business Tax Identification Number (ACD-31015)* to any local tax office. There is no fee to register or obtain a CRS identification number. If you return your application in person to any district tax office, you will receive your CRS identification number immediately. You may expect your CRS identification within one to two weeks when you return the application by mail. You may also obtain an application at many city, village, and town halls around the state. These offices can assign your CRS identification number immediately when you apply in person.

The second way to obtain a CRS identification number is to apply online. Online registration is available at <https://tap.state.nm.us/tap>. A CRS identification number will be automatically generated once registration is complete.

A business with an average total tax liability of over \$200 per month for any combination of taxes shown on the CRS-1 Form must report monthly. Businesses with a lower annual average than \$200 monthly in combined taxes may elect to report monthly, quarterly or semiannually.

Once you register with the Department and have a CRS identification number, you must file all CRS-1 Forms in a timely manner **even if your business has no gross receipts for the filing period, and no tax is due**. If you file late when no tax is due, there is still a \$5 civil penalty. Both penalty *and* interest apply, however, when you owe tax and file late.

NOTE: A buyer of an existing, unincorporated business needs a new CRS identification number and must apply for nontaxable transaction certificates under the new number (if certificates are necessary for the type of business). The Department advises any new owner to obtain a tax clearance before the purchase is complete. See *Successor in Business*, page 14, for details.

THE CRS-1 FILER'S KIT

The CRS-1 Filer's Kit, published twice a year, is the main source of information about reporting and paying gross receipts tax. Six CRS-1 Forms and one CRS-1 Long Form are included in the kit with instructions on how and when to file and how to calculate penalty and interest. You may request a kit at any local tax office or through the mail at no charge. Photocopy the CRS-1 Forms

as often as needed or obtain them online.

Registered businesses that do not e-file routinely receive a new CRS-1 Filer's Kit in the mail each June and December to report taxes for the next six months. The kit reflects current combined state and local gross receipts tax rates. *These rates vary throughout New Mexico and can change each January 1 and July 1.* For new registrants only, the July-December CRS-1 Filer's Kit contains an OVERVIEW OF GROSS RECEIPTS AND COMPENSATING TAXES. The overview describes gross receipts and compensating taxes, exemptions, deductions and credits for each tax, how and when to report and pay the taxes, account notices issued by the Department, and finally, responses to common questions CRS taxpayers ask. Copies of the overview (as FYI-105) are available throughout the year at all local tax offices or on the web site at www.tax.newmexico.gov. The combined CRS-1 Filer's Kit also appears online. Because changes are frequent, we advise you to refer to your current CRS-1 Filer's Kit for correct gross receipts tax rates and other information.

The CRS-1 Filer's Kit, packed with data to help manage your business more efficiently, can save you time and money. In addition to the cover page's bulleted list of the latest changes, you'll find these features inside:

- _Calendar of Due Dates
- _Department Office Locations
- _Gross Receipts Tax Rate Schedule
- _Taxpayer Bill of Rights
- _CRS-1 Form Instructions
- _CRS-1 Forms
- _CRS-1 Long Form
- _Overview of Gross Receipts and Compensating Taxes (July-December, for new registrants only)
- _Business Tax Registration Update Form
- _Application for Tax Refund
- _Application for Non-Taxable Transaction Certificates

We mail the CRS-1 Filer's Kit to your address of record. If you do not receive it, you are still required to file and pay taxes in a timely manner. Failure to do so carries an assessment of penalty and interest. If you have changed your mailing address, the kit goes to the old address until you file a *Business Tax Registration Update* form as noted above.

CHECKLIST OF OTHER REGISTRATION REQUIREMENTS

In addition to registering with the New Mexico Taxation and Revenue Department, you may need to consult various regulatory agencies, professional licensing boards, or local authorities. The following is a checklist of other agencies to contact to make sure you meet all requirements:

☐ Internal Revenue Service

Consult your phone directory for local offices.
1-800-829-1040 for tax information
1-800-829-3676 for forms and publications
1-800-829-4477 for Tele-Tax (recorded information on about 140 subjects)
1-800-829-4059 for TDD equipment (telecommunications device for the deaf)
For information on obtaining a federal employer identification number (FEIN or EIN) and on other federal requirements, consult the IRS web site at www.irs.gov. The following IRS publications may be of particular interest to new businesses:

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

☐ City Treasurer's Office

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

☐ County Clerk's Office, County Assessor's Office

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

☐ Secretary of State

325 Don Gaspar, Suite 300
Santa Fe, NM 87503
(505) 827-3600
• Serves as statutory agent for service of process against foreign corporations
• Registers foreign and domestic corporations (profit and nonprofit)
• Registers general partnerships, New Mexico limited partnerships, foreign partnerships and limited liability partnerships
• Registers trademarks and service marks

☐ Workers' Compensation Administration

2410 Centre Avenue [main office]
P.O. Box 27198
Albuquerque, NM 87125
(505) 841-6000
1-800-255-7965 (in-state)
[four regional offices statewide]
• Serves as regulatory and enforcement agency for Workers' Compensation Act, with authority over workers' compensation claims

☐ Procurement Assistance Program

1100 S. St. Francis Drive
Joseph Montoya Building, Room 2006
Santa Fe, NM 87503
(505) 827-0425
• Provides information on public sector contract business to established New Mexico companies

☐ Regulation and Licensing Department

2550 Cerrillos Rd.
Santa Fe, NM 87503
(505) 827-7003
• Oversees the state's professional and occupational boards and commissions
• Oversees the alcohol, gaming, finance, construction, and securities industries

☐ Public Regulation Commission

PERA Building, Room 536
P.O. Drawer 1269
Santa Fe, NM 87504-1269
(505) 827-4500
1-800-947-4722
• Regulates telecommunications services and rates
• Administers single-state registration for commercial vehicles (insurance filing)

☐ ONGARD Service Center

P.O. Box 1148
Santa Fe, NM 87504-1148
(505) 827-5816
• Assists oil and gas production taxpayers with electronic filing
• Manages the state's inventory of land, tracks other land leases of interest
• Identifies and monitors oil and gas

resources

- Processes tax and state royalty returns and payments

☐ New Mexico Department of Workforce Solutions

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

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

☐ New Mexico State Land Office

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

☐ Economic Development Department

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

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

☐ Tourism Department

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

☐ Racing Commission

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

- Administers pari-mutuel tax

☐ Association of Commerce and Industry of New Mexico

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

- Provides information on state chambers of commerce

☐ New Mexico Small Business Development Center

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

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

OVERVIEW OF BUSINESS TAXES

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

Legislation may change tax rates and requirements at various times throughout the year. Taxpayers should review the applicable tax statutes and regulations.

For details about how taxes apply, or their rates and filing requirements, refer to the CRS-1 Filer's Kit or contact a local tax office for more information (see *page 17*).

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

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

WITHHOLDING TAX: Similar to federal withholding tax. Resident and nonresident employers who control wages of employees working in New Mexico and withhold a portion of their wages for federal income tax purposes also must withhold from employees' wages and remit the money to New Mexico. Transportation companies with New Mexico-resident employees must withhold for New Mexico even if the resident employees do not actually work here. Withholding tax applies to residents and nonresidents, but employers are not required to withhold from wages of nonresidents who work in New Mexico for 15 or fewer days a year. To request the withholding tax tables call the forms order line at (505) 827-2206 or contact any of the local tax offices and request FYI-104, NEW MEXICO WITHHOLDING TAX. The FYI-104 is available on the web site at www.tax.newmexico.gov. Click on "forms and publications." Report your business's state withholding tax on the CRS-1 Form.

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

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

LEASED VEHICLE GROSS RECEIPTS TAX AND SURCHARGE: Applied to the lease of a passenger automobile when the lease is for a term of six months or less, the vehicle is part of a fleet of five or more leased vehicles, the vehicle is a passenger automobile that accommodates six or fewer

adults, and the lessor acquires the vehicle on or after July 1, 1991. The tax and surcharge are imposed in addition to “regular” gross receipts tax. The leased vehicle surcharge does not apply to the lease of a temporary replacement vehicle if the lessee signs a statement that the temporary replacement vehicle is to be used as a replacement for another vehicle that is being repaired, serviced or replaced.

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

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

CORPORATE FRANCHISE TAX: Applied to every domestic and foreign corporation doing business in the state, and to every corporation -- whether engaged in active business or not -- which has or exercises its corporate franchise in the state. **Note:** A corporation may owe the \$50 franchise tax even if it is exempt from corporate income tax.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ALTERNATIVE FUEL TAX: Imposed on dealers of alternative fuel (LPG, CNG, LNG and A55) placed into fuel tanks for off-road or on-road use. Annual permits are available for vehicles powered by alternative fuel.

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

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

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

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

RAILROAD CAR COMPANY TAX (PRIVATE CAR TAX): Applied rather than property tax to the gross earnings from the use or operation of private railroad cars in New Mexico by organizations that own private railroad cars.

OTHER TAXES AND FEES

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

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

BUSINESS CREDITS

The following summary of business-related credits that the New Mexico Taxation and Revenue Department administers *is not an exhaustive description*. For more information contact a local tax office (page 17) for publication FYI-106, Claiming Business-Related Tax Credits for Individuals and Business, or view it online at www.tax.newmexico.gov.

Advanced Energy Tax Credit. The advanced energy tax credit amount is six percent of an interest owner's expenditures for the development and construction of a qualified new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility. Qualified facilities must begin construction no later than December 31, 2015.

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

Agricultural Water Conservation Expenses Tax Credit. Corporate and individual income tax credits are allowed for agricultural water conservation expenses. The credit amount is 35 percent of eligible expenses incurred in calendar year 2008, and 50 percent of expenses in subsequent years. The credits are limited to a maximum of \$10,000 per year per taxpayer. These agricultural water conservation tax credit provisions are repealed, effective January 1, 2013.

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

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

Biodiesel Fuel Production Tax Credit. Income tax credit is provided for companies that blend and distribute motor fuels containing biodiesel. For purposes of the credits "biodiesel" means renewable, biodegradable, monoalkyl ester combustible liquid fuel that is derived from agricultural plant oils or animal fats and meets the American society for testing and materials D 6751 standard specification for biodiesel B100 blend stock for distillate fuels. Blended biodiesel fuel eligible for the tax credits is fuel containing at least two percent biodiesel.

Business Facility Rehabilitation Tax Credit. A corporation or individual who restores, renovates or rehabilitates a qualified business facility in an enterprise zone may receive credit on income tax owed to New Mexico. A qualified business facility is a building vacant for at least 24 months and intended to be put into use by a person in the manufacturing, distribution or service industries. The credit equals 50% of the project cost with a cap of \$50,000 for each project and a carry-forward provision for four consecutive tax years. An enterprise zone is a distressed area identified as such by a New Mexico county, municipality or Indian reservation, by a combination of any two, or by all three.

Compensating Tax on Construction Projects Credit. A person in the construction business who owes gross receipts tax on the sale of a construction project may take a credit against the gross receipts tax due if compensating taxes have already been paid on the construction project.

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

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

Electronic Card-Reading Equipment Tax Credit. Businesses that install electronic card-reading equipment to age verification related to sales of cigarettes, tobacco products and alcohol can claim a one-time credit up to \$300 for the purchase of electronic card-reading equipment. The credit is allowed for each business location where the business installs the equipment.

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

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

High-wage Jobs Tax Credit. Employers who create high-wage jobs in New Mexico may apply for tax credit against CRS tax liabilities. The credit equals 10% of wages and benefits for new employees in high-wage jobs. The law limits the credits to \$12,000 per eligible employee for up to four years. More than 50% of sales must be to persons outside New Mexico, and the employer must qualify for in-plant training assistance.

Hospital Credit. Hospitals licensed by the New Mexico Department of Health may claim a gross receipts tax credit.

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

Investment Credit. Taxpayers who incorporate qualified equipment into a New Mexico manufacturing operation and meet a sliding-scale job-creation requirement may claim credit

against gross receipts tax, compensating tax, or withholding tax. Terms apply until June 30, 2020.

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

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

Real Property Transfers Tax Credits. Credits against personal and corporate income tax liability for donations of land to nonprofit institutions and private or public conservation agencies. The credits are for 50 percent of the market value of land or interest in land donated, and may not exceed \$250,000 for one taxpayer.

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

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

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

Sustainable Building Tax Credit/New Sustainable Building Tax Credit. Prior to December 31, 2016, the sustainable building tax credit was available to corporate income taxpayers and personal income taxpayers for investments in constructing or renovating sustainable residential or commercial buildings. For tax years beginning January 1, 2017, and ending on or before December 31, 2016, the new sustainable building tax credit is available for corporate income taxpayers and personal income taxpayers for the construction in New Mexico of a sustainable building, the renovation of an existing building in New Mexico into a sustainable building or the permanent installation of manufactured housing, regardless of where the housing is manufactured, that is a sustainable building. The credit is calculated based on the certification level the building has achieved in the LEED green building rating system and the amount of qualified occupied square footage in the building. The total amount of new sustainable building tax credit certificates issued by EMNRD in any calendar year may not exceed an aggregate amount of \$1.25 million dollars with respect to sustainable commercial buildings, \$3.375 million dollars with respect to sustainable residential buildings that are not manufactured housing, and \$375 thousand dollars with respect to sustainable residential buildings that are manufactured housing.

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

Technology Jobs and Research and Development Tax Credit. Any taxpayer doing qualified research at a facility in New Mexico (other than one operated for the United States government) may claim the basic credit equal to 5% of qualified expenditures. Qualified expenditures include rent, facility operation and maintenance (except for facilities owned by the taxpayer before July 3, 2000, owned by a local government as an industrial revenue bond project or for which the taxpayer received an investment tax credit), equipment, software, payroll and technical manuals and materials. After approval, the basic credit may be applied against state taxes due on the CRS-1 Form, excluding local option gross receipts taxes. An eligible taxpayer must apply to this Department for approval of basic credit amounts within one year following the end of the reporting period in which the qualified expenditure occurred.

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

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

Veteran Employment Tax Credit. For taxable years beginning January 1, 2012, through December 31, 2016, a taxpayer who employs a qualified military veteran in New Mexico is eligible for a credit against the taxpayer's personal or corporate income tax liability in an amount up to \$1,000 of the gross wages paid to each qualified military veteran by the taxpayer during the taxable year for which the return is filed. The purpose of the credit is to encourage the full-time employment of qualified military veterans within two years of discharge from the armed forces of the United States.

SPECIAL SITUATIONS

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

SPECIAL PAYMENT METHODS

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

on and payable at any domestic non-New Mexico financial institution if the Department receives the check at least two banking days before the due date. The taxes are:

Group 1

Gross Receipts Tax
Compensating Tax
Withholding Tax
Leased Vehicle Gross Receipts Tax/Leased Vehicle Surcharge
Interstate Telecommunications Gross Receipts Tax
Governmental Gross Receipts Tax

Group 2

Natural Gas Processors Tax

Group 3

Other Oil and Gas Taxes

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

*Although payment over the Internet is not one of the “special payment” methods, you also may use it for filing and paying your \$25,000-or-more CRS-1 taxes via VISA, MasterCard, American Express, Discover Card or electronic check. Deadlines for reporting by special payment methods and the Department’s receipt of your payment are the same. Please note that payments via credit card carry a convenience fee to reimburse the state for fees charged by banks and credit card companies when you use your card. There is no fee for any other type of payment.

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

ELECTRONIC FILING

Oil and gas production taxpayers can file electronically, and the benefits are many. The elimination of postage and paper-handling costs can dramatically reduce the tax-filing burden of filers. Filers receive immediate electronic acknowledgment from the Department that their returns have been received. Most oil and gas production taxpayers are required to file in a specific format. Please see the Oil and Gas website, www.ongard.state.nm.us. (Annual withholding tax reconciliations may be filed on magnetic tape.)

MANDATORY ELECTRONIC CRS-1 FILING

All taxpayers who file CRS-1 Forms on a monthly basis and who have an average tax liability of \$1000 or more are required to electronically file.

Once you are required to file electronically, you must continue to do so unless you receive an exception. An exception (up to one calendar year) may be requested by filing Form RPD-41350, *E-file Exemption Request Form*. Failure to file electronically will result in penalty being assessed. A single return waiver may also be requested by filing Form RPD-41351, *E-file Waiver Request Form*.

ACCOUNT NOTICES

At some point during your relationship with the Taxation and Revenue Department you may receive tax-related account notices. Among these are assessments, provisional assessments, bills, non-filer notices, and notifications of overpayment or credit. There is more information about different kinds of account notices in FYI-105, **GROSS RECEIPTS AND COMPENSATING TAXES: AN OVERVIEW**.

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

The Department works continually to improve computer systems. We appreciate your patience.

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

If you disagree with the information in the notice, a series of informal and formal steps may resolve your differences with the Department. *Act promptly because there are time limits.* You may wish to request FYI-400, **TAX AUDITS AND PROTEST PROCEDURES, YOUR RIGHTS AS A TAXPAYER**, available at any local tax office or the Department's web site at www.tax.newmexico.gov. Click on "forms and publications."

SUCCESSOR IN BUSINESS

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

The buyer should withhold enough of the purchase price to cover a tax liability that may be discovered before the purchase of the business is final. **Caution:** if the purchase of the business is already complete and a tax liability is revealed, the purchaser is liable for the tax, which includes any penalty and interest. Tax clearances are not issued if requested after the sale. For more information on successor in business contact the Support Office at (505) 827-0926.

DEPARTMENT RESOURCES

The New Mexico Taxation and Revenue Department offers a variety of resources to use in conducting your business.

LOCAL TAX OFFICES

There are full-service tax offices throughout the state where employees answer your questions

and provide tax forms and additional information. You may take advantage of any local tax office regardless of which office you normally use or where you mail your tax returns. Please see the listing on page 17.

FREE CRS-1 TAXPAYER WORKSHOPS

Local tax offices present free CRS-1 workshops throughout the year. Department specialists discuss and answer your questions about gross receipts tax, compensating tax, withholding tax, exemptions and deductions, how to file and pay CRS taxes, and more. Contact any local tax office for information about these free, three-hour presentations, or view the workshop calendar online at <http://www.tax.newmexico.gov/Businesses/workshops.aspx>.

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 <http://www.tax.newmexico.gov/forms-publications.aspx>

Regulations. The Department establishes regulations to interpret and exemplify the various tax acts it administers. Current statutes with regulations can be located on the Department's website for free at <http://www.tax.newmexico.gov/statutes-with-regulations.aspx>. 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 <http://www.tax.newmexico.gov/rulings.aspx>.

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 <http://www.tax.newmexico.gov/tax-decisions-orders.aspx>.

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 Pointe Avenue NE
Albuquerque, NM 87123

SANTA FE

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

FARMINGTON

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

LAS CRUCES

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

ROSWELL

400 Pennsylvania Ave., Suite 200
Roswell, NM 8820

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

Call Center Number:
1-866-285-2996

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

Call Center Fax Number:
1-505-841-6327

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

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

For additional contact information please visit the Department's website at <http://www.tax.newmexico.gov/contact-us.aspx>

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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