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Back-to-School Tax Holiday is this weekend

New Mexico's annual Back-to-School Gross Receipts Tax Holiday begins this Friday, August 7 at 12:01 a.m. and continues through midnight on Sunday, August 9.

During that time, the state allows merchants to deduct gross receipts taxes on a wide variety of retail merchandise, allowing back-to-school shoppers and others to purchase many items tax free. The Taxation and Revenue Department estimates that shoppers save about \$4 million per year annually as a result of the annual tax-free holiday weekend.

"This weekend's tax holiday helps make back-to-school expenses a little more manageable," said Taxation and Revenue Department Secretary Stephanie Schardin Clarke. "Of course, this year is different than any other, and back-to-school school needs may be different than in years past. If you do decide to go shopping in person this weekend, mask up and minimize the number of people shopping to keep your family and our entire community safe."

Shoppers are reminded that the COVID-19 public health order remains in effect. Retailers must abide by reduced occupancy limits, and shoppers should practice safe distancing, wear face coverings and clean their hands frequently.

On-line merchants can take advantage of the deduction for qualifying merchandise if they choose to do so.

While there are restrictions as to what qualifies for the tax holiday, merchants often absorb the tax on some non-qualifying items.

Among the merchandise that can be sold tax-free this weekend are clothing and shoes priced at less than \$100 per unit, computers priced under \$1,000 and related computer hardware priced under \$500. School supplies under \$30 per unit for use in standard, general-education classrooms also qualify.

More information on the tax holiday and qualifying merchandise is available in FYI 203 at tax.newmexico.gov by using the “Forms and Publications” menu, opening the “Publications” folder and then the “FYIs” folder.