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Updated publication provides guidance on Gross Receipts Tax changes

The Taxation and Revenue Department has updated a key publication providing guidance on Gross Receipts Taxes with new information on destination sourcing rules that took effect on July 1.

Department publication [FYI-200](#) explains the new rules and provides some examples to help taxpayers understand how they might apply to their circumstances. The publication can be found in the publications folder of the Forms & Publications page at tax.newmexico.gov.

The Department issued regulations on the new sourcing method this spring. Those regulations are now available on the [New Mexico Register](#).

Under the new rules, most New Mexico-based businesses pay the Gross Receipts Tax rate in effect where their goods or the products of their services are delivered.

The so-called destination sourcing method was mandated by legislation adopted in 2019 and 2020. The 2019 legislation also allowed the state to begin taxing internet-based sales by out-of-state businesses.

New Mexico retailers whose sales are wholly or primarily at their place of business will see little or no effect. However, if some of their sales are completed through deliveries, they will need to pay the rate in effect where the purchaser has them deliver the merchandise.

The rules for service providers are more complex because they depend on the type of service provided. The chart below summarizes the main categories.

Type of Receipts	Impact of 7/1/2021 Change in Law
General Services, In Person Professional Services and Tangible Personal Property (Goods)	Change from Origin to Destination Based

Professional Services that require an advanced degree or a license from the state to perform (when not in-person)	No Change - Remain Origin Based
Construction Services and Real Estate Commissions	No Change - Remain Destination Based

For services subject to destination sourcing, the rate is determined by the location where the product of the service is delivered. That often will be the same location as where the service is performed, but not always.

An [interactive map](#) on the Department website allows taxpayers to search for addresses and match them to location codes and tax rates. A link to the map is available on the homepage of tax.newmexico.gov.

Department leadership have made several presentations on the subject. Recordings of two of those presentations are available on the Department's YouTube channel, [New Mexico Taxation and Revenue](#). The Department expects to release more content on the channel soon.

The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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