
FYI-225

New Mexico
Taxation and Revenue Department

FOR YOUR INFORMATION

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

SHORT-TERM LEASED VEHICLES

This FYI discusses the tax implications for persons engaged in the business of leasing motor vehicles under a short-term lease agreement.

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Taxpayers should be aware that subsequent legislation, regulations, court decisions, revenue rulings, notices and announcements could 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 www.tax.newmexico.gov. Click on "forms and publications."

GENERAL INFORMATION

New Mexico's gross receipts tax is imposed on the gross receipts of persons engaging in business in New Mexico. "Gross receipts" is 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, granting a right to use a franchise employed in New Mexico, performing services in New Mexico, or selling research and development services performed outside New Mexico the product of which is initially used in New Mexico. Receipts from leasing vehicles are subject to this tax. The tax rate is the sum of the state and applicable local option rates.

In addition to the gross receipts tax, receipts from certain short-term¹ leases are subject to the leased vehicle gross receipts tax **and** the leased vehicle surcharge. "Short-term" means any lease for a period of six months or less.

LEASED VEHICLE GROSS RECEIPTS TAX AND LEASED VEHICLE SURCHARGE

The leased vehicle gross receipts tax and the leased vehicle surcharge apply only to short-term leases of vehicles when the following four conditions are met:

1. The lease is for a term of six months or less;
2. The vehicle 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 vehicle on or after July 1, 1991.

The leased vehicle gross receipts tax is imposed at a rate of 5% on the receipts from leasing vehicles. The leased vehicle surcharge is \$2.00 for each day each vehicle is leased (Section 7-14A-3.1 NMSA 1978).

EXCLUSION

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 used as a replacement for another vehicle that is being repaired, serviced or replaced. The following is a sample statement that would be acceptable to the department.

"I affirm the vehicle I am renting is a "temporary replacement vehicle" as defined in Subsection B of Section 7-14A-3.1 NMSA 1978."

A "temporary replacement vehicle" means a vehicle that is; 1) used by an individual in place of another vehicle that is unavailable for use by the individual due to loss, damage, mechanical breakdown or need for servicing; and 2) leased temporarily by or on behalf of the individual or loaned temporarily to the individual by a vehicle repair facility or dealer while the other vehicle is being repaired, serviced or replaced.

¹ The receipts from long-term leased vehicle payments are subject to the gross receipts tax but not the leased vehicle gross receipts tax or the leased vehicle surcharge.

SUSPENSION OF THE MOTOR VEHICLE EXCISE TAX

Lessors who are subject to the leased vehicle gross receipts tax may apply for a suspension of the motor vehicle excise tax due on vehicles acquired for short-term leasing after June 30, 1991(Section 7-14-7.1 NMSA 1978)². The suspension is for a maximum of 12 months.

No special form is needed to obtain the suspension, but lessors must supply their New Mexico Business Tax Identification Number (NMBTIN) to the motor vehicle service representative at any local motor vehicle field office at the time they first title the vehicle(s). The NMBTIN is proof that the lessor is registered to do business in New Mexico. When the NMBTIN is entered into the field office records, the system does not calculate the motor vehicle excise tax on a vehicle intended for short-term lease. The New Mexico Business Tax Identification Number (NMBTIN) was formally referred to as a CRS number. The NMBTIN allows a taxpayer to report and pay gross receipts tax, compensating tax and withholding tax. Form ACD-31015, *Business Tax Registration Application and Update Form* allows a taxpayer to apply for a NMBTIN, this application is available through all New Mexico tax offices, by mail, and from the TRD Forms & Publications web page: <https://www.tax.newmexico.gov/forms-publications/> at www.tax.newmexico.gov.

REPORTING REQUIREMENTS

REPORT REQUIREMENTS: For All Leased Vehicle Gross Receipts Tax Taxpayers

File and pay any leased vehicle gross receipts tax and leased vehicle surcharge at the same time using Form TRD-41408, *Leased Vehicle Gross Receipts Tax and Surcharge Return*. Leased Vehicle Gross Receipts Tax and Surcharge can be filed by paper for taxpayers who are under the \$25,000 per month threshold for the electronic filing mandate. For taxpayers who are over the threshold of \$25,000 per month and required to file electronically, the Leased Vehicle Gross Receipts Tax and Surcharge can be filed on the Departments Taxpayer Access Point, TAP, <https://tap.state.nm.us>. See FYI-104, *Special Payment Methods*, for additional information about the electronic filing mandate for business taxes.

REPORT REQUIREMENTS: If You Are Suspending Payment of the Motor Vehicle Excise Tax

If you have been granted a motor vehicle excise tax suspension during the calendar year, you must submit an annual reconciliation report to the Motor Vehicle Division of the Taxation and Revenue Department on or before January 25th of the following year. Use Form RPD-41146, *Motor Vehicle Excise Tax and Leased Vehicle Gross Receipts Tax Annual Reconciliation Report*, which is available through any New Mexico tax office (available also on our web site at www.tax.newmexico.gov). Failure to report in a timely way carries a penalty of 5% of the total amount of tax suspended.

Enter on form (RPD-41146) the total amount of motor vehicle excise tax *suspended* for vehicles purchased during the calendar year and the total amount of leased vehicle gross receipts tax *paid* during the calendar year. If the leased vehicle gross receipts tax paid during the year exceeds the motor vehicle excise tax suspended, the motor vehicle excise tax is permanently waived. The excess is **not** refundable.

² Vehicles acquired for long-term leasing are exempt from the motor vehicle excise tax (Section 7-14-6 NMSA 1978).

If the leased vehicle gross receipts tax paid is less than the motor vehicle excise tax suspended for the calendar year, payment of the underpaid motor vehicle excise tax is due on or before the due date of the report (January 25th). A penalty of 2% per month (maximum 20%, minimum \$5) and interest at .008219178% daily³ on unpaid tax applies if the motor vehicle excise tax is not paid by January 25th.

If a change in vehicle ownership occurs before the end of the 12-month period, the balance due for motor vehicle excise tax on that vehicle must be paid. Use the same form, RPD-41146, in this case.

³ The interest rates in this publication are based on the quarterly IRC rate for the third quarter of 2021. For current daily and quarterly rates, please visit our website at www.tax.newmexico.gov.

TAXPAYER INFORMATION

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

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

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

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

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

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

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

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

FOR FURTHER ASSISTANCE

Tax District Field Offices and the Department's call center 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 <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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