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Important changes coming to business tax-filing system in July 2021

The Taxation and Revenue Department is redesigning its Combined Reporting System (CRS) to create separate returns for Withholding Tax, Gross Receipts Tax, Compensating Tax and other business-related tax programs.

The project, expected to be complete in July 2021, will create forms that are tailored to the needs of taxpayers and will make it easier for taxpayers to manage their accounts. It also will increase Department automation and improve the process for taxpayers to obtain refunds.

Businesses will continue to use their current CRS number, but it will be renamed the Business Tax Identification Number (BTIN).

The Department at the same time will launch a new version of its self-service portal, the Taxpayer Access Point (TAP). The new version of TAP will have a more intuitive, user-friendly interface.

Although the combined nature of reporting under CRS was intended to streamline filing and administration, all too often, CRS has required taxpayers to amend returns and submit supplemental information to the Department. The new system will ensure that more returns and payments are processed as intended by the taxpayer automatically without the need for manual intervention.

“This project will positively transform tax reporting and administration for decades to come by reducing the too-frequent need to fix or rework transactions,” said Cabinet Secretary Stephanie Schardin Clarke.

Also in July 2021, state law will require that some businesses convert to destination-based sourcing for reporting gross receipts taxes. Under destination-based sourcing, businesses pay the tax rate in effect in the jurisdiction where their goods and most services are delivered. Most taxpayers now pay the GRT rate for the location of their business. Some providers of professional services will still calculate tax using their place

of business, and special rules will also apply to construction services and real estate commissions.

The Department expects to publish proposed regulations for destination-based sourcing in the coming weeks in the New Mexico Register and will hold a rulemaking hearing to receive public comment.

“We understand that changes raise questions and bring uncertainty; we are committed to listening to the needs of customers and keeping taxpayers informed,” Schardin Clarke said.

A video series introducing the coming changes is available on the Department’s YouTube channel, [New Mexico Taxation & Revenue](#).

More information also is available on a [web page](#) devoted to the project, which can be found in the News & Alerts section of tax.newmexico.gov. That page includes a link to Frequently Asked Questions about the project and a form for submitting comments and questions.