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## Department issues tax guidance on pandemic relief

Many of the payments made to individuals and businesses under pandemic relief programs are not subject to taxation, but there are some notable exceptions that taxpayers should be aware of, according to new guidance issued by the New Mexico Taxation and Revenue Department.

The Department this week published Tax Bulletin 100.37. Taxpayers can find the bulletin on the Forms & Publications page at [tax.newmexico.gov](http://tax.newmexico.gov) by opening the publications folder, the Bulletins folder and then the general information folder.

Programs highlighted in the bulletin include:

- **Economic Impact (stimulus) Payments.** The federal Internal Revenue Service has issued clear guidance that these payments are not subject to federal income tax. Because New Mexico Personal Income Tax is based on federal adjusted gross income, these payments likewise are not subject to New Mexico income tax.
- **Paycheck Protection Program (PPP) loans.** Under federal rules, these loans are not subject to New Mexico Personal Income Tax. They also are not subject to New Mexico Gross Receipts Tax.
- **Grants provided through CARES Act funding.** Grants received under programs using federal CARES Act money are generally not subject to Gross Receipts Tax, though there are some exceptions.

However, the U.S. Internal Revenue Service has issued guidance that CARES Act grants provided to most businesses are subject to income tax. New Mexico income tax is calculated using federal adjusted gross income, so grants subject to federal income tax are also subject to state income tax.

More detailed explanations of the tax implications for relief programs are available in the bulletin.

Special rules may apply to certain groups of taxpayers, such as tribal entities and hospitals. Taxpayers who believe they may fall into one of those groups should seek further guidance.

Although not addressed in the bulletin, taxpayers should also be aware that unemployment insurance benefits generally are subject to federal and state income tax.