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New laws clarify and update New Mexico tax code
Many changes intended to prevent disputes, add fairness

New Mexico Taxation and Revenue Secretary Stephanie Schardin Clarke applauded the Legislature's passage of several bills recently signed into law by Gov. Michelle Lujan Grisham that clarify and update the state's tax codes.

House Bill 98, which was introduced on behalf of the Department, makes dozens of clarifications to statute to prevent disputes and allow the Department to operate more efficiently.

One important change in House Bill 98 is a simple one-word fix making it clear that delivered groceries qualify for a Gross Receipts Tax deduction for groceries as long as they are sold *by* a qualifying grocer. Under the old law, groceries had to be purchased *at* a qualifying grocer to be eligible for the deduction, wording that predated the recent popularity of grocery deliveries.

"While tax law can be very technical, it has real-world implications. Many of the changes made to our tax code this year will not only make sure it is up to date, they also make it more fair," Sec. Schardin Clarke said.

Among other provisions, House Bill 98 also:

- Increases the level of income that cannot be garnished for tax debt to help ensure that lower-wage taxpayers can still pay for basic needs.
- Clarifies when a taxpayer qualifies for innocent spouse relief, which can free one spouse of liability for tax debt incurred by a spouse under certain conditions. The new law also provides for the Taxation and Revenue Department to automatically grant the relief if the Internal Revenue Service already has done so.
- Clarifies various gross receipts tax deductions to specifically allow alternative evidence to be used in lieu of Nontaxable Transaction Certificates (NTTCs).

HB 98 was sponsored by Rep. Javier Martinez and Rep. Jason Harper.

Senate Bill 410. This law adopts the Multistate Tax Commission's uniform model statute for federal partnership audits. The main purpose is to address issues arising from a federal partnership audit or adjustment request as affected by a change in federal law enacted in 2015.

For most taxpayers, an adjustment to federal taxes is the result of an audit or the filing of an amended return. Because New Mexico taxes conform in large part to federal taxes, a New Mexico taxpayer will have to then file an amended state tax return.

SB 410 makes clear that partners whose partnerships have been audited or have filed administrative adjustment requests with respect to their federal taxes must file amended state tax returns and establishes procedures for doing so.

SB 410 was sponsored by Sen. William Burt.

Senate Bill 218. This law ensures that market-based sourcing changes for the Corporate Income Tax enacted in 2019 are implemented as intended by clarifying the Uniform Division of Income for Tax Purposes Act (UDITPA).

Market-based sourcing ensures that Corporate Income Tax is due from corporations based on their delivering services or intangibles to a customer in New Mexico, or if the services or intangibles are used in New Mexico.

SB 218 was sponsored by Sen. Benny Shendo Jr.