NEW MEXICO
Taxation and Revenue Department
P.O. Box 25128  Santa Fe, New Mexico  87504-5128  1-866-285-2996

Taxation and Revenue Division web site:  http://www.tax.newmexico.gov/
Taxpayer Access Point (TAP):  https://tap.state.nm.us/Tap/_/

CRS-1 FILER'S KIT
For Reporting Gross Receipts, Withholding and Compensating Taxes

July through December 2020

MAIL TO:

GROSS RECEIPTS TAX RATE CHANGES
EFFECTIVE JULY 1, 2020

The following tax rate locations are NEW:
Raton Municipal Airport and Sugarite Canyon -Raton (Colfax County).

The gross receipts tax rates will increase for the following locations:

- Milan (Cibola County);
- Anthony (Water & Sanitation District) Municipality b and Anthony (Water & Sanitation District) Remainder (Dona Ana County);
- Santa Rosa (Guadalupe County);
- Alamogordo (Otero County);
- Magdalena, Pueblo of Acoma (1), Pueblo of Acoma (2), Socorro (city), Socorro Industrial Park, Remainder of County (Socorro County);
- El Prado Water and Sanitation District 20-415 and 20-425, El Valle de Los Ranchos Water & Sanitation District 20-419 and 20-429, Picuris Pueblo (1), Picuris Pueblo (2), Questa, Questa Airport, Red River, Taos (city), Taos Airport, Taos Pueblo (1), Taos Pueblo (2), Taos/Taos Pueblo (1), Taos/Taos Pueblo (2), Taos Ski Valley, Taos Ski Valley TIDD, Remainder of County (Taos County); and
- Rio Communities (Valencia County).

2020 LEGISLATIVE SESSION

The New Mexico Legislature met in a regular session and passed many pieces of legislation affecting the Taxation and Revenue Department. Some of that legislation was then signed into law by Governor Michelle Lujan Grisham. You can find a summary of all of these changes in B.100.36 - 2020 Legislative Summary.

Major changes in relation to this filer's kit include:

- the tax deduction for medical equipment under Section 7-9-73.3 NMSA 1978 was extended to July 1, 2030;
- the tax deduction for small business Saturday under Section 7-9-116 NMSA 1978 was extended to July 1, 2025;
- Section 7-9-57.1 NMSA 1978, the deduction for sales through worldwide website to a person with a billing address outside New Mexico and Section 7-9-96 NMSA 1978, a credit for gross receipts tax and governmental gross receipts tax paid for certain sales for resale were repealed effective July 1, 2020.

All of the above forms and information are available on our website at http://www.tax.newmexico.gov/.

The Taxation and Revenue Department offers publications on our website that includes information on certain topics. You can locate these brochures, bulletins, and FYI's on our website at:
MONTHLY FILING STATUS

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NOTES:

1. Your filing status can be located on your Registration Certificate received from the Department. The filing frequency will be monthly, quarterly or semiannually.

2. Each Form CRS-1 is due on or before the 25th of the month following the end of the tax period that is being reported.

3. If your due date falls on a weekend, a legal, state or national holiday, your Form CRS-1 and payment due date will be extended to the next business day.

4. No Penalty will be imposed for reporting and paying early. However, you cannot file online until after the period you are filing for has ended. Example: For the filing period that begins on January 1st and ends January 31st your Form CRS-1 can not be filed online until February 1st.

QUARTERLY FILING STATUS

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SEMI-ANNUAL FILING STATUS

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LOCAL TAXATION AND REVENUE DEPARTMENT OFFICES: If you have questions or require additional information, you may contact your local Taxation and Revenue Department Office.

ALBUQUERQUE:
Taxation & Revenue Department
Bank of the West Building
5301 Central Ave., NE
P.O. Box 8485
Albuquerque, NM 87198-8485
Telephone: (505) 841-6200

FARMINGTON:
Taxation & Revenue Department
3501 E. Main Street, Suite N
P.O. Box 479
Farmington, NM 87499-0479
Telephone: (505) 325-5049

LAS CRUCES:
Taxation & Revenue Department
2540 S. El Paseo, Bldg. #2
P.O. Box 607
Las Cruces, NM 88004-0607
Telephone: (575) 524-6225

ROSWELL:
Taxation & Revenue Department
400 Pennsylvania Ave., Suite 200
P.O. Box 1557
Roswell, NM 88202-1557
Telephone: (575) 624-6065

SANTA FE:
Taxation & Revenue Department
1200 South St. Francis Drive
P.O. Box 5374
Santa Fe, NM 87502-5374
Telephone: (505) 827-0951

Call Center: 1-866-285-2996
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**STATE GROSS RECEIPTS TAX RATE = 5.125% COMPENSATING TAX RATE ON PROPERTY = 5.125% COMPENSATING TAX RATE ON SERVICES = 5.00%**
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</tr>
<tr>
<td>Santa Ana Pueblo (2)</td>
<td>29-952</td>
<td>6.3750%</td>
</tr>
<tr>
<td>Stoneridge Communities TIDD</td>
<td>29-038</td>
<td>7.6875%</td>
</tr>
<tr>
<td>Kwela Pueblo (1)</td>
<td>29-973</td>
<td>6.3750%</td>
</tr>
<tr>
<td>Kwela Pueblo (2)</td>
<td>29-974</td>
<td>6.3750%</td>
</tr>
<tr>
<td>Village at Rio Rancho TIDD</td>
<td>29-525</td>
<td>7.6875%</td>
</tr>
<tr>
<td>Remainder of County</td>
<td>29-029</td>
<td>6.3750%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Municipality or County</th>
<th>Location Code</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aztec</td>
<td>16-218</td>
<td>8.2500%</td>
</tr>
<tr>
<td>Bloomfield</td>
<td>16-312</td>
<td>8.1875%</td>
</tr>
<tr>
<td>Farmington</td>
<td>16-121</td>
<td>8.2500%</td>
</tr>
<tr>
<td>Kirtland</td>
<td>16-323</td>
<td>6.6250%</td>
</tr>
<tr>
<td>Valley Water and Sanitation District</td>
<td>16-321</td>
<td>6.8125%</td>
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<tr>
<td>Valley Water and Sanitation District (Town of Kirtland)</td>
<td>16-322</td>
<td>6.8750%</td>
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<tr>
<td>Remainder of County</td>
<td>16-016</td>
<td>5.6250%</td>
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<table>
<thead>
<tr>
<th>Municipality or County</th>
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<th>Rate</th>
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<tbody>
<tr>
<td>Las Vegas</td>
<td>12-122</td>
<td>8.3958%</td>
</tr>
<tr>
<td>Mosqueser (San Miquel)</td>
<td>12-418</td>
<td>7.3958%</td>
</tr>
<tr>
<td>Peñasco</td>
<td>12-313</td>
<td>7.7788%</td>
</tr>
<tr>
<td>Remainder of County</td>
<td>12-012</td>
<td>6.8333%</td>
</tr>
</tbody>
</table>

**NOTE KEY**

(1) Sales to tribal entities or members
(2) Sales to tribal non-members by tribal non-members
* Businesses located on Pueblo land within the city limits.
* Businesses located within the water district and the city limits.
* Property owned by the 19 Pueblos of NM.
* Land owned by Alamogordo outside Alamogordo boundaries.
* Indicates rate change due to enactment/expiration of local option taxes and/or change in the state gross receipts tax rate.

**STATE GROSS RECEIPTS TAX RATE = 5.125%**
**COMPENSATING TAX RATE ON PROPERTY = 5.125%**
**COMPENSATING TAX RATE ON SERVICES = 5.00%**
FORM CRS-1 INSTRUCTIONS FOR PAPER FILING

This document provides instructions for the New Mexico combined reporting system (Form CRS-1) which includes gross receipts, withholding, and compensating tax. Each Form CRS-1 is due on or before the 25th of the month following the end of the tax period being reported. Certain taxpayers are required to file the Form CRS-1 electronically. For more information on whether electronic filing is required for your business, please see FYI-108, Electronic Filing Mandate which is available through your local district office or online at www.tax.newmexico.gov/forms-publications.aspx

NOTE: If your business has more than three business locations, special codes, or lines of detail to report, you will need to complete Form CRS-1 Long instead of the condensed regular Form CRS-1.

Please note: When completing your form, all pertinent columns must be clearly filled out and completed or your Form CRS-1 may be rejected and returned for correction and will need to be resubmitted.

CRS-1 INSTRUCTIONS FOR COLUMNS A THROUGH H

COLUMN A: On separate lines, enter the name of each municipality or county where you have a business location. The Gross Receipts Tax Rate Schedule on pages 3 and 4 has the listing of counties, municipalities and location codes for each. For more detail, see FYI-200, Your Business Location and the Appropriate Rate available online at www.tax.newmexico.gov/forms-publications.aspx or through your local district office. Report all receipts at your business location(s) even when goods or services are delivered elsewhere. (Corresponds to Column C)

The only exceptions are:

• Construction - the location is the construction site.
• Real estate sales - the location is the site of each property sold.
• Telecommunications - the location is the customer’s receiver. For cellular telephone service, the business location is the customer’s place of primary use.
• Utilities - the location is the meter recording the amount of service the customer consumes.
• A transaction that occurs on the territory of an Indian tribe, pueblo or nation that has entered into a cooperative agreement with the Taxation and Revenue Department (TRD) - the location is where services are performed and/or where the property is delivered.

Certain situations or types of receipts require a special notation in Column A that has no relation to a county, municipality or other physical location. Below is a listing of those special notations.

• Business without locations or resident sales personnel in New Mexico enter “Out of State”.
• Governments or other entities reporting governmental gross receipts enter “GGRT”.
• Businesses reporting leased vehicle gross receipts tax use “LVGRT”. Enter “LVSur” for the leased vehicle surcharge.
• Businesses reporting a gross receipts tax deduction for the sale of uranium hexafluoride under Section 7-9-90 enter “URHF”.

• Businesses reporting a gross receipts tax deduction for electricity conversion under Section 7-9-103.1 enter “ELCONV”.
• Businesses reporting a gross receipts tax deduction for electricity exchange under Section 7-9-103.2 enter “ELEXCH”.

COLUMN B: Enter the alpha Special Code from below

Do not use these codes unless they apply to you. These codes alert the Department’s computer system to a special rate, distribution or reporting requirement that may apply to your industry or to the type of deduction being reported.

• S - Transportation – Information on special reporting requirements is available in FYI-290.
• T - Interstate Telecommunications – Information on special reporting requirements is available in FYI-403.

• M - Certain Health Care Practitioners - Only licensed health care practitioners reporting deductions under Section 7-9-93 NMSA 1978 use this special code. For more information on who qualifies for the special code “M” deduction, see FYI-202. When using this special code, be sure to indicate zero in Columns F and H for the respective line. Note: Do NOT use the special code in Column B for other receipts reported by licensed health care practitioners. Use a separate line for other types of medical-related deductions.
• F - Food Retailers - Only food retailers reporting deductible receipts under Section 7-9-92 NMSA 1978 need to use this special code. For more information on who qualifies, please see FYI-201. When using this special code, be sure to indicate zero in Columns F and H for the respective line. Note: Do NOT claim this deduction for federal food stamp sales paid for with food cards. Not all food retailers qualify for the special code “F” deduction.
• NH - Sales by a non-profit hospital – “nonprofit hospital” means a hospital that has been granted exemption from federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(3) of the Internal Revenue Code.
• GH - Sales by a government hospital – A hospital license by the Department of Health that is run by a New Mexico state or local government agency, institution, instrumentality or political subdivision. (On the Taxpayer Access Point you must select the location code of 55-055 before you will see this special code.)

Note: only manufacturers who have entered into a Form RPD-41377, Manufacturers Agreement to Pay Gross Receipts Tax on Behalf of a Utility Company for Certain Utility Sales with a utility company can use the following special codes:

• E - Certain Sales of Electricity to a Manufacturer - Please refer to FYI-275 for detailed special reporting requirements for qualified transactions that require the use of this special code. When using this special code, be sure to indicate zero in Columns F and H for the respective line.
• G - Certain Sales of Natural Gas to a Manufacturer – Please refer to FYI-275 for detailed special reporting requirements for qualified transactions that require the use of this special code. When using this special code, be sure to indicate zero in Columns F and H for the respective line.
• W - Certain Sales of Water to a Manufacturer – Please refer to FYI-275 for detailed special reporting requirements for qualified transactions that require
the use of this special code. When using this special code, be sure to indicate zero in Columns F and H for the respective line.

- **O**: Certain Sales of Other Utilities to a Manufacturer – Please refer to FYI-275 for detailed special reporting requirements for qualified transactions that require the use of this special code. When using this special code, be sure to indicate zero in Columns F and H for the respective line.

**COLUMN C**: Enter the Location Code from the current Gross Receipts Tax Rate Schedule (pages 3 and 4). Make sure that the location code corresponds with the municipality or county (written in Column A) where you have a business location or, when applicable, use one of the following special locations and/or deduction codes:

- **88-888**: If you are reporting for an out-of-state business location. Rate - 5.125%
- **77-777**: If you are performing research and development services outside NM. Rate - 5.125%
- **55-055**: If you are reporting Governmental Gross Receipts Tax. Rate - 5.00%
- **44-444**: If you are reporting Leased Vehicle Gross Receipts Tax. Rate - 5.00%
- **44-455**: If you are reporting the Leased Vehicle Surcharge. Rate $2.00 per day per vehicle
- **D0-010**: If you transact business with tribal non-members on tribal location. Rate - 5.125%
- **D0-018**: If you sell construction services to implement a military installation and your receipts are deductible under Section 7-9-91.5.
- **D0-019**: If you are a trade-support company and have receipts from business activities and operations at the business' border location and your receipts are deductible under Section 7-9-56.3.
- **D0-021**: If you sell construction services to implement a fighter aircraft pilot training mission project at a New Mexico Military installation and your receipts are deductible under Section 7-9-106.
- **D0-011**: If you provide health care services as a third-party administrator for the TRICARE program and your receipts are deductible under Section 7-9-77.1(B).
- **D0-012**: If you provide health care services to Indian Health Service beneficiaries and your receipts are deductible under Section 7-9-77.1(C).
- **D0-013**: If you are a clinical laboratory and provide health care services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(D).
- **D0-014**: If you provide health care services to Indian Health Service beneficiaries and your receipts are deductible under Section 7-9-77.1(C).
- **D0-015**: If you are a dialysis facility and you provide medical and other health services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(F).
- **D0-016**: If you sell or rent durable medical equipment or medical supplies and your receipts are deductible under Section 7-9-73.3.
- **D0-017**: If you provide research and development, test and evaluation services at New Mexico major range and test facility bases and your receipts are from military transformational acquisition programs and deductible under Section 7-9-94.
- **D0-018**: If you sell goods and services to the United States Department of Defense related to directed energy or satellites and your receipts are deductible under Section 7-9-115.
- **D0-019**: If you are a qualified small business and have receipts from business activities and operations at the business' border location and your receipts are deductible under Section 7-9-56.3.
- **D0-020**: If you sell or rent durable medical equipment or medical supplies and your receipts are deductible under Section 7-9-116.
- **D0-021**: If you sell construction services to implement a fighter aircraft pilot training mission project at a New Mexico Military installation and your receipts are deductible under Section 7-9-106.

**COLUMN D**: For Column D there are two types of entries:

1. For receipts that do not need special codes, enter the total gross receipts excluding tax. This includes taxable gross receipts and deductible gross receipts. Do include receipts that are required to be reported with a special code. Column B must be left blank.

2. For receipts needing special codes, list a separate entry for each business location and each special code. Enter the appropriate special code in Column B. See Column B instructions.

Excluded from gross receipts reported in Column D are gross receipts tax, governmental gross receipts tax and leased vehicle gross receipts tax. There are seven categories of receipts reported on the Form CRS-1 or Form CRS-1 Long:

1. “Regular” Gross Receipts is the total amount of money plus the monetary value of other consideration received from the following transactions: selling property in New Mexico (including certain intangible personal property); leasing or licensing property employed in New Mexico; granting a right to use a franchise employed in New Mexico; performing services in New Mexico, or performing research and development services out of state when initial use of the research and development service occurs in New Mexico;
2. Governmental Gross Receipts are receipts of governments from selling tangible personal property and performing specified services;

3. Interstate Telecommunications Gross Receipts are receipts of interstate telecommunications companies from providing interstate telecommunications services that originate or terminate in New Mexico or that are charged to a telephone or account in New Mexico;

4. Tribal/Pueblo Gross Receipts are receipts from transactions on tribal land that are collected by the Department when the entity has entered into a cooperative agreement with the tribe or pueblo;

5. Leased Vehicle Gross Receipts are receipts from the short-term rental of passenger automobiles that are part of a fleet of five or more vehicles;

6. Leased Vehicle Surcharge is the total due at $2.00 per day that each vehicle subject to the leased vehicle gross receipts tax is rented. Carry the leased vehicle surcharge directly to Column H. Columns E, F & G should be left blank, and

7. Gross receipts that require a special code (other than Interstate Telecommunications Gross Receipts).

COLUMN E: All deductions that do not require separate reporting can be claimed in this column. Taxpayers reporting deductions using a special code(s) from Column B will have to report the associated gross receipts and deductions for that special code(s) on a separate line. Note: If you are claiming a deduction that requires separate reporting (Column C) the associated gross receipts and deduction will have to be reported on a separate line.

A taxpayer must maintain in their possession a nontaxable transaction certificate (NTTC), other acceptable evidence or documentation for each deduction claimed in this column. Deductions cannot exceed the gross receipts reported in Column D for that same location. Business expenses are not deductible from gross receipts.

For a listing of available deductions, please see FYI-105: Gross Receipts & Compensating Taxes - An Overview, available at your local district office or online at www.tax.newmexico.gov/forms-publications.aspx.

COLUMN F: Column D minus Column E.

Note: This amount can never be less than zero.

COLUMN G: Enter the rate from the Gross Receipts Tax Rate Schedule or a special tax rate if you entered “S” or “T” in Column B. See the instructions for Column B.

COLUMN H: Enter the Gross Receipts Tax Due for each line by multiplying Column F by Column G.

PAYMENT MADE BY: If submitting payment via Automated Clearinghouse Deposit or Federal Wire Transfer check the appropriate box and enter the date of transfer.

See FYI-401: Special Payment Methods for more information on Automated Clearinghouse (ACH).

NOTE: When you provide a check as payment, you authorize TRD either to use information from your check to make a one-time electronic fund transfer from your account, or to process the payment as a check transaction. In the memo section of your check, print "CRS" to identify the tax program, include your CRS number and the filing period the check should be applied to. Including this information will ensure that your payment is applied correctly to your tax account should the Form CRS-1 become separated from your check.

AMENDED REPORT: Check the box if you are amending a previously filed report for the same tax filing period. NOTE: If your amended report will result in an overpayment of tax you will have to complete form RPD-41071, Application for Tax Refund and submit it with the completed Form CRS-1. Remember to include all supporting documentation with your submittal.

TAX PERIOD: Enter the dates for the filing period that the tax is being reported. The tax period should match the filing frequency listed on your Registration Certificate for your CRS identification number. Filing periods are: monthly, quarterly or semiannually (see page 2).

CONTACT INFORMATION: Remember to clearly print and sign your name, write your assigned New Mexico CRS ID number, telephone number, and e-mail address. This information will be used to contact you if there are any questions during the processing of your Form CRS-1.

CRS-1 INSTRUCTIONS FOR LINES 1 - 7

LINE 1: TOTAL GROSS RECEIPTS TAX.
Enter the sum of all Column H on Line 1 for the total amount of gross receipts tax due. Remember to include all of the Column H in your calculation from any additional or supplemental pages for the reporting period. This line total includes: amounts from governmental gross receipts tax, interstate telecommunications gross receipts tax, leased vehicle gross receipts tax and leased vehicle surcharge.

LINE 2: COMPENSATING TAX.
1. Take 5.125% of the value of:
   • property that was manufactured by the person using the property in New Mexico;
   • property acquired inside or outside of this state from a person located out of state for nontaxable use and not subject to compensating tax or gross receipts tax but is later used by the buyer for personal use.
   • property acquired or purchased in a transaction with a person located out of state that was not originally subject to compensating tax or gross receipts tax but is later used by the buyer for personal use. (Example: An item is purchased out of state for resale. The item is then removed from inventory for personal use. Compensating tax is due on the value of the item.)

2. Take 5.00% of the value of services acquired or purchased from a person located out of state for nontaxable use and then converted to use by the buyer.

For more information on compensating tax, please see FYI-230 Compensating Tax available through your local district office or online at www.tax.newmexico.gov/forms-publications.aspx.

LINE 3: WITHHOLDING TAX.
Every employer doing business in New Mexico or deriving income from within New Mexico who pays wages or other remuneration to an employee and who is required to withhold federal income tax must withhold New Mexico income tax. In addition, operators of gambling establishments must, on behalf of the state, withhold 6% from winnings if required to withhold for federal purposes. Gaming operators must include copies of IRS Forms 1099, W2-G or 1042S. Withholding tax tables can be found in publication FYI-104, New Mexico Withholding Tax available through your local district office or online at www.tax.newmexico.gov/forms-publications.aspx. Use Line 3 only to report tax withheld from wages and gambling winnings.
LINE 4: TOTAL TAX DUE.
Add Lines 1, 2 and 3.

LINE 5: PENALTY.
Penalty is applied for failure to pay or file on time. Penalty is calculated at a rate of 2% of Line 4 per month or partial month (any fraction of a month is a full month) the Form CRS-1 or payment is late, up to 20% of the tax due or a minimum of $5.00, whichever is greater.

THE MINIMUM $5.00 PENALTY IS ALSO IMPOSED FOR FAILURE TO FILE THIS FORM EVEN IF NO TAX IS DUE.

LINE 6: INTEREST.
Interest is calculated daily but the rate will be set at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC). The interest rate changes on a quarterly basis. Please visit TRD's web site at www.tax.newmexico.gov for the current quarterly and daily rate.

Example: Taxpayer's tax due on Line 4 is $1,000. The payment due is fifteen days late.

To calculate the interest due: multiply $1,000 by the daily rate of 0.01643856% (the daily interest rate for the 2nd quarter of 2019). The result is $0.16438356, which is the interest due for one day. Multiply $0.1643856 by fifteen (the number of days the payment is late). The interest is $2.465753425. (Round this number to the nearest cent) Enter the interest due of $2.47 on Line 6.

Tax Due X Quarterly Interest X Number of Days Late = Interest Due
$1,000 X 0.00016438356 X 15 = $2.465753425

NOTE: You are not liable for interest if the total interest due is less than $1.00.

LINE 7: TOTAL AMOUNT DUE.
Add Lines 4, 5 and 6.

A CRS-1 payment should not be combined on the same check or money order with any other tax or fee being paid to the Department. If possible include your CRS number and the tax period the payment is for in the note section of your check or money order.

Please send your completed Form CRS-1 with payment to:
NM Taxation and Revenue Department
P.O. Box 25128
Santa Fe, NM 87504-5128

You can file Form CRS-1 and pay CRS liability online at: https://tap.state.nm.us/Tap/_/

BUSINESS TAX CREDITS

If you are claiming a business tax credit you will have to include the appropriate claim form with your Form CRS-1 submittal (See table below).

<table>
<thead>
<tr>
<th>Tax Credits</th>
<th>Claim Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advanced Energy</td>
<td>RPD-41334: Advanced Energy Tax Credit Claim Form</td>
</tr>
<tr>
<td>Affordable Housing</td>
<td>RPD-41301: Affordable Housing Tax Credit Claim Form</td>
</tr>
<tr>
<td>Alternative Energy Product Manufacturer's</td>
<td>RPD-41331: Alternative Energy Product Manufacturers tax Credit Claim Form</td>
</tr>
<tr>
<td>Biodiesel Blending Facility</td>
<td>RPD-41321: Biodiesel Blending Facility Tax Credit Claim Form</td>
</tr>
<tr>
<td>High-wage Jobs</td>
<td>RPD-41290: High-Wage Jobs Tax Credit Claim Form</td>
</tr>
<tr>
<td>Investment Credit</td>
<td>RPD-41212: Investment Credit Claim Form</td>
</tr>
<tr>
<td>Laboratory Partnership with Small Business</td>
<td>RPD-41325: Laboratory with Small Business Tax Credit</td>
</tr>
<tr>
<td>Research &amp; Development Small Business</td>
<td>RPD-41298: Research and Development Small Business Tax Credit</td>
</tr>
<tr>
<td>Rural Jobs</td>
<td>RPD-41243: Rural Jobs Tax Credit Claim Form</td>
</tr>
<tr>
<td>Technology Jobs</td>
<td>RPD-41244: Technology Jobs Tax Credit Claim Form</td>
</tr>
<tr>
<td>Technology Jobs and Research and Development</td>
<td>RPD-41386: Technology Jobs and Research and Development Tax Credit Claim Form</td>
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<tr>
<td>Technology Readiness Gross Receipts Tax Credit</td>
<td>TRD-41407: Technology Readiness Gross Receipts Tax Credit Application</td>
</tr>
<tr>
<td>Unpaid Doctor Services Credit</td>
<td>RPD-41323: Gross Receipts Tax Credit for Certain Unpaid Doctor Services</td>
</tr>
</tbody>
</table>

If the credit is being applied to part of your tax due, only pay the tax due that you are liable for. You can file your return and attach the completed form from the list above online at: https://tap.state.nm.us/Tap/_/

Tax credits and deductions that may be taken against tax programs reported on the Form CRS-1 require additional processes and forms that must be completed in order to apply for and claim these credits and deductions.

NOTE: If you pay the full amount of tax due and then submit the claim forms to the Department it will result in an overpayment and Form RPD-41071, Application for Tax Refund will need to be submitted.

For more general information on credits, the application process, and the claiming process see FYI-106, Claiming Business-Related Tax Credits for Individuals and Businesses. This publication is available through your local district office or online at www.tax.newmexico.gov/forms-publications.aspx.
Go Paperless!

File the Form CRS-1 online through the Department's web site:

https://tap.state.nm.us

<table>
<thead>
<tr>
<th>A Municipality / County Name</th>
<th>B Special Code*</th>
<th>C Location Code</th>
<th>D Gross Receipts (Excluding Tax)</th>
<th>E Total Deductions</th>
<th>F Taxable Gross Receipts</th>
<th>G Tax Rate</th>
<th>H Gross Receipts Tax</th>
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<tbody>
<tr>
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TOTAL COLUMNS D, E and H. $ $ 1 TOTAL GROSS RECEIPTS TAX

Payment made by:  ☐ Automated Clearinghouse Deposit  Date _____________  ☐ Federal Wire Transfer  Date _____________

Check if applicable:  ☐ Amended Report

<table>
<thead>
<tr>
<th>TAX PERIOD</th>
<th>Month</th>
<th>Day</th>
<th>Year</th>
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<th>Day</th>
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Print Name______________________  ID No. _____________________  No. _____________________

I declare that I have examined this return including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of taxpayer or agent _______________________  Title _____________  Date ____________  E-mail address ___________________

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Print Name______________________  ID No. _____________________  No. _____________________

I declare that I have examined this return including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of taxpayer or agent _______________________  Title _____________  Date ____________  E-mail address ___________________
Form are available for download at our website: www.tax.newmexico.gov.

- You will receive more Form CRS-1 in the CRS-1 Filler's Kit that is mailed every June and December.
- File your Form(s) CRS-1 in accordance with your filing status:
  i.e., monthly, quarterly, semi-annually. If you do not know your filing status, please contact your local district office.
- To e-file, visit the TRD web page at https://tap.state.nm.us.

You can register for online filing by clicking the "sign up now" link.
- Remember to sign, date, and enter your e-mail address on the form before mailing it to:
  NM Taxation and Revenue Department
  P.O. Box 25128
  Santa Fe, NM  87504-5128
- Make check payable to New Mexico Taxation and Revenue Department. Remember to include your CRS number on your check

Penalty will be assessed for nonpayment of timely reports.

Do not make address changes on Form CRS-1.
Use Form ACD-31075, Business Tax Registration Update to update any changes to your business.

<table>
<thead>
<tr>
<th>NAME</th>
<th>NEW MEXICO CRS ID NO.</th>
</tr>
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</table>

TAXPAYER'S COPY

Keep top portion as a copy for your records.

Tear at perforation and return bottom portion only to:

NM Taxation and Revenue Department
P.O. Box 25128,
Santa Fe, New Mexico 87504-5128

DUE DATE: 25TH OF THE MONTH FOLLOWING THE TAX PERIOD END DATE

COMBINED REPORT - FORM CRS-1

<table>
<thead>
<tr>
<th>NAME</th>
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Please complete if not preprinted

Mail to: NM Taxation and Revenue Department, P.O. Box 25128, Santa Fe, NM 87504-5128

DEPARTMENT USE LATE FILE
DEPARTMENT USE ONLY
 DEPARTMENT USE ONLY
Do not write in this area
Go Paperless!

File the Form CRS-1 online through the Department's web site:

https://tap.state.nm.us

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Check if applicable:  [ ] Amended Report

TAX PERIOD  through  
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Print Name ________________________  ID No. _____________________  No. _________________  Phone _____________________  Location Code _____________________

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TAX PERIOD   Month Day Year through Month Day Year

Print Name ___________________________ ID No. ____________________ No. _________________
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1 TOTAL GROSS RECEIPTS TAX

Payment made by:  
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- Federal Wire Transfer  Date ____________

Check if applicable:  
- Amended Report

TAX PERIOD

Month Day Year through Month Day Year

Print Name ________________________ ID No. _____________________ No. _____________________

TOTAL AMOUNT DUE

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Signature of taxpayer or agent _______________________ Title _____________ Date ____________ E-mail address ___________________

Rev. 01/2019

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NEW MEXICO CRS ID NO. ➔

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COMBINED REPORT - FORM CRS-1

NAME

STREET / BOX

CITY, STATE, ZIP

NEW MEXICO CRS ID NO. ➔

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State of New Mexico - Taxation and Revenue Department

CRS-1 - LONG FORM PAGE 1
COMBINED REPORT SYSTEM

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Enter total of columns D, E and H, this page.

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Signature of Taxpayer or Agent

Print name  Phone

Title  Date

TOTAL GROSS RECEIPTS TAX ALL PAGES

1

COMPENSATING TAX

2

WITHHOLDING TAX

3

TOTAL TAX DUE

4

PENALTY

5

INTEREST

6

TOTAL AMOUNT DUE

7
Use this page if additional space is needed to report gross receipts from multiple locations.
Attach this page to Page 1 of the CRS-1 Long Form.

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<td>$</td>
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<td></td>
</tr>
</tbody>
</table>

* See instructions for column B.
Section I: Complete all applicable fields, see instructions on page 4 and 5

Please print legibly or type the information on this application.

1. BUSINESS NAME

2. Please Check One:
   - New Registration
   - Registration Update

3. DBA

4. FEIN, SSN, or ITIN

5. Telephone Number- Business
   (              )

6. Cell, Fax, Or Other Phone Number
   (              )

7. Business E-mail Address

7a. Alternate E-mail Address

8. Type Of Ownership: (check one)
   - Bail Bonds
   - Corporation
   - Estate
   - General Partnership
   - Government
   - Indian Tribe
   - Individual
   - Limited Partnership
   - Limited Liability Company (LLC)
   - Non Profit Organization Exempt 501 (c) ________________
   - Risk Retention Group (RRG)
   - S Corporation
   - Trust

9. Mailing Address
   City __________________________
   State __________________________ Zip Code ________
   County _______________________

10. Physical Address
    City __________________________
    State ________________________ Zip Code ________
    County _______________________

11. Date business activity started or is anticipated to start in New Mexico:
    Month ______ Day ______ Year ______

12a. Change the business status to: (Check One)
    - Active
    - Closed
    Effective Date (MM/DD/CCYY): ________________

12b. Change the business registration status for:
     (Check All That Apply)
     - CRS
     - Corporate Income Tax
     - Weight Distance Tax
     - Workers' Compensation

13. Select CRS Filing Status:
     - Monthly
     - Quarterly
     - Seasonal*
     - Semiannual
     - Special Event*
     - Temporary

*If Seasonal/Special Event, indicate month(s) in which you will file (MM/DD/CCYY):

14a. Will the business have 3 or more employees in New Mexico?
     - Yes
     - No

14b. Is the business a construction contractor?
     - Yes
     - No

14c. Will the business be required to obtain Workers' Compensation Insurance within 12 months?
     - Yes
     - No
     Effective Start Date: ______________________

15. List Owners, Partners, Corporate Officers, Association Members, Shareholders, Managers, Officers, General Partners, and Proprietors.(Attach separate sheet if necessary)

<table>
<thead>
<tr>
<th>SSN (Required)</th>
<th>Name</th>
<th>Title</th>
<th>Address</th>
<th>E-Mail Address</th>
</tr>
</thead>
</table>
### 16. Method of accounting
- [ ] Cash
- [ ] Accrual

### 17. Please check all that apply:
- a. Does the business have a physical presence in New Mexico? [ ] Yes [ ] No
- b. Is the business a marketplace provider? [ ] Yes [ ] No
- c. Is the business a marketplace seller? [ ] Yes [ ] No

### 18. Give a brief description of nature of business:

### 19. I declare that the information reported on this form and any attached supplement(s) are true and correct:

---

### Section II: Complete this section if you answered question 13 as a monthly, quarterly, or semi-annual filer.

<table>
<thead>
<tr>
<th>20. Liquor License Type/Number</th>
<th>21. Secretary of State Business ID Number</th>
<th>22. Contractor's License Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>[ ] Add</td>
<td>[ ] Add</td>
<td>[ ] Add</td>
</tr>
<tr>
<td>[ ] Delete</td>
<td>[ ] Delete</td>
<td>[ ] Delete</td>
</tr>
<tr>
<td>[ ] Change</td>
<td>[ ] Change</td>
<td>[ ] Change</td>
</tr>
</tbody>
</table>

### Special Tax Programs:

23. Will business sell Gasoline? Note: Bond may be required.
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Distributor [ ] Indian Tribal [ ] Rack Operator
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Distributor [ ] Indian Tribal [ ] Rack Operator

24. Will business sell Special Fuels? Note: Bond may be required.
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Supplier [ ] Wholesaler [ ] Rack Operator
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Supplier [ ] Wholesaler [ ] Rack Operator

25. Will business sell Cigarettes?
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Distributor [ ] Retailer [ ] Manufacturer
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Distributor [ ] Retailer [ ] Manufacturer

26. Will business sell Tobacco Products?
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Distributor [ ] Retailer [ ] Manufacturer
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Distributor [ ] Retailer [ ] Manufacturer

27. Will business be a Water Producer?
   - [ ] Yes [ ] No
   - If yes, Type of Water System: ____________________________

28. Will business be involved in Gaming Activities?
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Bingo and Raffle [ ] Distributor [ ] Gaming Operator
   - [ ] Yes [ ] No
   - If yes, is business: [ ] Bingo and Raffle [ ] Distributor [ ] Gaming Operator

29. Will business sell Liquor?
   - [ ] Yes [ ] No
   - If yes, if business: [ ] Direct Shipper [ ] Retailer [ ] Manufacturer
   - [ ] Yes [ ] No
   - If yes, if business: [ ] Direct Shipper [ ] Retailer [ ] Manufacturer

30. Will business sell Prepaid Wireless Communication, Landline, or Wireless Services?
   - [ ] Yes [ ] No
   - If yes, E-911 registration is required.

### Oil and Gas:

31. Will business engage in Serving Natural Resources? [ ] Yes [ ] No
32. Will business engage in Processing Natural Resources? [ ] Yes [ ] No
33. Will business be a Natural Gas Processor? [ ] Yes [ ] No
34. Will business be an Oil and Gas Taxes Filer? [ ] Yes [ ] No
35. Will business be a Master Operator (Equipment tax)? [ ] Yes [ ] No
36. If applicable, provide former owner’s:
   NM TRD ID No.: 
   ____________________________

   Business Name: 
   ____________________________

37. Are you operating any other business(es) in New Mexico?
   Yes ☐  No ☐
   If yes, provide:
   NM TRD ID No.: 
   ____________________________

   Business Name: 
   ____________________________

38. Primary type of business in NM (Check all that apply)

<table>
<thead>
<tr>
<th>Add</th>
<th>Delete</th>
</tr>
</thead>
<tbody>
<tr>
<td>☐ Accommodation, Food Services, and Drinking Places</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Administrative and Support Services</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Agriculture, Forestry, Fishing and Hunting</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Arts, Entertainment and Recreation Management</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Construction</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Educational Services</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Extraction of Natural Resources</td>
<td>☐</td>
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<tr>
<td>☐ Finance and Insurance</td>
<td>☐</td>
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<td>☐ Health Care and Social Assistance</td>
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<tr>
<td>☐ Manufacturing</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Oil and Gas Extraction and Processing</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Professional, Scientific and Technical Services</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Real Estate and Leasing of Real Property</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Rental and Leasing of Tangible Personal Property</td>
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</tr>
<tr>
<td>☐ Retail Trade</td>
<td>☐</td>
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<tr>
<td>☐ Transportation and Warehousing</td>
<td>☐</td>
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<tr>
<td>☐ Utilities</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Wholesale Trade</td>
<td>☐</td>
</tr>
<tr>
<td>☐ Other Services</td>
<td>☐</td>
</tr>
</tbody>
</table>

39. Is the business a Government Entity? ☐ Yes ☐ No

40. Is the business a Government Hospital? ☐ Yes ☐ No

41. Is the business a Non-Profit Hospital? ☐ Yes ☐ No

42. Is the business a Retail Food Store? ☐ Yes ☐ No

43. Is the business a Health Care Practitioner who will deduct receipts under Section 7-9-93 NMSA 1978? ☐ Yes ☐ No
   If yes, please briefly explain the type of health care services provided.

44. Health Care Quality Surcharge: See instructions
   Is this business a health care facility? ☐ Yes ☐ No
   If yes, provide:
   New Mexico Department of Health License Number
   ____________________________

List the following:
   DBA: ____________________________
   Administrator Name: ____________________________
   Administrator Phone Number: ____________________________
   Administrator Email Address: ____________________________

45. Insurance Premium Tax:
   Is this business licensed through the Office of the Superintendent of Insurance? ☐ Yes ☐ No
   If yes, provide:
   National Association of Insurance Commissions (NAIC) Number:
   ____________________________

Check all that apply:
   ☐ Life and Health  ☐ Property  ☐ Casualty  ☐ Vehicle
   Surplus Lines? ☐ Yes ☐ No
   If yes, provide National Producer Number (NPN)
   ____________________________

Check all that apply:  ☐ Agency ☐ Agent ☐ Broker
Who is required to submit ACD-31015:
This Business Tax Registration Application & Update Form is for the following tax programs: Cigarette, Compensating, E911 Service, Gaming Taxes, Gasoline, Gross Receipts, Special Fuels, Tobacco Products, Withholding, Workers Compensation Fee, Master of Operations, Natural Gas, Resources, Severance, Special Fuels, Tobacco Products, Telecommunications Relay Service, and Water Producer. Registration is required by New Mexico Statute, Section 7-1-12 NMSA 1978. Supplemental information and general instructions on reporting will be provided to you.

Should you need assistance completing this application, please contact the Department:

Phone: 1-866-285-2996  
E-mail: Business.Reg@state.nm.us

Once the completed forms and attachments have been reviewed and processed a registration certificate will be mailed to the address provided.

New Applications:
Please complete the form in full. Provide completed pages 1 through 3 to the: NM Taxation and Revenue Department, Attn: Compliance Registration Unit, PO Box 8485, Albuquerque, NM 87198. All attachments must contain the business name. Mark questions which do not apply with n/a (not applicable).

Apply for a Business Tax ID Online:
You can apply for a Combined Reporting System (CRS) number online using the Department’s website, Taxpayer Access Point (TAP) https://tap.state.nm.us. From the TAP homepage, under Businesses select Apply for a CRS ID. Follow the steps to complete the business registration.

Updating Business Registration:
If this is an update to an existing registration, answer questions 1 through 4 and then any additional fields where changes are being made.

Line Instructions:

Section I
1. Enter business name of the entity. If business name is an individual’s name, enter first name, middle initial, and last name.
2. Please mark the appropriate box indicating if this is a new registration or an update to an existing registration. Note: If updating existing registration provide the NM TRD ID and Date Issued at the top of page 1 in the space provided.
3. If entity operates under a different name than the business name, list the name the business is “doing business as” (DBA).
4. Enter Federal ID Number (FEIN), Social Security Number (SSN), or Individual Taxpayer Identification Number (ITIN).
5. Enter the business telephone number.
6. Enter a cell phone contact number for the business.
7. Enter business e-mail address.
8. Check the type of ownership for the business you are registering (choose only one). If the entity type has changed, the ID must be closed and a new registration must be completed for the new entity type. If non-profit, please include letter of determination from the IRS.
9. Enter the address at which the business will receive mail from the Department (registration certificate, CRS Filer’s Kits, etc.).
10. Specify the physical location address of the business. (Not a PO Box). If you have multiple locations, please attach an additional sheet.
11. Enter the date you initially derived receipts from performing services, selling property in New Mexico or leasing property employed in New Mexico; or the date you anticipate deriving such receipts; or the period in which the taxable event occurs. Enter month, day and year.
12. a) Enter the date business will close if you check TEMPORARY or SPECIAL EVENT on filing status in box 13. If closing a business, request a Letter of Good Standing or a Certificate of No Tax Due.
b) Specify the tax program the business status refers to in 12a.
13. Filing status: Please select the appropriate filing status for reporting, submitting and paying the business’s combined gross receipts, compensating and withholding taxes.  
a) Monthly - due by the 25th of the following month if combined taxes due average more than $200 per month, or if you wish to file monthly regardless of the amount due.  
b) Quarterly – due by the 25th of the month following the end of the quarter if combined taxes due for the quarter are less than $600 or an average of less than $200 per month in the quarter. Quarters are January - March; April - June; July - September; October - December.  
c) Semiannually – due by the 25th of the month following the end of the 6-month period if combined taxes due are less than $1,200 for the semiannual period or an average less than $200 per month for the 6-month period. Semiannual periods are January - June; July – December.  
d) Seasonal – indicate month(s) for which you will be filing.
e) Temporary – enter close date on # 12. The month in which the business files must be a period in which the registration is active.
f) Special event – enter close date on # 12. The month in which the business files must be a period in which the registration is active.

14. a) Indicate whether or not you will have 3 or more employees in New Mexico.
b) Indicate whether the business is a construction contractor.
c) Indicate whether or not you will be required to pay the Workers’ Compensation fee to New Mexico. Every employer who is covered by the Workers’ Compensation Act, whether by requirement or election must file and pay the assessment fee and file form RPD-41054 Workers’ Compensation Fee Form (WC-1). For more information contact the Workers’ Compensation Administration at (505) 841-6000 or https://workerscomp.nm.gov.

15. Required: Enter the Social Security Number (SSN) or Individual Tax Identification Number (ITIN) for individuals; Name and Title, Address, Phone #, and E-mail address for all Owners, Partners, Corporate Officers, Association Members, Shareholders, Managers, Officers, General Partners, and Proprietors. This information is required. Attached additional pages if necessary.

16. Check the method of accounting used by the business.
a) Cash - report all cash and other consideration received but exclude any sales on account (charge sales) until payment is received.
b) Accrual - report all sales transactions, including cash sales and sales on account (charge sales) but exclude cash received on payment of accounts receivable.

17. a) Indicate if the business has physical presence in New Mexico.
b) Indicate if the business is a marketplace provider, meaning a person who facilitates the sale, lease or license of tangible personal property or services or license for use of real property on a marketplace seller’s behalf, or on the marketplace provider’s own behalf by listing or advertising the sale, or collecting from the customer and transmitting payment to the seller.
c) Indicate if the business is a marketplace seller, meaning a person who sells, leases or licenses tangible personal property or services or licenses the use of real property through a marketplace provider.

18. Briefly describe the nature of the type(s) of business in which you will be engaging.

19. The application should be signed by an Owner, Partner, Corporate Officer, Association Member, Shareholder, or Authorized Representative.

Section II:
Complete this section if you answered question 13 as a monthly, quarterly, or semi-annual filer.

20. If applicable, provide your Liquor License Type and Number assigned by the Alcohol and Gaming Division
21. If applicable, provide your Secretary of State Business ID Number. They may be contacted at www.sos.state.nm.us or by phone at 1-800-477-3632.
22. If applicable, provide your Contractor’s License Number assigned by the Construction Industries Division.

23-30. The programs listed in this section are considered Special Tax Programs. Many of these programs are required to file monthly. Please contact the Special Tax Programs Unit at (505) 827-0764 with any questions.

31-35. Answer the questions regarding Oil and Gas, if applicable.

36. If this is not a new business, enter the former owner’s New Mexico Taxation and Revenue Department CRS ID Number (NM TRD ID Number) and business name. You may want to complete a form ACD-31096 Tax Clearance Request.

37. Specify whether you are operating or have operated any other businesses in New Mexico. If so, enter NM TRD ID number and business name.

38. Select the primary type(s) of business in which you will engage. You may select more than one if necessary.

39-42. Please indicate if the business is one of these specific types, which use special reporting codes.

43. Answer the questions regarding activities as health care practitioner, if applicable.
44. If you are unsure if you are subject to the Healthcare Quality Surcharge please contact our Special Tax Programs Unit at (505) 827-0764.

45. Answer the questions regarding Insurance Premium Tax, if applicable.

Form submission:
You can apply for and update your Business Registration online using TAP, https://tap.state.nm.us.

You can also mail or email your application to the Department: Important: Please return completed pages 1, 2, and 3 of the ACD-31015, Business Tax Registration Application & Update form.

Mail: NM Taxation and Revenue Department
      Attn: Compliance Registration Unit
      PO Box 8485
      Albuquerque, NM 87198

E-mail: Business.Reg@state.nm.us
New Mexico Taxpayer Bill of Rights

Most tax transactions happen without problems. Sometimes, thought, troubles arise through misunderstanding, mathematical error, missed deadlines, lost papers, high volume of transactions and many other situations. Changes in the law may make earlier information outdated. Over the years the Legislature and the Department have created ways to handle difficulties according to the provisions of the state tax code. Following are some of your rights as outlined in Sections 7-1-4.1 through 7-1-4.3 NMSA 1978:

- The right to available public information and prompt and courteous tax assistance;
- The right to representation and advice by counsel or other qualified representatives at any time during your interactions with the Department according to provisions of Section 7-1-24 NMSA 1978, or with the Administrative Hearings Office in accordance with the provisions of the Administrative Hearings Office Act;
- The right to have audits, inspections of records and meetings conducted at a reasonable time and place according to Section 7-1-11 NMSA 1978;
- The right to have the Department conduct its audits in a timely and efficient manner and be entitled to the correct calculation of interest as provided in the Tax Administration Act under Sections 7-1-67 and 7-1-68 NMSA 1978;
- The right to simple, non-technical information explaining procedures, remedies and rights during audit, protest, appeals and collection proceedings under the Tax Administration Act;
- The right to receive an explanation of audit results and the basis for audits, assessments or denials of refunds that identify tax, interest or penalty due;
- The right to seek review through formal or informal proceedings of findings or unfavorable decisions arising from determinations during audit or protest procedures according to Section 7-1-24 NMSA 1978 and the Administrative Hearings Office Act;
- The right to have your tax information kept confidential unless otherwise specified by law in Sections 7-1-8 through 7-1-11 NMSA 1978;
- The right to an abatement of an assessment of taxes incorrectly, erroneously or illegally made (Section 7-1-28 NMSA 1978) and a right to seek a compromise of an asserted tax liability.

Confidentiality Provisions:

Statutes protecting the privacy of your taxes are strict and are outlined in Sections 7-1-8 through 7-1-11 NMSA 1978. Section 7-1-8.2 NMSA 1978 limits requiring the Department to answer questions about whether a taxpayer is registered to do business in New Mexico or is registered for other tax programs. It does not allow employees to say whether you have filed a return. Employees may discuss your account only with you or your authorized representative. A hearing officer’s written ruling on questions of evidence or procedure pursuant to the Administrative Hearings Office Act are in the public domain. The name and identification number of the taxpayer requesting the ruling are not public record. Public record includes the monthly gasoline tax reports of numbers of gallons of gasoline and ethanol-blended fuels received and deducted, and the tax paid by each filer or taxpayer pays. Identities of rack operators, importers, blenders, suppliers or distributors and the number of gallons of gasoline and other fuels are public record. The Department may reveal to the Gaming Control Board the tax returns of license applicants and their affiliates.

Audit Provisions:
The Department must provide you with written, dated notice that an audit is about to begin on a specific date, and the notice must tell you which tax programs and reporting periods will be covered. We must issue a second notice, which states any outstanding records or books of account requested and not yet received, between 60 and 180 days after the audit begins. If you do not produce the records within 90 days, the Department can issue an assessment of tax on the basis of the information as it stands. If you need additional time, you must submit a specific request in writing. Interest on outstanding liabilities accrues if the Department does not issue an assessment within 180 days of the notice of outstanding records or books, or within 90 days after time has expired under your request for additional time; however, you are entitled to an abatement of interest for the period of time after you have complied with Department requests and the Department has not acted on the audit.

Administrative Hearing Procedures:

A hearing officer may not engage or participate in any way in the enforcement or formulation of general tax policy other than to conduct hearings. You may request the Chief Hearing Officer of the Administrative Hearings Office determine if a hearing officer has engaged or participated in the enforcement or formulation of tax policy and if the hearing officer’s activities have affected his or her impartiality. The Chief Hearing Officer may designate another hearing officer for the matter. Hearing officers may not communicate unilaterally about a matter you have protested while that matter is still pending. The chief hearing officer may appoint another hearing officer if that occurs. You may request a written ruling on any contested question of evidence in matters in which you have filed a pending written protest. You also may request that two or more protests on related issues be combined and heard jointly, and the hearing officer shall grant the request unless it creates an unreasonable burden on the Department.

Credit Claims:
The Department has 180 days from the filing date to approve or deny a statutory tax credit. If it does not act, the credit is approved. The Secretary decides whether a refund of tax due you may be offset against your other tax liabilities, and you will receive notice that the refund will be made accordingly. You are entitled to interest until the tax liability is credited with the refund amount. Please see the paragraph above on “Audit Provisions” for interest due to you if the Department does not offset a refund or credit against your other tax liabilities within the prescribed time. The Department may make a direct refund of overpaid taxes to the taxpayer without requiring the taxpayer to file a refund claim. The Department does not have to pay interest on credits or refunds if it applies the amount to a tax interception program, to an estimated payment, or to offset prior liabilities of the taxpayer.

Awards of Costs and Fees:

If you prevail in an administrative or court proceeding brought by you or against you after July 1, 2003, under the Tax Administration Act, you may be entitled to a judgment or a settlement for reasonable administrative costs connected to the action.

Penalty:
The Department may not assess penalty against you if you fail to pay tax when due because of a mistake of law made in good faith and on reasonable grounds. If the Secretary determines that it is unfair to hold a spouse or former spouse liable for payment of unpaid taxes, the Secretary may decline to take action against the spouse or former spouse of the person who actually owes the tax. In extreme cases of delinquency under Section 7-1-53 NMSA 1978 the Department may enjoin a taxpayer from continuing in business after a hearing and until the delinquency is cleared.
**Who Must File This Form.** Use this form to apply for a refund of most tax, fees, or surcharges paid to the New Mexico Taxation and Revenue Department. Unless your claim is an exception (described next), you are required to complete this form or submit a letter with substantially the same information to apply for a tax refund.

**Exceptions for Filing This Form.** If your refund claim is the result of overstating the tax due on a previously filed income tax or an oil and gas tax return and you are filing an amended return, you do not need to complete and attach this application for a tax refund. A complete amended return is sufficient to support a valid claim for tax refund. Other exceptions to filing this application are the tax, fee, and surcharge programs listed in the instructions.

**How to File This Form.** See the requirements list in Information Required to Claim a Refund on the first page of the instructions. The taxpayer or the authorized agent must sign this Application for Refund. Attach to this application all documentation that supports your refund claim. A claim for refund is not valid unless it is complete and verifiable. See the instructions for more information.

To apply all or any part of your refund to another report period, liability, or another tax, fee, or surcharge program, please state in detail the report period, liability, or other tax, fee, or surcharge program to which you want to apply the refund.

---

**APPLICATION FOR REFUND**

I hereby certify that the State of New Mexico was overpaid the sum of ___________ dollars ($___________) in______ taxes, fees, or surcharges for the period(s) __________ to ____________

Basis for refund. Briefly state the facts.

_________________________________________________________________________________________________

_________________________________________________________________________________________________

_________________________________________________________________________________________________

_________________________________________________________________________________________________

Is an amended return submitted with this request? (for previously filed returns, one amended return required for each affected period)

Yes [ ] No [ ] Previously Mailed [ ] Not Required [ ]

I declare that the information reported on this form and any attached supplements are true and correct.

Signature of taxpayer or agent [ ] Title [ ] Date [ ]

Type or print name [ ] Email address [ ] Phone [ ]
Request For Direct Deposit

If you are requesting a refund of tax, fees, or surcharges paid to the New Mexico Taxation and Revenue Department for any of the programs listed below and would like your refund deposited directly into your bank account located at a financial institution inside the territorial jurisdiction of the United States (U.S.), complete the information. If the information below is incomplete or incorrect, the Department mails the refund to the address on file.

**Programs:** Combined Report System (CRS) Tax, Personal Income Tax (PIT), Corporate Income and Franchise Tax (CIT), Oil and Gas Proceeds Withholding (OGP) Tax, Enhanced 911 Surcharge (E911), Telecommunication Relay Service Surcharge (TRS), Water Conservation Fee (WCF), Weight Distance Tax (WDT), and Workers' Compensation Fee (WKC).

1. Routing number: 
2. Account number: 
3. Type: [ ] Checking [ ] Savings
4. Required: [ ] Yes [ ] No

**FOR DEPARTMENT USE ONLY**

I analyzed the records of the Taxation and Revenue Department on __________________________, 20_______ and verified the amount of tax overpayment. I hereby certify that a tax refund is due as claimed according to Section 7-1-26 NMSA 1978. The amount of overpayment is for the following taxes:

<table>
<thead>
<tr>
<th>TAX, FEE, or SURCHARGE PROGRAM</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>$</td>
</tr>
<tr>
<td>2.</td>
<td>$</td>
</tr>
<tr>
<td>3.</td>
<td>$</td>
</tr>
</tbody>
</table>

Total interest to refund
Total amount to refund $  

Analysis of reason for overpayment:

__________________________________________
__________________________________________
__________________________________________
__________________________________________

Valid overpayment: [ ] YES [ ] NO [ ] Need additional information
Credit amount $__________

Amended returns on file: [ ] YES [ ] NO [ ] N / A
Credit key__________

Date requested ____________________________

Documents supporting this refund are on file:

I recommend refund:
Initiated by ____________________________
Section supervisor ____________________________ Date
Bureau Chief ____________________________ Date

GENERAL APPROVAL
Secretary or Delegate

IF REQUIRED
Attorney General's Office
Exceptions to Filing RPD-41071
The following tax, fee, or surcharge programs require you to file a special form instead of this RPD-41071, Application for Refund, to claim a refund for their program:

- For a refund of oil and gas taxes other than the oil and gas proceeds withholding tax, use RPD-41136, Application for Tax Refund - Oil and Gas.
- For a refund of withholding tax on the net income of a pass-through entity (PTE) reported on PTE New Mexico Information Return for Pass-Through Entities, use RPD-41373, Application for Refund of Tax Withheld From Pass-Through Entities.
- For an overpayment of tax withheld on RPD-41367, Pass-Through Entity Withholding Detail (PTW-D) Report, use RPD-41373, Application for Refund of Tax Withheld From Pass-Through Entities.
- For a refund of vehicle-related or driver-related taxes or fees, use MVD-10208, Request for Refund.
- For a refund of Tobacco Products Tax, use RPD-41318, Application for Tobacco Products Tax Refund.
- For a refund of a spoiled or damaged cigarette stamp, use RPD-41211, Application for Refund of Cigarette Tax.

Follow the instructions for the applicable refund form to apply for your refund and find out about required attachments.

Information Required to Claim a Refund
According to Section 7-1-26 NMSA 1978, the following information is required to claim a refund:

- Taxpayer’s name, address, and identification number
- Type of tax for which the refund is claimed, the credit or rebate denied, or the property levied upon
- Sum of money or other property claimed
- Period(s) for which the overpayment was made
- Brief statement of the facts and law on which the claim is based, referred to as the basis for refund, and documentation to support and substantiate the taxpayer’s basis for the refund
- If applicable, a copy of an amended return for each tax period for which the refund is claimed.

When to Attach an Amended Return
If your refund is the result of overstating the tax, fees, or surcharges due on a previously filed return, you are required to attach a fully completed amended return for each affected period. Regardless of the number of amended periods, only one Application for Refund is required per refund claim.

IMPORTANT: When filing an amended return, submit all supporting forms, schedules, and backup as requested by the instructions.

Interest on Overpayment
The Department requires a complete and approved refund claim before calculating interest on an overpayment. The Department does not pay interest on refunds for the following tax credits:

- Investment
- Laboratory partnership with small business
- Technology jobs and research and development
- Film production
- Affordable housing
- Rural job
- High-wage jobs

Requirements for Requesting CRS-1 Tax Refunds
The documents to attach when you request a CRS-1 tax refund depend on the reason for your refund claim. To claim a refund of gross receipts tax paid because you did not claim:

- An allowable deduction, attach a copy of either of the following, if applicable:
  - The nontaxable transaction certificate (NTTC) the buyer executed so the Department can verify the buyer executed it properly and timely
  - Any other documentation necessary to support the deduction (for example, a farmer or rancher statement)
- An exemption, attach documentation necessary to support the exemption (for example, invoices or contracts)

E-filing CRS Returns
If the Department requires you to e-file a CRS-1 return, this requirement extends to e-filing all CRS-1 amended returns.

NOTE: You can only mail RPD-41071, Application for Refund, with its required attachments to the Department.

CRS Resources
To find out if you are required to e-file CRS-1 returns, see FYI-108, Electronic Filing Mandate. You can find FYI-108 at www.tax.newmexico.gov/forms-publications.aspx. On that page, click Publications, FYIs, and 100 Series-General Information.

The following publications describe allowable deductions, exemptions, and credits against these taxes and the required documentation to support a refund claim:

- Overview of Gross Receipts & Compensating Taxes published in the CRS Filers Kit
- FYI-105, Gross Receipts & Compensating Taxes - An Overview

Request for Direct Deposit
If you want your refund directly deposited into your checking or savings account, complete the Request For Direct Deposit section. Failure to complete all lines and boxes in this section results in the Department mailing a paper check to the address on file.
NOTE: Direct deposits are only allowable to the taxpayer’s account. The Department is not responsible if a financial institution refuses a direct deposit, or if misapplication of a direct deposit refund was caused by a taxpayer’s error, negligence, or malfeasance.

Lines 1 and 2 and Boxes 3 and 4

Line 1. The routing number, for bank identification, has nine digits. If the first two digits are not 01 through 12 or 21 through 32, the system rejects the direct deposit and you receive a check.

NOTE: If your check states it is payable through a different bank than the financial institution where you have your checking or savings account, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

Line 2. Your account number has up to 17 characters. Include hyphens, but omit spaces and special symbols as you enter the number from left to right. Leave unused boxes blank. On the sample check, the account number is 2015551517. Do not include the check number.

Box 3. Mark an X in the Checking or Savings box to indicate the type of account.

Box 4. Mark an X in the YES or NO box to answer whether the funds for your refund would go to or through an account located outside the U.S. Marking NO means the financial institution’s location is within the territorial jurisdiction of the U.S., which includes any of the following:

- Within the U.S.
- On a U.S. military base
- In American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, or the U.S. Virgin Islands

What Happens for Different Answers in Box 4

- If you mark an X in the YES box, you cannot use direct deposit. Either use a different bank account or to leave the Request For Direct Deposit section blank to receive a paper check at the address on file.
- If you do not answer the question, the Department mails your refund to you in a paper check. To comply with federal banking rules, anyone who wants their refund directly deposited into their account must answer this question.

- If you answer the question incorrectly, the National Automated Clearing House Association (NACHA) or the Office of Foreign Assets Control (OFAC) may delay, reject, or freeze your refund.
- If your bank does not accept your Request For Direct Deposit entries, the Department mails a check to you.

Your Rights and Refund Claims

This sections gives you information about your rights regarding tax liabilities and offsets and about denials of claims.

Tax Liabilities

If you have any tax liability, the Taxation and Revenue Department may offset all or part of an allowed refund against such liability.

To claim a refund of an overpayment due to an offset by the Department, please attach a copy of the offset notice.

Refund Claim Denials

If the Department denies your claim for refund in whole or in part, you may file a protest with the Department within 90 days of either mailing or delivery of the denial, or you may file a lawsuit in Santa Fe District Court.

If the Department does not take action on your completed claim within 180 days of receiving your claim, you may elect to treat the refund claim as denied, which allows you to pursue the remedies stated in the preceding paragraph.

If the Department requests additional relevant documentation from you, the claim in not complete. If you submit the requested documentation within the required time period, the Department uses the date the Department received the complete documentation as the start of the 180 days. If you do not provide the additional relevant documentation, the claim for refund remains incomplete.

For more information about your remedies, please see FYI-402, Taxpayer Remedies. You can find FYI-402 at www.tax.newmexico.gov/forms-publications.aspx. Click Publications, FYIs, and then 400 Series-Tax Administration.

For More Information, Forms, and Instructions

If you have any questions, including which documents to file with a refund application or an amended return, call the Department toll free at (866) 809-2335 or visit your local district office.

To find copies of tax forms on the Department website, click www.tax.newmexico.gov/forms-publications.aspx. Then select the tax program or click the magnifying glass icon and enter the form number.
**APPLICATION FOR NONTAXABLE TRANSACTION CERTIFICATES**

**BUSINESS INFORMATION OF APPLICANT**

| Name: | | | | | |
| Mailing Address: | | | | | |
| City: | State: | Zip: | | | |
| Date: | | Phone No: | | | |
| Print Name: | | Authorized Signature: | | | |

**NM CRS IDENTIFICATION NUMBER OF APPLICANT**

<table>
<thead>
<tr>
<th>Type of NTTC</th>
<th>Quantity Requested: 5 combined maximum</th>
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<td>1 2 3 4 5</td>
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**CONTRACTORS LICENSE NUMBER**

- New Application
- Reorder

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<thead>
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<th>Type of NTTC</th>
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**New Mexico Taxation and Revenue Department, PO Box 5557, Santa Fe, New Mexico 87502-5557**

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**REQUIREMENTS:** All New Mexico buyers/lessees who wish to execute Nontaxable Transaction Certificates (NTTCs) are required to register with the Taxation and Revenue Department using Form ACD-31015, Application for Business Tax Identification Number. Once the registration process has been completed and a New Mexico business tax identification number (CRS number) has been issued for your business, you can complete the Application for Nontaxable Transaction Certificates below and submit it to your closest district office.

**CAUTION:** Fraudulent statements made to obtain certificates, or fraudulent use of certificates received pursuant to this application with intent to evade or defeat the tax may subject the person or business to a fine of not more than ten thousand dollars ($10,000) or imprisonment for not more than five (5) years or both (Sections 7-1-72 NMSA 1978 and 7-1-73 NMSA 1978).

**NTTC DESCRIPTIONS AND AUTHORIZED USES:** See reverse for complete descriptions of NTTC types.

- **Type 2:** for tangibles for resale, lease or re-lease, or for purchase by manufacturer.
- **Type 5:** for services for resale, for export, or for services performed on manufactured products.
- **Type 6:** for construction contractor’s purchase of construction materials, construction services, construction-related services or for the lease of construction equipment
- **Type 9:** for purchase of tangible personal property by New Mexico or United States governments, 501(c)(3) organization, or credit unions.
- **Type 10:** for purchase or lease of tangible personal property or services by a person who holds an interest in a qualified generating facility.
- **Type 11:** for purchase of tangible personal property that is consumed in the manufacturing process¹
- **Type 12:** for purchase of utilities that are consumed in the manufacturing process¹
- **Type 15:** for tangible personal property purchased by qualified federal contractors
- **Type 16:** for sales of property, services and leases to qualified film production companies, accredited foreign missions, and their accredited members.
- **Type 17:** for government agencies’ or 501(c)(3) organizations’ purchases of construction material that is tangible personal property¹
- **Type OSB NTTCs are issued to registered New Mexico sellers/lessors to execute to Out-of-State Buyers who are not registered with the Department, but who will resell tangible personal property outside of New Mexico.

¹ To request the Type 11, 12 and 17 NTTCs: Please submit below specified forms:

- **Type 11:** Requires Form RPD-41378, Application for Type 11 or 12 Nontaxable Certificates
- **Type 12:** Requires Form RPD-41378, Application for Type 11 or 12 Nontaxable Certificates and RPD-41377, Manufacturing Agreement to Pay Gross Receipts on Behalf of a Utility Company for Certain Utility Sales
- **Type 17:** Requires Form RPD-41250, Application for Type 17 Nontaxable Transaction Certificates and ACD-31050, Application for Nontaxable Transaction Certificates

Above forms are available online www.tax.newmexico.gov or from your local district office.

**Taxpayer Access Point (TAP) for NTTCs:** The Department encourages all taxpayers to use TAP to apply for, execute, record, print and request additional NTTCs online. If you know the seller’s/lessor’s CRS identification number to whom you wish to execute a NTTC, you may immediately execute the NTTC online. When the recipient’s CRS identification number is known, there is no limit to executing NTTCs on TAP, but you may re-order additional NTTCs online. If you know the seller’s/lessor’s CRS identification number to whom you wish to execute a NTTC, you may immediately execute the NTTC online. When the recipient’s CRS identification number is known, there is no limit to executing NTTCs on TAP, but you may re-order additional NTTCs online.

**HOW TO APPLY OR REORDER:** If you do not yet have the name and CRS identification number of the vendor to whom you wish to execute the NTTC, complete the application below, providing all information requested. Mail the application to the New Mexico Taxation and Revenue Department, P.O. Box 5557, Santa Fe, New Mexico 87502-5557, or you may deliver it to your local district office.

**NOTE:** You may reorder additional NTTCs ONLY after your executed NTTCs have been recorded with the Department. To record your executed NTTCs, submit the Nontaxable Transaction Certificate Report or record them online. The Department will only issue a maximum of five (5) NTTCs to be executed at a later date.
TYPE 2 certificates may be executed:
1) By manufacturers for the purchase of tangible personal property that will become an ingredient or component of the manufactured product. (7-9-46)
2) For the purchase of tangible personal property or licenses for resale either alone or in combination with other tangible personal property or licenses in the ordinary course of business. (7-9-47)
3) By a lessee for the lease of tangible personal property or licenses for subsequent lease in the ordinary course of business, except for the lease of furniture or appliances, the receipts from the rental or lease of which are deductible under Subsection C of Section 7-9-53, the lease of coin-operated machines, and for the purchase of manufactured homes as defined in Section 7-9-3(G). (7-9-50)
4) For the purchase of tangible personal property or licenses for subsequent lease in the ordinary course of business, except for the lease of furniture or appliances, the receipts from the rental or lease of which are deductible under Subsection C of Section 7-9-53; the lease of coin-operated machines, and for the purchase of manufactured homes as defined in Section 7-9-3(G). (7-9-49)
5) By a person who is licensed to practice medicine, osteopathic medicine, dentistry, podiatry, optometry, chiropractic or professional nursing for the purchase of prosthetic devices. (7-9-73)
6) By a common carrier for the purchase of fuel that is to be loaded or used in a locomotive engine. (7-9-110.1 & 7-9-110.3)

TYPE 5 certificates may be executed:
1) For the purchase of services for resale if the subsequent sale by the buyer is in the ordinary course of business and the subsequent sale of the service is subject to gross receipts tax or governmental gross receipts tax. (7-9-48)
2) For the purchase of services for export when sold to an out-of-state buyer and delivery and initial use of the product of the service occurs outside New Mexico. (7-9-57)
3) By manufacturers for the purchase of services performed directly upon tangible personal property they are in the business of manufacturing or upon ingredient or component parts thereof. (7-9-75)
4) For the purchase of aerospace services for resale if the subsequent sale by the buyer is in the ordinary course of business and the services are sold to a 501(c)(3) organization, other than a national laboratory, or to the United States. (7-9-54.1)

TYPE 6 certificates may be executed by a construction contractor:
1) For the purchase of construction materials that will become ingredients or components of a construction project that is either subject to gross receipts tax upon completion or that takes place on Indian tribal territory. (7-9-51) Enter your contractor’s license number on the application or submit proof that such a number is not required.²
2) For the purchase of construction services that are directly contracted for or billed to a construction project that is either subject to gross receipts tax upon completion, upon the sale in the ordinary course of business of the real property upon which the project is constructed or that takes place on Indian tribal territory. (7-9-52) Enter your contractor’s license number on the application or submit proof that such a number is not required.²
3) For the purchase of construction-related services that are directly contracted for or billed to a construction project that is either subject to gross receipts tax upon completion, upon the sale in the ordinary course of business of the real property upon which the project is constructed or that takes place on Indian tribal territory. (7-9-52) Enter your contractor’s license number on the application or submit proof that such a number is not required.²
4) For the lease of construction equipment that is used at the construction location of a construction project that is either subject to gross receipts tax upon completion, upon the sale in the ordinary course of business of the real property upon which the project is constructed or that takes place on Indian tribal territory. (7-9-52.1) Enter your contractor’s license number on the application or submit proof that such a number is not required.²

TYPE 9 certificates may be executed for the purchase of tangible personal property only and may not be used for the purchase of services, the purchase of a license or other intangible property, for the lease of property or to purchase construction materials for use in construction projects (except as provided in #2 below). The following may execute Type 9 NTTCs:
1) Governmental agencies. (7-9-54 (A))
2) 501(c)(3) organizations. (7-9-60 (A)) These organizations register with the Taxation and Revenue Department and submit proof of Internal Revenue Service 501(c)(3) nonprofit determination before they may execute Type 9 NTTCs. Those 501(c)(3) organizations that are organized for the purpose of providing homeownership opportunities to low-income families may purchase construction materials incorporated into these construction projects.
3) Federal or state-chartered credit unions. (7-9-54 and 7-9-61.2)
4) Indian tribes, nations or pueblos when purchasing tangible personal property for use on Indian reservations or pueblo grants. (7-9-54)

TYPE 10 certificates may be executed by a person that holds an interest in a qualified generating facility for the purchase or lease of tangible personal property or services that are eligible generation plant costs. In addition to required reporting on the CRS-1 Form, sellers who accept this certificate for a qualified purchase must also report this deduction on form RPD-41349 Advanced Energy Deduction. (7-9-114)

TYPE 11 certificates may be executed by manufactures for the purchase of tangible personal property that will be consumed in the manufacturing process and may not be used to purchase tools or equipment that may be used to create the manufactured product. The Type 11 NTTC is not to be used for the purchase of utilities. (7-9-46B)¹

TYPE 12 certificates may be executed by manufactures for the purchase of utilities that will be consumed in the manufacturing process. (7-9-46B)¹

TYPE 15 certificates may be executed by qualified federal contractors on a contract-by-contract basis for the purchase of tangible personal property. A copy of the federal contract is required. The Taxation and Revenue Department may contact you for additional information. (7-9-47) (Regulation 3.2.205.11 NMAC)

TYPE 16 certificates may be executed by:
1) Qualified film production companies to purchase property, lease property or purchase services. A qualified production company must submit proof of registration with the New Mexico Film Division of the Economic Development Department. (7-9-86)
2) Accredited diplomats or missions for the purchase of property or services or the leasing of property. (7-9-89)

TYPE 17 certificates may be executed by government agencies or 501 (c)(3) organizations:
1) For government agencies the purchases of construction material that is tangible personal property. (7-9-54 (A)(3))³
2) For 501(c)(3) organizations purchases of construction material that is tangible personal property. (7-9-60 (B))³

TYPE NTTC-OSB certificates may be executed by OUT-OF-STATE BUYERS for the purchase of tangible personal property that will be resold or become an ingredient or component of a manufactured product, or for services performed on a manufactured product. Type NTTC-OSBs must be obtained by the seller.

¹ For more information on the use of different types of NTTCs and special reporting requirements please see publication FYI-204: Nontaxable Transaction Certificates online at http://www.tax.newmexico.gov/SiteCollectionDocuments/Publications or request it from your local district tax office.
² Proof that a construction contractor’s license is not required includes a detailed written statement explaining the circumstances that exclude the contractor from the jurisdiction or application of New Mexico statutes which provide for construction contractor’s licensing and regulation of construction activity.
³ Type 11 NTTCs require the completion of an alternative application, Form RPD-41378, Application for Type 11 or 12 Nontaxable Transaction Certificates, available online at www.tax.newmexico.gov or from your local district office.
⁴ Type 12 NTTCs require the completion of an alternative application, Form RPD-41378, Application for Type 11 or 12 Nontaxable Transaction Certificates, and Form RPD-41377, Manufacturing Agreement to Pay Gross Receipts on Behalf of a Utility Company for Certain Utility Sales available online at www.tax.newmexico.gov or from your local district office.
⁵ Type 17 NTTCs require the completion of an alternative application, Form RPD-41250, Application for Type 17 Nontaxable Transaction Certificates, and Form ACD-31050, Application for Nontaxable Transaction Certificates, available online at www.tax.newmexico.gov or from your local district office.

New Mexico Taxation and Revenue Department
P.O. Box 5557 Santa Fe, New Mexico 87502-5557
This overview includes a description of gross receipts and compensating taxes; exemptions, deductions and credits available for each tax; how and when to report and pay the taxes; account notices issued by the Taxation and Revenue Department (Department); and, finally, responses frequently asked questions by taxpayers.

This information is a general explanation of the gross receipts and compensating tax laws and is presented as a service to taxpayers. Because these instructions are intended to provide general guidance and do not address all specific circumstances, they are not binding on the Department. If you have any questions regarding your particular situation, please contact one of the Department’s district tax offices, call center, or the Santa Fe headquarters.

Statutory citations in this publication are to the New Mexico Statutes Annotated (NMSA 1978). The Gross Receipts and Compensating Tax Act is compiled as Sections 7-9-1 through 7-9-117 NMSA 1978.

“CRS” is the Department’s Combined Reporting System. Using Form CRS-1 you can report one or more of the following taxes:

1. Gross Receipts Tax (includes municipal and county taxes)
2. Compensating Tax
3. Withholding Tax
4. Governmental Gross Receipts Tax
5. Interstate Telecommunications Gross Receipts Tax
6. Leased Vehicle Gross Receipts Tax
7. Leased Vehicle Surcharge
8. Tribal Taxes

The form used to report these taxes is the Form CRS-1. A supply of these forms is enclosed in the CRS-1 Filer’s Kit. The kit is mailed out every six months in June and December and contains a six-month supply of Form CRS-1, current gross receipts tax rates and frequently requested CRS-related forms.

NOTE: Useful publications such as the FYI-402, Taxpayer Remedies and FYI-406, Your Rights Under the Tax Law can be located on our website at https://www.tax.newmexico.gov/forms-publications.aspx or a copy can be obtained from your local district office.

GOVERNMENTAL GROSS RECEIPTS TAX

For the privilege of engaging in certain activities by governments, there is a governmental gross receipts tax of 5% imposed on the receipts of New Mexico state and local governments, institution, instrumentality or political subdivision (except public school districts and an entity licensed by the Department of health, other than a hospital, that is principally engaged in providing health care services) from:

1. The sale of tangible personal property, other than water, from facilities open to the general public;
2. The performance of or admissions to recreational, athletic or entertainment services or events in facilities open to the general public;
3. Refuse collection, refuse disposal or both;
4. Sewage services;
5. The sale of water by a utility owned or operated by a county, municipality or other political subdivision of the state;
6. The renting of parking, docking or tie-down spaces or the granting of permission to park vehicles, tie-down aircraft or dock boats (7-9-4.3);
7. The sale of tangible personal property handled on consignment when sold from facilities open to the general public; and
8. A hospital licensed by the Department of Health (report with special code GH).

Governmental gross receipts DOES NOT include:

1. Cash discounts taken and allowed;
2. Governmental gross receipts tax payable on transactions reportable for the period; and
3. Any type of time-priced differential.

For governmental gross receipts purposes a “facility open to the general public” DOES NOT include point-of-sale registers or electronic devices at a bookstore owned or operated by a public post-secondary educational institution when the registers or devices are utilized in the sale of textbooks or other materials required for courses at the institution to a student enrolled at the institution who displays a valid student identification card.

EXEMPTIONS FROM GOVERNMENTAL GROSS RECEIPTS TAX

Receipts subject to one of the following taxes are exempt from governmental gross receipts tax: gross receipts tax; compensating tax; motor vehicle excise tax; gasoline tax; special fuel supplier's tax; the oil and gas emergency school, severance, conservation and ad valorem taxes; resources tax; processors tax; service tax; event center surcharge (7-9-13.5); stadium surcharge (7-9-13.3); athletic facility surcharge (7-9-41.1) or the boat excise tax (7-9-13.2). In addition, receipts from the sale of livestock or unprocessed agricultural products are exempt (7-9-18).

DEDUCTIONS FROM GOVERNMENTAL GROSS RECEIPTS TAX

Deductions that can be claimed under governmental gross receipts are:

1. Receipts from selling tangible personal property to manufacturers (7-9-46);
2. Receipts from sales of tangible personal property (including prosthetic devices) for resale (7-9-47 and 7-9-73);
3. Receipts from selling tangible personal property to a U.S. or New Mexico governmental entity or to the governing body of an Indian nation, tribe or pueblo for use on the reservation (7-9-54);
4. Receipts from selling tangible personal property to 501(c)(3) organizations (7-9-60);
5. Receipts from sale of services for resale (7-9-48);
6. Receipts from sales in interstate commerce (7-9-55);
7. Refunds and uncollectible debts (7-9-67); or
8. Receipts from the sale of prescription drugs, oxygen and oxygen services (7-9-73.2);
9. 60% of receipts of hospitals licensed by the Department of Health may be deducted (7-9-73.1); and
10. Receipts for sales, leases and licenses of tangible personal property, sales of licenses and sale of services or licenses for use of real property that are facilitated by a marketplace provider; provided that the marketplace provider will collect and remit the tax associated with the transactions (7-9-117).

For further information on these deductions see “Deductions from Gross Receipts Tax” beginning on page “Deductions from Gross Receipts Tax” on page 39 or see a “List of Deductions” on page 40.

Although the governmental gross receipts tax is included in the Gross Receipts and Compensating Tax Act and reportable in the same fashion as gross receipts and compensating taxes, it is an entirely separate tax. The location code used by government agencies for reporting purposes is 55-055.

LEASED VEHICLE GROSS RECEIPTS TAX AND LEASED VEHICLE SURCHARGE

In addition to gross receipts tax, a leased vehicle gross receipts tax of 5% is imposed on the receipts of a lessor of automobiles when:

1. The lease is for a term of six months or less;
2. The automobile is part of a fleet of five or more leased vehicles;
Gross receipts tax includes receipts from:

1. Sell property in New Mexico;
2. Perform services in New Mexico;
3. Grant a right to use a franchise employed in New Mexico, and
4. Sell research and development services performed outside New Mexico when the product of the service is initially used in New Mexico.

The location code for the leased vehicle surcharge is 44-445.

TRIBAL TAXES

The Department has entered into agreements with the Acoma, Cochiti, Kewa, Laguna, Nambe, Ohkay Owingeh, Picuris, Pojoaque, San Ildefonso, Sandia, Santa Ana, Santa Clara, Taos, Tesuque, Zuni Pueblos, and the Jicarilla Apache Nation to collect a tax imposed by these tribes. The Department has also entered into cooperative agreements with the Albuquerque Indian School District Governing Board and the Santa Fe Indian School. The Department is authorized to enter into similar agreements with all nineteen New Mexico Pueblos and the Mescalero Apache Tribe.

GROSS RECEIPTS TAX

WHAT IS GROSS RECEIPTS?

“Gross receipts” means the total amount of money or the value of other consideration received from selling property in New Mexico, leasing or licensing property employed in New Mexico, from granting the right to use a franchise employed in New Mexico, performing services in New Mexico or selling research and development services performed outside New Mexico the product of which is initially used in New Mexico. Gross receipts includes receipts from:

1. Sales of tangible personal property handled on consignment;
2. Commissions received;
3. Amounts paid by members of any cooperative association;
4. Amounts received by persons providing telephone or telegraph services;
5. Fees received by persons serving as disclosed agents for another;
6. Amounts received by a New Mexico florist from the sale of flowers, plants, etc., that are filled and delivered outside New Mexico by an out-of-state florist;
7. Providing intrastate mobile telecommunications services (i.e., the services originate and terminate in the same state) to customers whose place of primary use is in New Mexico; and
8. Amounts collected by a marketplace provider engaging in business in the state from sales, leases and licenses of tangible personal property, licenses of digital goods (other than the licenses of copyrights, trademarks or patents) and franchises.

WHAT IS THE GROSS RECEIPTS TAX RATE AND HOW IS IT DETERMINED?

The gross receipts tax rate varies throughout the state from 5.125% to 9.4375%. The total rate is a combination of the rates imposed by:

1. The state,
2. The counties, and
3. The municipalities.

The total gross receipts tax is paid to the state. The state keeps its portion and distributes the counties' and municipalities' portions to them. The state’s portion of the gross receipts tax, which is also the largest portion of the tax, is determined by state law. Changes occur no more than once a year, usually in July. The counties’ portion of gross receipts tax is determined by the county commissions. These increments can go into effect in January and July of every year. Municipal councils determine the municipalities’ portion of gross receipts tax. Like the counties, changes can go into effect in January and July of every year.

Because the combined gross receipts tax rate can change effective January and July of every year, the Department issues a new tax rate schedule twice a year and include it in the CRS-1 Filer’s Kit. You can also view the current tax rate schedule online at http://www.tax.newmexico.gov/gross-receipts-tax-historic-rates.aspx. Always check the gross receipts tax rate schedule to see if the rate for your business location(s) has changed. Due to the frequency of tax rate changes, the Department does not send out separate notices of changes.
BUSINESS LOCATION DETERMINES TAX RATE

Generally, the gross receipts tax rate is based on the business location of the seller or lessor, NOT on the location of the buyer or lessee. If your business is located in Albuquerque and you deliver or lease to someone in Santa Fe, you are liable for tax at the Albuquerque rate.

For reporting purposes, business locations are broken down by county, municipality, tribal entity or district on the tax rate schedule. Here are some guidelines for determining your business location.

1. If you are in the construction business, your tax rate is determined by the location of each construction project.
2. If you are in the business of selling real estate, your business location is the location of each property sold.
3. If you are a utility, your tax rate is determined by the location of the meter used to record the amount of service consumed by the customer or the location of telephone set. For cellular service it is the location of the customer’s place of primary use.
4. If you are located in a municipality within a county, your rate is that of the municipality.
5. If you are outside any incorporated municipality, your rate is that of the county.
6. If you have more than one store within one municipality or county, e.g., three stores in Las Cruces, you have only one business location (Las Cruces) for reporting purposes.
7. If you have no business location in New Mexico but you have a resident salesperson, your business location is the location of the salesperson.
8. If you have no business location or resident salesperson but are liable for gross receipts tax (for instance, because you lease property used in New Mexico or perform a non-construction service in New Mexico), you are liable for tax at the rate for out-of-state businesses, the state gross receipts tax rate of 5.125%. Use the out-of-state business location code, 88-888.
9. If you have multiple business locations under one identification number, you should report the receipts for each location separately on a single Form CRS-1 and be sure the tax rate matches the location by checking the gross receipts tax rate schedule.
10. If you are a craftsperson who sells at craft fairs where you rent a booth, because you can be expected to be found at the booth for the duration of the fair, that booth is a business location and your tax rate is based on the location of the crafts fair.
11. In some counties, more than one location code exists for land owned by a municipality but located in that part of the county outside all municipalities. Examples: State Fairgrounds in Bernalillo County, Santa Clara Pueblo in Rio Arriba and Santa Fe Counties. Use the codes for these specific areas when your location is in one of them.
12. Receipts from a nonprofit hospital licensed by the Department of Health. The exemption is only from the local option portion of gross receipts taxes. The state gross receipts tax rate of 5.125% must be paid. To report these receipts use special code NH (Column B).

In some instances, a specific location code may be required when completing the Form CRS-1 in order to report a certain type of tax or type of receipts. Below are some of those situations.

1. If you are located outside New Mexico and sell research and development services the product of which is initially used in New Mexico, use the state rate, 5.125%. Use the special business location code of 77-777 for those transactions only.
2. If you transact business with tribal non-members on tribal territory, use the tribal location of the sale or delivery rather than your principle business location if that tribe or pueblo has entered into a cooperative agreement with New Mexico. Evidence that a tribe, pueblo or nation has entered into a cooperative agreement is a separate location listed on the Gross Receipts Tax Rate Schedule.
3. If you sell uranium hexafluoride and your receipts are deductible under Section 7-9-90, use the special business location code of D0-001 to report your deductible receipts.
4. If you sell tangible personal property to a manufacturer who incorporates the property as an ingredient or component part of a manufactured product and your receipts are deductible under Section 7-9-46(A), use special business location code D0-002 to report your deductible receipts.
5. If you sell tangible personal property that is consumed in the manufacturing process and your receipts are deductible under Section 7-9-46(B), use the special business location code of D0-003 to report your deductible receipts.
6. If you transmit electricity and provide ancillary services and your receipts are deductible under Section 7-9-103.1, use the special business location code of D0-004 to report your deductible receipts.
7. If you operate a market or exchange for the sale or trade of electricity and your receipts are deductible under Section 7-9-103.2, use the special business location code of D0-005 to report your deductible receipts.
8. If you sell agricultural implements, vehicles or aircraft and your receipts are deductible under Section 7-9-62(A), use the special business location code of D0-006 to report your deductible receipts.
9. If you sell aircraft, provide flight support and training and your receipts are deductible under Section 7-9-62(B), use the special business location code of D0-007 to report your deductible receipts.
10. If you sell aircraft parts, provide maintenance services for aircraft and aircraft parts and your receipts are deductible under Section 7-9-62(C), use the special business location code of D0-008 to report your deductible receipts.
11. If you sell or provide services for commercial and military aircraft and your receipts are deductible under Section 7-9-62.1, use the special business location code of D0-009 to report your deductible receipts.
12. If you provide health care services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(A), use the special business location code of D0-010 to report your deductible receipts.
13. If you provide health care services as a third-party administrator for the TRICARE program and your receipts are deductible under Section 7-9-77.1(B), use the special business location code of D0-011 to report your deductible receipts.
14. If you provide health care services to Indian Health Service beneficiaries and your receipts are deductible under Section 7-9-77.1(C), use the special business location code of D0-012 to report your deductible receipts.
15. If you are a clinical laboratory and provide health care services to Medicare beneficiaries and your receipts that are deductible under Section 7-9-77.1(D), use the special business location code of D0-013 to report your deductible receipts.
16. If you are a home health agency and provide medical, other health and palliative services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(E), use the special business location code of D0-014 to report your deductible receipts.
17. If you are a dialysis facility and you provide medical and other health services to Medicare beneficiaries and your receipts are deductible under Section 7-9-77.1(F), use the special business location code of D0-015 to report your deductible receipts.
18. If you sell or rent durable medical equipment or medical supplies and your receipts are deductible under Section 7-9-73.3, use the special business location code of D0-016 to report your deductible receipts.
19. If you perform research and development, test and evaluation services at New Mexico major range and test facility bases and your receipts are from military transformational acquisition programs and deductible under Section 7-9-94, use the special business location code of D0-017 to report your deductible receipts.
20. If you sell goods and services to the United States Department of Defense related to directed energy or satellites and your receipts are deductible under Section 7-9-115, use the special business location code of D0-018 to report your deductible receipts. (Available prior to January 1, 2031).
21. If you are a trade-support company and have receipts from business activities and operations at the business’ border location and your location code is

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receipts are deductible under Section 7-9-56.3, use the special business location code of DO-019 to report your deductible receipts.

22. Small Business Saturday Gross Receipts Tax Holiday - If you are a qualified small business and have receipts from the sale at retail of certain tangible personal property specified under Section 7-9-116 during the period beginning at 12:01 A.M. on the first Saturday after Thanksgiving and ending at midnight on the same Saturday and the business did not employee more than ten employees at any one time during the previous fiscal year, use the special business location code of DO-020 to report your deductible receipts. (Available July 1, 2018 until July 1, 2025).

23. If you sell construction services to implement a fighter aircraft pilot training missing project at a New Mexico military installation and your receipts are deductible under Section 7-9-106, use the special business location code of DO-021 to report your deductible receipts. (Available July 1, 2018 to July 1, 2022).

Determining Taxability of Gross Receipts

Gross receipts are either taxable, exempt or deductible. If your receipts do not fall under any exemption or deduction, those receipts are taxable. The exemptions and deductions from gross receipts tax that follow are grouped in categories, e.g., agriculture, construction, governmental entity, for convenient reference. Where helpful we have included an example of the application of the exemption or deduction. In cases where an exception to qualifying for the exemption or deduction exists, we have included the exception. Please refer to the Gross Receipts and Compensating Tax Act and regulations for specifics on exemptions and deductions from gross receipts tax.

Exemptions from Gross Receipts Tax

What is an exemption?

Exemptions from gross receipts tax are receipts which are not taxable and do not have to be reported. Therefore, if all your receipts are exempt, you do not have to register with the Department for gross receipts tax purposes (you may have to register for withholding tax or to obtain nontaxable transaction certificates, though) nor do you have to report those receipts on the Form CRS-1. However, if you have exempt, deductible and taxable receipts, you should register and report only the deductible and taxable receipts on the Form CRS-1. For administrative purposes, receipts on which no state tax may be imposed because of federal preemption are considered exempt.

Federal Preemption

In some cases, federal law bars New Mexico from imposing its tax on transactions, which, but for the preemption, would be subject to tax. For example, federal law prohibits the application of state and local gross receipts tax on many transactions with Indian nations, tribes or pueblos or their agencies or members if the transaction takes place on the tribe’s territory. Receipts from transactions with non-members, even when on a tribe’s territory, are not preempted. If you are uncertain whether preemption applies to your transaction(s), contact the Department.

NOTE: This preemption does not apply to taxes imposed by an Indian nation, tribe or pueblo.

New Mexico is also pre-empted from imposing:

1. Gross receipts tax on receipts of Job Corps contractors from operating any Job Corps center, program or activity;
2. local option gross receipts taxes on receipts of a provider of direct satellite service from providing direct satellite service; and
3. gross receipts tax on receipts of federal and state credit unions.

List of Exemptions

The following receipts are exempt from the gross receipts tax:

Agricultural Exemptions

1. Receipts from selling livestock and the receipts of growers, producers and trappers from selling live poultry, unprocessed agricultural products (for example, a bale of hay, a head of lettuce, an unroasted sack of green chile), hides or pelts (7-9-18).
   Exception: receipts from selling dairy products at retail are not exempt.
   NOTE: this exemption also applies to governmental gross receipts tax.
2. Receipts of persons from feeding or pasturing livestock (7-9-19).
   Example: penning, handling or training livestock.

Athletic Facility Surcharge Exemption

Receipts of a university from an athletic facility surcharge imposed pursuant to the University Athletic Facility Funding Act (7-9-41.1).

Disabled Street Vendor Exemption

Receipts of disabled street vendors from the sale of goods (7-9-41.3).

Food Stamp Exemption

Receipts of retailers from the redemption of food stamps (7-9-18.1).

Fuel Exemptions

1. Receipts from sales of gasoline, special fuel or alternative fuel on which the gasoline, special fuel excise or alternative fuel excise tax has been paid and not refunded (7-9-26).
2. Receipts from selling fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).

Governmental Entity Exemptions

1. Receipts of the federal government, State of New Mexico, or any Indian nation, tribe or pueblo from activities or transactions occurring on its sovereign territory, or any agency or political subdivision of the foregoing; for example: New Mexico cities, counties and public schools. Receipts of any foreign nation are exempt when exemption is required by treaty to which the United States is a party (7-9-13).
   Exception: receipts of political subdivisions of the state from owning or operating a gas or electric utility or a municipal cable television system are not exempt.
   NOTE: certain receipts of the state and its subdivisions may be subject to governmental gross receipts tax (see “GOVERNMENTAL GROSS RECEIPTS TAX” on page 35).
2. Receipts of instrumentalities of the armed forces of the United States (7-9-31).
   Example: receipts of base exchanges or post exchanges.
   Exception: receipts of a concessionaire operating on a military base or federal area are not exempt.
3. Sales to Indian nations, tribes, or pueblos, or to their members, are exempt if the transaction takes place on the tribe’s territory (see “Federal Preemption” in on page “Federal Preemption” on page 38).

Insurance Company and Bail Bondsman Exemption

Receipts of insurance companies or their agents from premiums and receipts received by a property bondsman as security for a bail bond (7-9-24).

Interest and Dividend Exemption

Interest on money loaned or deposited; dividends or interest from stocks, bonds or securities; and receipts from the sale of stocks, bonds or securities (7-9-25).

Interstate Telecommunications Services Exemption

Receipts from selling or providing interstate telecommunication services (7-9-38.1).

NOTE: these services are subject to the interstate telecommunications gross receipts tax.
Isolated or Occasional Sale Exemption
Receipts from the isolated or occasional sale of or leasing of property or a service by a person who is not in the business of selling or leasing the same or similar property or service (7-9-28).

Mobile Telecommunications Services Exemption
Receipts of a home service provider from providing mobile telecommunications services to persons whose place of primary use is outside New Mexico, regardless of where the mobile telecommunications services originate, terminate or pass through (7-9-38.2).

Municipal Event Center Exemption
Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising, merchandise, corporate suites or boxes, broadcast revenues and all other products or services sold at or related to a municipal event center or related to activities occurring at the event center on which an event center surcharge is imposed pursuant to the Municipal Event Center Funding Act (7-9-13.5).

Nonprofit Organization Exemptions
1. Receipts of nonprofit entities from operating facilities designed and used for providing accommodations for retired elderly persons (7-9-16).
2. Receipts of 501(c)(3) organizations and receipts of 501(c)(6) organizations from conducting chamber of commerce, visitor bureau and convention bureau activities (7-9-29).
   Exception: receipts from an unrelated trade or business are taxable.
   Exception: receipts from a prime contractor that are derived from operating a facility in New Mexico designated as a national laboratory by the act of congress or are derived from operating a research facility in New Mexico that is state owned are taxable.
   Exception: receipts of a hospital licensed by the Department of Health are taxable.
3. Receipts from dues and registration fees of nonprofit social, fraternal, political, trade, labor or professional organizations and business leagues (7-9-39).
   Exception: 501(c)(4) civic leagues, civic organizations and social welfare organizations are social organizations and included in this exemption.
4. Receipts of a minister of a 501(c)(3) religious organization from performing religious services (7-9-41).
5. Receipts of homeowners’ associations from membership fees, dues and assessments from owner-members to be used for tax, insurance and maintenance expenses for commonly owned areas and facilities (7-9-20).
6. Receipts from a nonprofit hospital licensed by the Department of Health. This exemption is only from the local option portion of gross receipts tax. The State gross receipts tax rate of 5.125% must be paid. To report these receipts use special code NH (Column B).

Oil, Natural Gas and Mineral Exemptions
1. Oil, natural gas or liquid hydrocarbons, individually or any combination thereof, carbon dioxide, helium or a non-hydrocarbon gas subject to the Oil and Gas Emergency School Tax Act that are sold for resale, for consumption outside New Mexico or for use as an ingredient or component part of a manufactured product (7-9-35).
2. Receipts from the sale of crude oil, natural gas or liquid hydrocarbons consumed as fuel in the pipeline transportation of such products (7-9-36).

Out-of-State Services Exemption
Receipts from services performed outside the state when the product of the service is initially used in New Mexico (7-9-13.1).
Exception: receipts from performing a research and development service are not exempt unless the service is: sold between affiliated corporations; sold to the United States government by operators of national laboratories (other than 501(c)(3) organizations); or sold to persons (other than 501(c)(3) organizations) operating national laboratories.

Racetrack Exemption
Receipts of horsemen, jockeys and trainers from race purses at New Mexico horse racetracks and receipts of racetracks from gross amounts wagered (7-9-40).

School Event Service Exemption
Receipts from refereeing, umpiring, scoring or other officiating at school events sanctioned by the New Mexico Activities Association (7-9-41.4).

Stadium Exemption
Receipts from selling tickets, parking, souvenirs, concessions, programs, advertising, merchandise, corporate suites or boxes, broadcast revenues and all other products, services or activities sold at, related to or occurring at a minor league baseball stadium on which a stadium surcharge is imposed under the Minor League Baseball Stadium Funding Act (7-9-13.3).

Textbook Exemption
Receipts of certain bookstores from selling textbooks and other materials required for courses at a public post-secondary educational institution to a student enrolled at the institution (7-9-13.4).
Requirement: bookstore must be located on the campus of the institution and operated by contract with the institution.
Requirement: the student must present a valid student identification card.

Vehicle and Boat Exemptions
1. Receipts from selling vehicles subject to the motor vehicle excise tax and vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-22).
Exception: the sale of manufactured homes are subject to tax.
2. Receipts from selling boats subject to the boat excise tax (7-9-22.1).

Wage Exemption
Receipts of employees from wages and salaries (7-9-17).
NOTE: commissions received as an employee are also exempt.

DEDUCTIONS FROM GROSS RECEIPTS TAX
WHAT IS A DEDUCTION?
A deduction from gross receipts, like an exemption, results in an amount not subject to tax. However, unlike an exemption, YOU MUST REPORT ON THE FORM CRS-1 BOTH THE GROSS RECEIPTS RECEIVED (in Column D) AND THE AMOUNT OF DEDUCTIONS YOU ARE ELIGIBLE TO CLAIM AGAINST THOSE GROSS RECEIPTS (in Column E).

SUBSTANTIATION REQUIRED TO SUPPORT A DEDUCTION
The Department requires taxpayers to retain substantiation in their records when claiming a deduction from gross receipts. That substantiation can be one of the following, depending on the deduction being claimed:
1. Nontaxable transaction certificate (see description on the next page).
2. Farmer or rancher statement - a signed statement from a farmer or
rancher declaring that the person is regularly engaged in the business of farming or ranching (used for agricultural deductions under 7-9-58, 7-9-62 and 7-9-109).

3. Jewelry manufacturer statement - a written statement declaring the purchaser is engaged in the business of manufacturing jewelry and will use the property purchased in manufacturing jewelry (used only for jewelry manufacturing deduction under 7-9-74).

4. Out-of-state buyer certificate, Type NTTC-OSB (see description on page 40).

5. Border state certificate, Type BSC (see description on page 40).

6. Multijurisdiction uniform sales and use tax certificate, Type MTC (see description on page 40).

7. Solar energy deduction written statement - a written statement declaring the equipment or services purchased are for the exclusive use in the installation or operation of a solar energy system (use only for the solar energy systems deduction under 7-9-112).

8. Alternative Evidence – Other documents including invoices, purchase orders, contracts, etc., that demonstrate the facts necessary to support entitlement to a deduction, but the burden of proof is on that person. (As specified in Section 7-9-43, NTTC’s must be used by sellers of electricity or fuels that are parties to an agreement with the Department pursuant to Section 7-1-21.1 regarding the deductions in Subsection B of Section 7-9-46).

Nontaxable Transaction Certificate (NTTC)

The buyer obtains an NTTC from the Department to give to a seller. The NTTC entitles the seller to deduct those receipts when determining taxable gross receipts. In practice, this means the buyer is able to purchase goods and services free of the gross receipts tax that is usually passed on to the buyer. The seller must accept an NTTC in “good faith”, reasonably assured that the buyer executing the NTTC will use the property or service in a nontaxable manner. A properly executed NTTC is the conclusive evidence that the receipts are deductible from the seller’s gross receipts.

The seller needs only ONE NTTC from each buyer to cover all transactions OF THE SAME TYPE with that buyer. Resale certificates issued by other states are not valid as NTTC’s in New Mexico.

All taxpayers who wish to execute NTTCs are required to: 1) register with the Department using Form ACD-31015, Application for Business Tax Identification Number, and 2) complete Form ACD-31050, Application for Nontaxable Transaction Certificates or apply on-line at http://tax.state.nm.us/tap. Taxpayers who wish to apply for NTTCs to support the deduction under Section 7-9-46(B) are also required to complete Form RPD-41378, Application for Type 11 or 12 Nontaxable Transaction Certificates.

The taxpayer may request additional NTTCs online or view prior executed NTTCs in their taxpayer access point account at http://tap.state.nm.us/tap.

For more information on the use of NTTCs, please find FYI-204: Nontaxable Transaction Certificates online at http://www.tax.newmexico.gov/forms-publications.aspx or request a copy from your local district tax office.

NOTE: The Department stopped issuing Type 1, 3, 4, 7, 8, 13, 14 or Type D NTTCs as of January 1, 2004. The Department will continue to recognize those NTTC types in audit situations when the seller has accepted the NTTCs in “good faith”, reasonably assured that the buyer executing the NTTC will use the property or service in a nontaxable manner.

Type NTTC-OSB

Unlike other NTTCs, which are obtained from the department by the buyer, the Type NTTC-OSB must be obtained by the seller. The New Mexico seller completes the Form ACD-31050, Application for Nontaxable Transaction Certificates and the seller then provides the NTTC-OSBs to their out-of-state customers who:

1. are purchasing tangible personal property either for resale or for use as an ingredient or component part of a manufactured product, or
2. are purchasing a manufacturing service to be performed directly upon tangible personal property the purchaser is in the business of manufacturing, or upon ingredient or component parts of that manufactured product.

The buyer must provide all the required information on an NTTC-OSB and give it to the New Mexico seller who will keep it on file along with all other NTTCs the seller receives. The documentation requirements for accepting NTTC-OSBs should be carefully observed. See “Out-of-State Buyer Deduction” on page 45 for those requirements.

Border State Certificate

New Mexico sellers may accept the Border State Certificate (BSC) from out-of-state buyers from Arizona, California, Oklahoma, Texas, Utah and the United States of Mexico that are not required to register in New Mexico who:

1. wish to buy goods for resale or incorporation as ingredients or components of a manufactured product, or
2. wish to buy a manufacturing service that will be performed on a manufactured product or ingredient or component part thereof, and
3. will transport the tangible personal property across state or national boundaries.

NOTE: BSCs are not issued by New Mexico.

Multijurisdiction Uniform Sales and Use Tax Certificate

New Mexico sellers may accept the Multijurisdiction Uniform Sales and Use Tax Certificate (MTC) from out-of-state buyers not required to register in New Mexico who:

1. wish to buy goods for resale or incorporation as ingredients or components of a manufactured product, or
2. wish to buy a manufacturing service that will be performed on a manufactured product or ingredient or component part thereof.

NOTE: MTCs are not issued by New Mexico.

List of Deductions

A list of deductions from gross receipts is presented below along with any special requirements for claiming the deduction and specific documentation required to support the deduction (e.g., an NTTC). If your receipts do not fall under one of the deductible categories, you do not have any deductions from gross receipts. GENERAL BUSINESS EXPENSES (that is, telephone and electric bills, supply purchases, etc.) ARE NOT DEDUCTIBLE FOR GROSS RECEIPTS TAX PURPOSES.

Advanced Energy Deduction

Receipts from selling or leasing tangible personal property or services that are eligible generation plant costs to a person that holds an interest in a qualified generating facility (7-9-114).

Requirement: the holder of the interest in a qualified generating facility must execute a Type 10 NTTC to the seller, which requires a certificate of eligibility from the Department of Environment.

Requirement: a taxpayer claiming this deduction must report the deduction on Form RPD-41349, Advanced Energy Deduction, as well as, on Form CRS-1.

NOTE: this deduction is only available for a ten-year period for purchases, and a twenty-five-year period for leases from the year development of the qualified generating facility begins and expenditures are made.

NOTE: this deduction cannot be claimed for the same qualified expenses for which the taxpayer claims a credit under Sections 7-2-18.25, 7-2A-25 or 7-9G-2 or the deduction under Section 7-9-54.3.

Agricultural Deductions

1. Receipts from selling feed for livestock (including the bailing wire or twine used to contain the feed), fish raised for human consumption, poultry or for animals raised for their hides or pelts, seeds, roots, bulbs, plants, soil conditioners, fertilizers, insecticides, herbicides, insects used to control populations of other insects, fungicides or weedicides or water for irrigation to persons engaged in the business of farming or ranching and receipts of auctioneers from selling livestock or other agricultural products at auction (7-9-58).

Requirement: farmer or rancher statement (not required for auctioneers).

NOTE: includes feed for all horses.

2. Receipts from warehousing grain or other agricultural products
and receipts from threshing, cleaning, growing, cultivating or harvesting agricultural products including the ginning of cotton, testing or transporting milk for the producer or nonprofit marketing association from the farm to a milk processing or dairy product manufacturing plant or processing for growers, producers or nonprofit marketing associations of other agricultural products raised for food and fiber, including livestock (7-9-59).
3. 50% of receipts from selling agricultural implements, farm tractors, or vehicles not required to be registered under the Motor Vehicle Code. The 50% deduction for receipts from sales of agricultural implements may be taken only on sales to persons engaged in the business of farming or ranching. An "agricultural implement" is defined as a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and that is:
   a. designed to irrigate agricultural crops above ground or below ground at the place where the crop is grown; or
   b. designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-62).
   ◆ Requirement: farmer or rancher statement (for sales of agricultural implements only).
   ◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.
4. Receipts from sales of veterinary medical services, medicine or medical supplies used in the medical treatment of cattle if the sale is made to one of the following:
   a. a person who is regularly engaged in the business of ranching or farming, including dairy farmers, or
   b. a veterinarian who holds a valid license pursuant to the Veterinary Practice Act and who is providing veterinary medical services, medicine or medical supplies in the treatment of cattle owned by a person engaged in the ranching or farming business (7-9-109).
   ◆ Requirement: farmer or rancher statement.

**Aircraft Deductions**
1. 50% of the receipts from selling aircraft (7-9-62).
   ◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.
   ◆ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.
2. Receipts of an aircraft manufacturer from selling:
   a. aircraft or aircraft parts;
   b. services performed on aircraft or aircraft components; and
   c. aircraft flight support, pilot training or maintenance training services (7-9-62).
   ◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.
   ◆ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.
3. Receipts from maintaining, refurbishing, remodeling or otherwise modifying a commercial or military carrier over 10,000 pounds gross landing weight (7-9-62.1).
   ◆ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.
4. Receipts from selling aircraft parts and maintenance services for aircraft or aircraft parts (7-9-62).
   ◆ Requirement: trade-in deduction (7-9-71) must be taken before calculating this deduction.
   ◆ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.
5. Receipts from selling commercial or military aircraft over ten thousand pounds gross landing weight (7-9-62.1).
   ◆ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.

**Border Trade-Support Deduction**
Receipts of a trade-support company located in New Mexico within twenty miles of a port of entry on New Mexico’s border with Mexico that are received within a five-year period beginning on the date the trade-support company locates in New Mexico (7-9-56.3).
◆ Requirement: trade-support company must locate to New Mexico between July 1, 2003, and July 1, 2013, or on or after January 1, 2016, but before January 1, 2021.
◆ Requirement: the receipts must be received by the trade support company within a five-year period beginning on the date the company locates in New Mexico and they must be derived from its business activities and operations at its border-zone location.
◆ Requirement: the trade-support company must employ at least two employees in New Mexico.
◆ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.

**Boxing, Wrestling and Martial Arts Deduction**
Receipts from producing or staging professional boxing, wrestling or martial arts contests that occur in New Mexico (7-9-107).

**Commission Deductions**
1. Receipts from commissions on sales of tangible personal property when the property sold is not subject to gross receipts tax and commissions of the owner of a dealer store for selling a principal’s goods (7-9-66).
   ◆ NOTE: includes sales that are either exempt or deductible.
   ◆ Exception: commissions on sales or leases of real property or intangible property (e.g., stocks, bonds, licenses, tickets, or the lease of tangible property) are taxable.
2. Receipt of real estate commissions from the sale of real property which is subject to the gross receipts tax (i.e., new construction) (7-9-66.1).
   ◆ Exception: commissions associated with the sale of land, since those receipts are not subject to the gross receipts tax, may not be deducted.
   ◆ NOTE: the tax rate for real estate commissions is the rate for the location of the property being sold.
3. Travel agents’ commissions paid by maritime transportation companies, and interstate airlines, railroads and passenger buses for booking, referral, reservation or ticket services (7-9-76).
4. Receipts of lottery ticket retailers from commissions received on lottery ticket sales (7-9-87).

**Construction Deductions**
1. Receipts from the sale of tangible personal property to a person in the construction business (7-9-51).
   ◆ Requirement: the tangible personal property by design and intent must become part of a construction project (so that while receipts from the sale of nails are deductible, receipts from selling a hammer are not).
   ◆ Requirement: upon its completion the construction project must be subject to the gross receipts tax.
   ◆ NOTE: construction materials sold to a contractor for use in a construction project on the tribal territory of an Indian nation, tribe or pueblo are deductible.
   ◆ NOTE: a contractor who is an accrual-basis taxpayer must pay the gross receipts tax on progress payments as they are received.
   ◆ NTTC Requirement: Type 6.
2. Receipts from the sale of subcontracting services to a person in the construction business (7-9-52).
   ◆ Exception: indirect services, such as accounting, architectural, engineering, drafting, bid depository services and plan room services are not construction services.
   ◆ Requirement: upon its completion, the construction project must be subject to the gross receipts tax.
   ◆ NOTE: construction services sold to a contractor for use in a...
construction project on the tribal territory of an Indian nation, tribe or pueblo are deductible.

NTTC Requirement: Type 6.

3. Receipts from sales of engineering, architectural and construction services to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-99).

Requirement: The deduction may only be taken if the foundation or nonprofit organization has entered into a written agreement with a county to pay at least 95% of the new facility construction costs and executes an appropriate NTTC (Type 5 NTTC for engineering and architectural services and a Type 6 NTTC for construction services) or delivers evidence that such a written agreement has been made.

4. Receipts from sales of construction equipment or construction materials to a foundation or nonprofit organization for use in the new facility construction of a sole community provider hospital located in a federally designated health professional shortage area (7-9-100).

Requirement: The deduction may only be taken if the foundation or nonprofit organization has entered into a written agreement with a county to pay at least 95% of the construction costs and executes an appropriate NTTC (Type 2 NTTC for the sale of construction equipment or a Type 6 NTTC for construction materials) or delivers evidence that such a written agreement has been made.

5. Receipts from the sale of construction materials to a 501(c)(3) organization organized for the purpose of providing homeownership opportunities to low-income families (7-9-60).

NTTC Requirement: Type 9.

6. Receipts from sales of construction-related services to persons engaged in the construction business (7-9-52).

Exception: This deduction cannot be taken for general business services such as legal or accounting services, equipment maintenance and real estate sales commissions.

Requirement: Upon its completion the construction project must be subject to gross receipts tax or located on the tribal territory of an Indian nation, tribe or pueblo.

Requirement: Services must be directly contracted for or billed to a specific construction project.

NTTC Requirement: Type 6.

7. Receipts from leasing construction equipment to persons engaged in the construction business (7-9-52.1).

Requirement: The leased equipment can only be used at the construction location of a construction project that is subject to gross receipts tax upon its completion or sale or that is located on the tribal territory of an Indian nation, tribe or pueblo.

NTTC Requirement: Type 6.

8. Receipts from construction services to implement a fighter aircraft pilot training mission project at a New Mexico military installation pursuant to contracts entered into with the United States department of defense (7-9-106).

Requirement: The military installation is located in a county with a population greater than sixty thousand according to the most recent federal decennial census.

NTTC Requirement: Type 6.

NOTE: Receipts must be between July 1, 2018 and July 1, 2022.

NOTE: Special reporting is required for this deduction, see instructions for completing the Form CRS-1 in the CRS-1 Filer’s Kit on our web site at http://www.tax.newmexico.gov/forms-publications.aspx.

Credit Union Deductions (Sale to)

1. Receipts from selling tangible personal property to federally chartered credit unions.

NTTC Requirement: Type 9.

2. Receipts from selling tangible personal property to state-chartered credit unions (7-9-61.2).

NOTE: This deduction can also be taken from governmental gross receipts tax.

Electrical Transmission, Exchange and Storage Facility Deductions

1. Receipts from selling equipment to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority (7-9-101).

Requirement: The equipment must be installed as part of an electric transmission facility or an interconnected storage facility.

2. Receipts from providing services to the New Mexico Renewable Energy Transmission Authority or an agent or lessee of the authority. Qualified services include: planning, installation, repair, maintenance or operation of an electric transmission facility or an interconnected storage facility (7-9-103).

3. Receipts from the transmission of electricity where voltage source conversion technology is employed to provide such services and from providing ancillary services (7-9-103.1).

NOTE: "ancillary services" means services that are supplied from or in connection with facilitate employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system.

NOTE: Special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.

4. Receipts from operating a market or exchange for the sale or trading of electricity, rights to electricity and derivative products and from providing ancillary services (7-9-103.2).

NOTE: "ancillary services" means services that are supplied from or in connection with facilitate employing voltage source conversion technology and that are used to support or enhance the efficient and reliable operation of the electric system.

NOTE: Special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.

Film Lease Deduction

Receipts from leasing theatrical and television films and tapes to movie theaters or similar facilities when the theater's receipts are subject to gross receipts tax (7-9-76.2).

Filmmaker Deduction (Sale to)

Receipts from selling or leasing property and from performing services that qualify as production costs of qualified production companies (7-9-86).

Requirement: Buyer must submit proof of registration as a qualified production company with the New Mexico Film Office of the Economic Development Department.

NTTC Requirement: Type 16.

NOTE: This deduction is not available to film production companies taking the film production tax credit. For more information on the film production tax credit, request publication FYI-106, Claiming Business-Related Tax Credits for Individuals and Businesses from your local district office or from our website at www.tax.newmexico.gov/ under the "Forms and Publications" link.

Food Deduction

Receipts from qualifying food sales at retail food stores as defined under the federal food stamp program (7-9-92).

Exception: Sales of alcoholic beverages, tobacco and prepared hot foods for immediate consumption are not deductible.

NOTE: Special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.

NOTE: FYI-201 Gross Receipts Tax and Certain Foods, has a sample Form CRS-1 showing the correct reporting of this deduction. You will find the FYI-201 on our website at http://www.tax.newmexico.gov/forms-publications.aspx.
Fuel Deductions
1. From July 1, 2003, through June 30, 2017, 55% of the receipts from selling jet fuel for use in turboprop or jet engines. After June 30, 2017, 40% of the receipts from selling jet fuel for use in turboprop or jet engines (7-9-83).
2. Receipts from selling fuel to a common carrier to be loaded or used in a locomotive engine (7-9-110.1).
   ➔ NTTC Requirement: Type 2.

Governmental Entity Deductions (Sale to)
1. Receipts from selling tangible personal property to a United States or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo for use on an Indian reservation or pueblo grant (7-9-54).
   ➔ Exception: does not include materials sold to a United States or New Mexico governmental entity that will be incorporated into a construction project (e.g., lumber, paint, etc.).
   ➔ Exception: does not include leasing of property, the sale of licenses, or the performance of services.
   ➔ Requirement: either a Type 9 NTTC or proof that payment was from a United States or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo.
   ➔ Exception: not applicable to other states' governmental entities (e.g., Texas, Colorado, Arizona, etc.).
   ➔ Requirement: either a Type 9 NTTC or proof that payment was from a United States or New Mexico governmental entity or the governing body of an Indian nation, tribe or pueblo.
   ➔ NOTE: includes receipts from selling tangible personal property to the American National Red Cross.
   ➔ NOTE: this deduction can also be taken from governmental gross receipts tax.
2. Receipts from selling or leasing property to, or from performing services for accredited foreign missions or diplomats (7-9-89).
   ➔ NTTC Requirement: Type 16.
3. Receipts from selling wind generation equipment or solar generation equipment to a government for the purpose of installing a wind or solar electric generation facility (7-9-54.3).
   ➔ Exception: this deduction shall not be claimed for receipts from an expenditure for which a taxpayer claims a credit pursuant to Sections 7-2-18.25, 7-2A-25 or 7-9G-2.
4. Receipts from selling property or services purchased by, or on behalf of, the State of New Mexico (7-9-97).
   ➔ Requirement: the purchases must be made with funds obtained from the forfeiture of financial assurance pursuant to the New Mexico Mining Act or the Water Quality Act.
5. Receipts from the sale by a qualified contractor of qualified research and development services and qualified directed energy and satellite-related inputs (7-9-115).
   ➔ Requirement: the sales must be made pursuant to a contract with the United States Department of Defense.
   ➔ NOTE: This deduction is available until January 1, 2031.
   ➔ NOTE: special reporting is required for this deduction; see instructions for completing the Form CRS-1 in this kit.

Gross Receipts Tax Holiday Deduction
Receipts from retail sales of specified tangible personal property if the sale of the property occurs during the period between 12:01 a.m. on the first Friday in August and ending at midnight the following Sunday (7-9-95).
   ➔ Requirement: this deduction applies only to receipts from sales of the following items:
   • clothing or shoes sold for less than $100;
   • desktop, laptop or notebook computers, e-readers with computing capabilities and tablets sold for no more than $1,000 and any associated monitor, speaker or set of speakers, printer, keyboard, microphone or mouse sold for no more than $500;
   • school supplies normally used by students in a standard classroom for educational purposes, including:
     • notebooks, paper, writing instruments, crayons, art supplies, and rulers valued at under $30 per unit;
     • book bags, backpacks, maps and globes valued at under $100 per unit; and
     • handheld calculators valued under $200.
   ➔ Exception: this deduction does not apply to receipts from sales of the following items:
     • special clothing or footwear worn for athletic activities or protective use;
     • accessories, including jewelry, handbags, luggage, umbrellas, wallets and watches; or
     • radios, compact disc players, headphones, sporting equipment, portable or desktop telephones, copiers, office equipment, furniture or fixtures.
   ➔ NOTE: a separate form reporting receipts specific to this deduction, Form RPD-41299. Gross Receipts Tax Holiday, will be required along with the Form CRS-1. Form RPD-41299 is available at your local district tax office or online at www.tax.newmexico.gov/ under the "Forms and Publications" link.

Internet Deductions
1. Receipts from transactions in interstate commerce and from sales of radio or television broadcast time if the ultimate buyer is a national or regional advertiser (7-9-55).
   ➔ NOTE: retail sales to out-of-state buyers who place orders from out of state, accept delivery out of state, and title and risk of loss pass to buyer out of state are deductible.
   ➔ Exception: commissions of advertising agencies are not deductible.
   ➔ NOTE: this deduction can also be taken from governmental gross receipts tax.
2. Receipts from intrastate transporting of persons or property if under a single contract for transportation in interstate or foreign commerce (including handling, storage, drayage or packing) (7-9-56).
3. Receipts from leasing vehicles used by persons required to have federal authority to transport passengers or property for hire in interstate commerce (7-9-70).
   ➔ NOTE: this deduction is available to the lessor, not the lessee.

Leasing Deductions
1. Receipts from the sale of tangible personal property or licenses for leasing (7-9-49).
   ➔ Exception: receipts from the sale of coin-operated machines, manufactured homes or furniture and appliances used in an apartment, manufactured home or other leased or rented dwelling unit are not deductible.
   ➔ NTTC Requirement: Type 2.
2. Receipts from leasing tangible personal property or licenses for subsequent lease (7-9-50).
   ➔ Exception: receipts from leasing coin-operated machines, manufactured homes or furniture and appliances used in an apartment,
manufactured home or other leased or rented dwelling unit are not deductible.

NTTC Requirement: Type 2.

3. Receipts from leasing construction equipment to persons engaged in the construction business (7-9-52.1).

Requirement: the leased equipment can only be used at the construction location of a construction project that is subject to gross receipts tax upon its completion or sale or that is located on the tribal territory of an Indian nation, tribe or pueblo.

NTTC Requirement: Type 6.

Loan Charges Deduction
Receipts from charges made in connection with the origination, making or assumption of a loan or from charges made for handling loan payments (7-9-61.1).

Exception: the receipts of an escrow agent are not deductible from gross receipts.

Lottery Retailer Deduction
Receipts of a lottery game retailer from selling New Mexico lottery tickets (7-9-87).

Manufactured Home Resale Deduction
Receipts from the resale of a manufactured home which was subject to gross receipts, compensating or motor vehicle excise tax on its original sale or use in New Mexico (7-9-76.1).

Requirement: proof of payment of one of the above-mentioned taxes.

Manufacturing Deductions
1. Receipts from selling tangible personal property to persons in the manufacturing business (7-9-46).

Requirement: tangible personal property must become an ingredient or component part of the manufactured product.

Requirement: person must own the product to be considered a manufacturer.

Requirement: Type 2 NTTC, NTTC-OSB, MTC, BSC or other evidence.

NOTE: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling the service of combining or processing materials to a manufacturer (7-9-75).

Requirement: service must be performed directly on the product being manufactured.

Requirement: Type 5 NTTC, NTTC-OSB, MTC, BSC or other evidence.

3. Receipts from selling tangible personal property to be used to manufacture jewelry (7-9-74).

Requirement: deduction may not exceed $5,000 per purchaser during a twelve-month period.

Requirement: jewelry manufacturer statement; if sales exceed $5,000 in twelve-month period, a Type 2 NTTC, NTTC-OSB, MTC, BSC or other evidence is needed.

4. Receipts from selling tangible personal property that is consumed in the manufacturing process of a product (7-9-46B).

NOTE: this deduction is phased-in as follows:

• 20% of receipts received prior to January 1, 2014;
• 40% of receipts received in calendar year 2014;
• 60% of receipts received in calendar year 2015;
• 80% of receipts received in calendar year 2016; and
• 100% of receipts received on or after January 1, 2017.

Exception: this deduction does not apply to the lease of a tool or equipment used to create the manufactured product.

Requirement: the property must be sold to a person engaged in the business of manufacturing.

NTTC Requirement: Type 11 or 12

NOTE: “consumable” means tangible personal property that is incorporated into, destroyed, depleted or transformed in the process of manufacturing a product:

(1) including electricity, fuels, water, manufacturing aids and supplies, chemicals, gases, repair parts, spares and other tangibles used to manufacture a product; but

(2) excluding tangible personal property used in:

(a) the generation of power;

(b) the processing of natural resources, including hydrocarbons; and

(c) the preparation of meals for immediate consumption on- or off premises.

NOTE: special reporting is required for this deduction. Please see FYI-275 available online at www.tax.newmexico.gov/ under the “Forms and Publications” link or from your local district tax office.

NOTE: this deduction can also be taken from governmental gross receipts tax.

Marketplace Seller Deduction
A marketplace seller may deduct receipts for sales, leases and licenses of tangible personal property, sales of licenses and sales of services or licenses for use of real property that are collected and paid by a marketplace provider (7-9-117).

Requirement: the marketplace seller must obtain documentation from the marketplace provider indicating that the marketplace provider is registered with the Department and has remitted or will remit the taxes due on the gross receipts from those transactions.

NOTE: This deduction does not apply if the marketplace provider is determined not to owe the tax as a result of the marketplace provider's reliance on information provided by the seller.

Medical Deductions
1. Receipts from the sale of prescription drugs and oxygen and oxygen services provided by a licensed Medicare durable medical equipment provider (7-9-73.2).

NOTE: this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling prosthetic devices to persons licensed to practice medicine, osteopathy, dentistry, podiatry, optometry, chiropractic or professional nursing (7-9-73).

NOTE: includes contact lenses, eyeglasses (frame and lens glass) sold to ophthalmologists and optometrists.

Exception: does not include property used in making dentures and supplies such as silver, orthodontia wire, facings and similar items sold to dentists.

NTTC Requirement: Type 2.

NOTE: this deduction can also be taken from governmental gross receipts tax.

3. 60% of receipts of hospitals may be deducted (7-9-73.1).

Requirement: this deduction may be taken only after all other available deductions.

NOTE: this deduction can also be taken from governmental gross receipts tax.

4. Receipts of medical doctors, osteopathic physicians, doctors of oriental medicine, athletic trainers, chiropractic physicians, counselor and therapist practitioners, dentists, massage therapists, naprapaths, nurses, nutritionists, dietitians, occupational therapists, optometrists, pharmacists, physical therapists, psychologists, radiologic technologists, respiratory care practitioners, audiologists, speech-language pathologists, social workers and podiatrists from providing medical and other health services to Medicare beneficiaries (7-9-77.1A).

NOTE: special reporting is required for this deduction (by subsection); see instructions for completing the Form CRS-1 in this kit.

5. Receipts of a hospice or nursing home from providing medical, other health and pain-relieving services to Medicare beneficiaries by a health care practitioner (7-9-77.1A).

NOTE: special reporting is required for this deduction (by subsection); see instructions for completing the Form CRS-1 in this kit.

6. Receipts of health care practitioner from payments by a third-party
Receipts must be from providing medical and other health services to covered beneficiaries.

**NOTE:** special reporting is required for this deduction (by subsection), see instructions for completing the Form CRS-1 in this kit.

7. Receipts of health care practitioner from payments by or on behalf of the Indian Health Service of the United States Department of Health and Human Services for the provision of medical and other health services to covered beneficiaries (7-9-77.1C).

**NOTE:** special reporting is required for this deduction (by subsection), see instructions for completing the Form CRS-1 in this kit.

8. Receipts of a clinical laboratory from providing medical services to Medicare beneficiaries (7-9-77.1D).

**NOTE:** special reporting is required for this deduction (by subsection), see instructions for completing the Form CRS-1 in this kit.

9. Receipts of a home health agency for medical, other health and pain-relieving services to Medicare beneficiaries (7-9-77.1E).

**NOTE:** special reporting is required for this deduction (by subsection), see instructions for completing the Form CRS-1 in this kit.

10. Receipts from payments by the United States government or agency thereof for medical and other health services provided by a dialysis facility to Medicare beneficiaries (7-9-77.1F).

**NOTE:** special reporting is required for this deduction (by subsection), see instructions for completing the Form CRS-1 in this kit.

11. Receipts of licensed health care practitioners from payments by managed health care providers or health care insurers for commercial contract services or Medicare Part C services provided by a health care practitioner (7-9-93).

**Exception:** receipts from fee-for-service payments, co-payments or any other payments by the patient are not deductible.

**Exception:** receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Tax Act are not deductible under this section.

**NOTE:** special reporting is required for this deduction. Please see the instructions for completing the Form CRS-1 in this kit.

**FYI-202, Gross Receipts Tax and Health Care Services,** has a sample Form CRS-1 showing the correct reporting of this deduction. You will find the FYI-202 on our website at http://www.tax.newmexico.gov/forms-publications.aspx.

12. Receipts from selling vision aids or hearing aids or related services (7-9-111).

**Exception:** receipts already exempt or deductible under another provision of the Gross Receipts and Compensating Tax Act are not deductible under this section.

13. Receipts from selling or renting durable medical equipment and medical supplies (7-9-77.3).

**Requirement:** this deduction may only be taken by a taxpayer participating in the New Mexico Medicaid Program whose receipts are no less than 90% derived from the sale or rental of durable medical equipment or medical supplies including the medications used in infusion therapy services.

**NOTE:** special reporting is required for this deduction (by subsection), see instructions for completing the Form CRS-1 in this kit.

**NOTE:** this deduction is only available through June 30, 2030.

**NOTE:** this deduction can also be taken from governmental gross receipts tax.

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**Mining, Milling or Oil Company Deduction**

Receipts from selling chemicals or reagents to any mining, milling or oil company for use in processing ores or oil in a mill, smelter or refinery or in acidizing oil wells, and receipts from selling chemicals or reagents in lots in excess of eighteen tons to any hard rock mining or milling company for use in any combination of extracting, leaching, milling, smelting, refining or processing ore at a mine site (7-9-65).

**Exception:** receipts from selling explosives, blasting powder or dynamite are not deductible.

**Nonathletic Special Event Deduction**

Receipts from admissions to nonathletic special events held at a venue that is located on the campus of a post-secondary school within 50 miles of the New Mexico border that holds at least 10,000 people (7-9-104).

**Requirement:** to be eligible, receipts must be received between July 1, 2007, and June 30, 2022.

**Nonprofit Organization Deductions (Sale to)**

1. Receipts from selling tangible personal property to 501(c)(3) organizations for use in their exempt functions (7-9-60).

**Exception:** materials included as part of a construction project and construction services provided by a construction contractor are not deductible unless the organization is providing homeownership opportunities to low-income families (Subsection B of Section 7-9-60).

**NTTC Requirement:** Type 9.

**NOTE:** this deduction can also be taken from governmental gross receipts tax.

2. Receipts from selling construction materials and metalliferous mineral ore to 501(c)(3) organizations (7-9-60).

**Requirement:** the 501(c)(3) organization must be organized for the purpose of providing homeownership opportunities to low-income families.

**NTTC Requirement:** Type 9.

**Nonprofit Organization Deduction (Sale By)**

Organizations exempt from federal income tax under Section 501(c) of the Internal Revenue Code may deduct the receipts from two fund-raising events each calendar year (7-9-85).

**Exception:** this deduction is not available to 501(c)(3) organizations, the receipts of which are exempt under Section 7-9-29, except for receipts from unrelated trade of business as defined in the United States Internal Revenue Code.

**Out-of-State Buyer Deduction (Sale to)**

Receipts from the sale of tangible personal property either for resale or for use as an ingredient or component part of a manufactured product or from purchasing a manufacturing service that will be performed directly upon tangible personal property to a customer located outside of New Mexico.

**Requirement:** buyer must provide proof the buyer is in the business of reselling the property purchased or manufacturing a product containing the property or service purchased.

**Requirement:** buyer must be registered to pay sales, gross receipts or a similar type tax with the taxing authority in the buyer's business location.

**NOTE:** buyer may not be required to register in New Mexico. In those cases, the buyer can provide a MTC or BSC OR the seller can issue a NTTC-OSB.

**Property Resale Deduction**

Receipts from sales of tangible personal property or licenses for resale (7-9-47).

**Requirement:** Type 2 NTTC, NTTC-OSB, MTC, BSC or other alternative evidence as specified in Regulation 3.2.201.10 NMAC.

**NOTE:** Type NTTC-OSB or BSC for sales of tangible personal property only to buyers not required to be registered in New Mexico.

**NOTE:** includes receipts from selling tangible personal property to a...
qualifying federal contractor or subcontractor who has entered into a service contract with one of the United States agencies that signed a special agreement between New Mexico and the United States government. If criteria listed in the agreement are met, the federal contractor or subcontractor may execute Type 15 NTTCs with its vendors.

**NOTE:** this deduction can also be taken from governmental gross receipts tax.

**Publisher Deductions**

1. Receipts from publishing newspapers or magazines (7-9-63).
   - Exception: receipts from selling advertising space are not deductible.
   - Exception: receipts from selling magazines at retail are not deductible.
2. Receipts from selling newspapers (7-9-64).
   - Exception: receipts from selling advertising space are not deductible.

**Real Estate Deductions**

1. Receipts from the sale or lease of real property, which includes the land and anything permanently affixed thereto, from the lease of a manufactured home for at least one month and from the rental of space for a manufactured home or recreational vehicle for at least one month (7-9-53).
   - NOTE: receipts attributable to the inclusion of furniture or appliances as part of the lease of a dwelling are deductible.
   - Exception: receipts from the rental of manufactured homes, or spaces for recreational vehicles or manufactured homes for periods of less than a month are not deductible.
   - Exception: receipts from the rental of rooms in hotels, motels, rooming houses, campgrounds, and guest ranches regardless of the rental time period are not deductible.
   - Exception: this deduction does not apply to improvements constructed on the land by a construction contractor.
2. Receipts from real estate commissions from the sale of real estate which is subject to the gross receipts tax (i.e., new construction) (7-9-66.1).
   - Requirement: the person claiming the deduction must submit to the Department evidence to substantiate the deduction.
   - Exception: commissions associated with the sale of land are not deductible since receipts from the sale of land are not subject to the gross receipts tax.
   - NOTE: the tax rate for real estate commissions is the rate for the location of the property being sold.

**Refund and Allowance Deduction**

Refunds and allowances made to buyers and amounts written off the books as uncollectible debts by accrual-basis taxpayers (7-9-67).

- Requirement: deduction must be taken in the month refund or allowance is given.
- Requirement: deduction cannot exceed gross receipts for a given report period. Excess may be carried forward.
- Requirement: the gross receipts tax must have been paid on the initial transaction.
- Requirement: only accrual-basis taxpayers may deduct amounts written off the books as uncollectible debts, e.g., sales previously reported as taxable receipts for which payment has not been received.
- Example: when you register with the Department, we ask you to choose your accounting method based on how you post your receipts into your books. If you post charge sales as receipts when you actually receive payment, you use the cash-basis accounting method; if you post charge sales as receipts when you bill them, you use the accrual-basis accounting method.
- NOTE: this deduction can also be taken from governmental gross receipts tax.

**Service Provider Deductions**

1. Receipts from the sale of services for resale (7-9-48).

**Small Business Saturday Gross Receipts Tax Holiday**

Receipts from the retail sale of tangible personal property if the sale of the property occurs during the period between 12:01 a.m. on the first Saturday after Thanksgiving and ending at midnight on the same Saturday (7-9-116).

- Requirement: the sale must be made by a seller that carries on trade or business in New Mexico, maintains its primary place of business in New Mexico, has employed no more than ten employees at any one time during the previous fiscal year, and the business must not be a franchise.
- Requirement: this deduction applies only to receipts from sales of the following items:
  - the item is less than $500 and;
  - the sale is for:
    - clothing, footwear, accessories (jewelry, handbags, book bags, luggage, wallets, etc.) sporting goods and camping equipment;
• tools used for home improvement, gardening and automotive maintenance and repair;
• books, journals, paper, writing instruments, art supplies, greeting cards and postcards, work of art (photograph, sculpture, pottery, carving, textile, basketry, artifact, etc.)
• floral arrangements and indoor plants;
• cosmetics and personal grooming items;
• musical instruments;
• cookware and small home appliances for residential use, bedding, towels and bath accessories, furniture;
• a toy or game that is a physical item, product or clearly intended and designed to be used by children or families at play; a video game or video game console and any associated accessories for the video game console; or home electronics, tablets, stereo equipment and related electronics.

♦ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this Kit or on our web site at http://www.tax.newmexico.gov/forms-publications.aspx. This deduction will be reported by using the special business location code of D0-020 on the Form CRS-1.
♦ You can locate more information on what specific items are deductible in bulletin B-200.31 Small Business Saturday Gross Receipts Tax Holiday.
♦ NOTE: this deduction is currently for receipts that fall on small business Saturday starting in year 2018 until year 2025.

**Solar Energy Systems Deduction**
Receipts from the sale or installation of solar energy systems (7-9-112).
♦ Requirement: written statement from the buyer that the equipment or installation services purchased are for the exclusive use in the installation and operation of the solar energy system. We have Form RPD-41341, Solar Energy Systems Gross Receipts Tax Deduction Purchase and Use Statement available on our website at http://www.tax.newmexico.gov/forms-publications.aspx.
♦ NOTE: construction contractors who intend to take the solar energy systems deduction should not execute a Type 6 NTTC for the purchase of the solar energy system.

**Telecommunications Deduction**
Receipts from telephone access charges paid by other telephone carriers (7-9-56).
♦ NOTE: receipts of telephone companies from providing interstate and foreign telecommunication services are exempt from gross receipts tax but subject to the interstate telecommunications gross receipts tax. Hotels and motels are not telephone companies and therefore are subject to gross receipts tax.

**Trade-In Deduction**
Receipts from a trade-in of tangible personal property (7-9-71).
♦ Requirement: property traded in must be the same type as that being sold.
♦ Exception: does not include manufactured homes.

**Uranium Deduction**
Receipts from selling uranium hexafluoride or from enriching uranium (7-9-90).
♦ NOTE: special reporting is required for this deduction, see instructions for completing the Form CRS-1 in this kit.

**Warranty Fulfillment Deduction**
Receipts of a dealer from furnishing goods or services to fulfill a manufacturer’s warranty obligation (7-9-68).
♦ Exception: receipts of warranty subcontractors may not be deducted since they are not dealers.

**COMPENSATING TAX**

**WHAT IS COMPENSATING TAX?**
Compensating tax is an excise tax imposed on persons using property or services in New Mexico as described below (7-9-7).

Compensating tax is designed to protect New Mexico businesses from unfair competition from out-of-state businesses not subject to gross receipts tax. “Use” means use, consumption or storage other than storage for subsequent sale in the ordinary course of business or storage for use solely outside New Mexico [7-9-3(N)]. See Regulation 3.2.1.30 NMAC for further clarification of the definition of “use”.

♦ NOTE: Starting July 1, 2021, compensating taxes will be required to be reported to specific location codes based on changes made during the 2019 Legislative Session in House Bill 6.

**COMPENSATING TAX IS LEVIED ON PROPERTY**
The following property is subject to compensating tax:
1. Property that was manufactured by the person using the property in New Mexico (7-9-7).
2. Property that was acquired inside or outside New Mexico from a person located outside New Mexico that would have been subject to gross receipts tax had the property been acquired from a person with nexus with New Mexico (7-9-7).

♦ Example: A New Mexico business purchases for its own use computer floppy disks and printer ribbons from a mail order firm in New Jersey that delivers the order by common carrier to the buyer’s New Mexico business location. The buyer must pay compensating tax on the value of these products, plus any freight, delivery and handling charges billed by the seller.

3. Property that was acquired in a transaction with a person located out of state that was not originally subject to compensating or gross receipts tax but subsequently was converted to use by the person instead (7-9-7).

♦ Example: An item is purchased out of state for resale. The item is then removed from inventory for personal use. Compensating tax is due on the value of the item.

♦ NOTE: A boot seller has issued NTTCs to various vendors and gives one of the pairs of boots to his daughter. The boots were converted to his own use instead of selling them. The boot seller is liable for gross receipts tax, penalty and interest as would have been due for the sale of the boots given to his daughter. (7-9-43 [F]).

**COMPENSATING TAX IS LEVIED ON SERVICES**
Services that were acquired in a nontaxable transaction but subsequently were converted to use instead of being used in a nontaxable manner are subject to the compensating tax (7-9-7).

**WHAT IS THE COMPENSATING TAX RATE?**
Compensating tax is imposed at a rate of 5.125% on the value of the property at the time of acquisition or introduction into New Mexico or at the time of conversion to use, whichever is later.

Compensating tax at a rate of 5% is imposed on the value of services at the time the services are rendered.

The value of tangible personal property is the adjusted basis of the property for federal income tax purposes determined as of the time of acquisition or introduction into this state or of conversion to use, whichever is later. If no adjusted basis for federal income tax purposes is established for the property, a reasonable value of the property shall be used (7-9-7). The value of services is the total amount of money or other consideration paid for the service unless the reasonable value is greater than the actual amount paid, in which case value would be the reasonable value (7-9-8).

**WHO HAS THE LIABILITY FOR COMPENSATING TAX?**
1. Buyer or User - Unlike gross receipts tax, liability for compensating tax rests with the buyer or user rather than the seller. The buyer has met the tax obligation, however, if the buyer paid compensating tax to a seller...
who is an agent for the collection of compensating tax. The compensating tax must be separately stated on the invoice to verify payment (7-9-9).
2. **Agent for the Collection of Compensating Tax** - Persons selling property or property and service for use in New Mexico who are not liable for gross receipts tax on the sales may be liable to collect compensating tax for the state if the person is carrying on or causing to be carried on any business activity in New Mexico (7-9-10).

### Exemptions from Compensating Tax

Transactions exempt from compensating tax do not have to be reported on the Form CRS-1.

#### Electricity Exemption

The use of electricity in the production and transmission of electricity, including transmission using voltage source conversion technology (7-9-38).

#### Fuel Exemptions

1. The use of gasoline, special fuel or alternative fuel on which the gasoline excise tax (7-13-3), special fuel excise tax (7-16A-3) or alternative fuel excise tax (7-16B-4) has been paid and not refunded (7-9-26).
2. The use of oil, natural gas, liquid hydrocarbons or any combination of these as fuel consumed in the pipeline transportation of any of these products (7-9-37).
3. The use of fuel, oxidizer or a substance that combines fuel and oxidizer to propel space vehicles or to operate space vehicle launchers (7-9-26.1).

#### Governmental Entity Exemptions

1. The use of property by the United States Government or one of its agencies or the state of New Mexico or one of its agencies or political subdivisions (7-9-14).
   - Exception: the use of property by a New Mexico political subdivision that is or will be incorporated into a metropolitan redevelopment project created under the Metropolitan Redevelopment Code is not exempt.
   - Exception: the use of construction materials -- tangible personal property that becomes or is intended to become an ingredient or component part of a construction project -- is not exempt.
2. The use of property on Indian reservations or pueblo grants by the governing body, agency or subdivision of an Indian nation, tribe or pueblo (7-9-14).
3. The use of property by any instrumentality of the United States Armed Forces engaged in resale activities (7-9-31).

#### Nonprofit Organization Exemption

The use of property by organizations that have been granted tax exemption under Section 501(c)(3) of the Internal Revenue Code as long as the property is used in the conduct of their exempt functions (7-9-15).
- Exception: property used in an unrelated trade or business as defined in Section 513 of the Internal Revenue Code and property used as an ingredient or component part of a construction project are not exempt.

#### Personal and Household Effects Exemption

The use by an individual of personal or household effects brought into New Mexico at the time the individual establishes an initial residence in this state (7-9-27).
- **NOTE:** includes the non-business use of property in New Mexico by a nonresident while temporarily in this state.

#### Railroad, Aircraft and Space Vehicle Exemptions

1. The use of railroad locomotives, trailers, containers, tenders or cars procured or bought for use in railroad transportation (7-9-30).
2. The use of commercial aircraft bought or leased primarily for use in the transportation of passengers or property for hire in interstate commerce (7-9-30).
3. The use of space vehicles for transportation of persons or property in, to or from space (7-9-30).

#### Vehicles and Boats Exemptions

1. The use of vehicles on which the motor vehicle excise tax has been paid and the use of vehicles exempt from the motor vehicle excise tax pursuant to Section 7-14-6 NMSA 1978 (7-9-23).
2. The use of vehicles subject to registration with the Motor Vehicle Division under Section 66-3-16 (special registration for disabled persons) (7-9-23).
3. The use of boats on which the boat excise tax (66-12-6.1) has been paid (7-9-23.1).

### Deductions from Compensating Tax

Deductions from compensating tax, unlike deductions from gross receipts tax, do not have to be reported on the Form CRS-1 but documentation substantiating the deduction should be kept in the taxpayer’s records.

#### Advanced Energy Deduction

The value of eligible generation plant costs from the sale or lease of tangible personal property to a person that holds an interest in a qualified generating facility for which the Department of Environment has issued a certificate of eligibility.
- **Requirement:** this deduction must be reported on Form RPD-41349, Advanced Energy Deduction.
- **NOTE:** this deduction is only available for a ten-year period for purchases, and a twenty-five-year period for leases from the year development of the qualified generating facility begins and expenditures are made.
- **NOTE:** this deduction cannot be claimed for the same qualified expenses for which the taxpayer claims a credit under Sections 7-2-18.25, 7-2A-25 or 7-9G-2 or a deduction under Section 7-9-54.3.

#### Agricultural Implement, Aircraft, and Vehicle Deduction

50% of the value of farm tractors, aircraft not exempted under 7-9-30 and vehicles not required to be registered under the Motor Vehicle Code may be deducted from total value before computing compensating tax due. Also 50% of the value of agricultural implements may be taken by persons engaged in the business of farming or ranching. An “agricultural implement” is defined to be a tool, utensil or instrument that is subject to depreciation for federal income tax purposes and designed primarily for use with a source of motive power to produce agricultural products, including poultry, livestock and food or fiber from poultry or livestock (7-9-77).
- **Requirement:** any trade-in deduction (7-9-71) must be taken before taking this 50% deduction.

#### Biomass-Related Equipment Deduction

1. The use of a biomass boiler, gasifier, furnace, turbine-generator, storage facility, feedstock processing or drying equipment, feedstock trailer or interconnection transformer may be deducted in computing the compensating tax due (7-9-98).
2. The value of biomass materials used for processing into biopower, biofuels or biobased products may be deducted in computing the compensating tax due (7-9-98).

#### Electric Transmission and Storage Facility Deduction

The value of equipment installed as part of an electric transmission facility or an interconnected storage facility acquired by the New Mexico Renewable Energy Transmission Authority may be deducted in computing compensating tax due (7-9-102).

#### Fuel Deductions

1. From July 1, 2003, through June 30, 2017, 55% of the value of jet fuel purchased and sold for use in turboprop or jet engines may be deducted from the total value before computing compensating tax due. After June 30, 2017, 40% of the value of jet fuel prepared and sold for use in turboprop or jet engines may be deducted from the total value before computing the compensating tax due (7-9-84).
2. The value of fuel to be loaded or used by a common carrier in a locomotive engine may be deducted in computing compensating tax due (7-9-110.2).

#### Government Deduction (Contribution to)

The value of tangible personal property that is removed from inventory and contributed to a United States or New Mexico governmental entity...
or the governing body of an Indian nation, tribe or pueblo for use on an Indian reservation or pueblo grant may be deducted in computing the compensating tax due (7-9-91).

- Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.
- Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.

**Leasing Deduction**

The value of tangible personal property held for leasing by a person engaged in the business of selling or leasing the same type property may be deducted before computing compensating tax due (7-9-78).

- Requirement: the person must be engaged in a business which derives a substantial portion of its receipts from leasing or selling tangible personal property of the type leased.
- Requirement: the person cannot use the tangible personal property in any manner other than holding it for lease or sale.
- Requirement: the person cannot use the tangible personal property in a manner incidental to the performance of a service.
- Exception: the value of furniture or appliances furnished as part of a leased or rented dwelling by the lessor, coin-operated machines and manufactured homes may not be deducted.

**Nonprofit Organization Deduction (Contribution to)**

The value of tangible personal property that is removed from inventory and contributed to 501(c)(3) organizations, may be deducted in computing the compensating tax due (7-9-91).

- Exception: contributions of tangible personal property that will become an ingredient or component part of a construction project are not deductible.
- Exception: contributions of tangible personal property utilized or produced in the performance of a service are not deductible.
- Requirement: the tangible personal property must be deductible by contributor for federal income tax purposes.

**Space-Related Test Article Deductions**

1. The value of space-related test articles used in New Mexico exclusively for research or testing, or for support of research or testing or storage for future research, testing or public display, may be deducted in computing compensating tax due (7-9-54.4).
   - Exception: this deduction does not apply to any other use of space-related test articles.
2. The value of equipment and materials used in New Mexico for research or testing, or for supporting the research or testing of space-related test articles or for storage of such equipment or materials for research or testing, or supporting the research and testing of space-related test articles may be deducted in computing compensating tax due (7-9-54.4).
   - Exception: this deduction does not apply to any other use of such equipment and materials.
   - NOTE: a space-related test article is a material or device intended to be used primarily in research or testing to determine properties and qualities of material or properties, qualities or functioning of a device or technology when the principal use of the material, device or technology is intended to be in space or as part of, or associated with, a space vehicle.

**Test Article Deduction**

The value of test articles upon which research or testing is conducted in New Mexico pursuant to a contract with the United States Department of Defense may be deducted in computing the compensating tax due (7-9-54.5).

- NOTE: a test article is a material or device upon which research or testing is conducted to determine the properties and qualities of the material or the properties, qualities or functioning of the device or a technology used with the device.
- Exclusion: this deduction does not apply to the value of property purchased by a prime contractor operating a facility designated as a national laboratory by an act of congress.

**Trade-In Allowance Deduction**

The value of the allowance given to a buyer for a trade-in of the same type tangible personal property being purchased may be deducted from the value of the property sold before computing compensating tax due (7-9-77).

**Uranium Enrichment Plant Deduction**

The value of equipment and replacement parts used to enrich uranium in a uranium enrichment plant (7-9-78.1).

**CRS TAX CREDITS**

New Mexico offers certain business-related tax credits to taxpayers that meet the statutory requirements. For more information including statutory reference, applicable tax programs, application and claiming process see, FYI-106, Claiming Business-Related Tax Credits for Individuals and Businesses, you can get a copy from your local district tax office or view it online at http://www.tax.newmexico.gov/forms-publications.aspx.

These 14 credits, explained in detail in the next section of this publication, are available to CRS taxpayers:

1. The investment credit may be applied against the state gross receipts, compensating or withholding tax liability.
2. The rural jobs tax credit may be applied against taxes due on the Form CRS-1 (excluding local option gross receipts taxes) or against personal or corporate income tax liability.
3. The laboratory partnership with small business tax credit may only be claimed by national laboratories operating in New Mexico and is applied against gross receipts taxes due up to $2,400,000 (excluding local option gross receipts taxes).
4. The technology jobs tax credit: the basic credit may be applied against gross receipts (excluding local option gross receipts tax), compensating or withholding tax; the additional credit may be applied against personal or corporate income tax liability.
5. Sales or use tax paid to another state may be applied against compensating tax liability.
6. A gross receipts tax credit is available when the product of a research and development service performed outside New Mexico is initially used in New Mexico and the service has been taxed through a gross receipts, sales or similar tax in another state.
7. Compensating tax paid on construction projects may be applied against gross receipts tax liability.
8. The high-wage jobs tax credit may be claimed by eligible employers against gross receipts (excluding local option gross receipts taxes), compensating, withholding tax and other CRS taxes. The excess is refundable to the taxpayer when the credit is more than the tax liability.
9. Technology readiness gross receipts tax credit may only be claimed by national laboratory that provides technology readiness to assistance to a business that is registered in New Mexico and has licensed a technology from the national laboratory or is a participant in a cooperative research and development agreement with the national laboratory. This credit can be applied against tax liability imposed by the Gross Receipts and Compensating Tax Act, less local option gross receipts tax liability.
10. The affordable housing tax credit may be applied against gross receipts (excluding local option gross receipts tax), compensating, withholding, personal income or corporate income tax liability through the sale or transfer of vouchers issued by the Mortgage Finance Authority.
11. The biodiesel blending facility tax credit may be claimed by a rack operator against gross receipts and compensating taxes for 30% of the cost of purchasing or installing biodiesel blending equipment.
12. A tax credit for unpaid charges for services provided in a hospital may be claimed by a licensed medical doctor or licensed osteopathic physician against gross receipts taxes.
13. The advanced energy tax credit may be claimed by an interest owner for their expenditures for the development and construction of a new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility.
14. The alternative energy products manufacturing tax credit may be claimed against gross receipts (except local option gross receipts taxes), compensating, withholding tax and other CRS taxes. The excess credit may be carried forward for up to five years.

**INVESTMENT CREDIT**

New Mexico has an Investment Credit Act (7-9A-1) to augment its favorable tax climate for manufacturing operations and to promote increased employment in New Mexico. The credit may be claimed by the taxpayer incorporating the qualified equipment into a manufacturing operation in New Mexico, provided certain employment conditions are met.

The value of the qualified equipment is the adjusted basis established for the equipment under the applicable provisions of the Internal Revenue Code. The employment conditions are:

1. For every $750,000 of equipment, one employee must be added up to $30 million, and
2. For amounts exceeding $30 million, one employee must be added for each $1 million of equipment.

A taxpayer must apply for the credit. Additional information on the credit is provided with application forms available from the Department. Once approval is granted by the Department, the amount of any available credit may be applied against the taxpayer’s compensating tax, gross receipts tax or withholding tax due. The amount of investment credit claimable on any Form CRS-1 is limited to 85% of CRS taxes due. On January 1 of any year certain claimants may cash in their remaining approved credit.

**RURAL JOB TAX CREDIT**

Eligible employers may earn a credit for each qualifying job created on or after July 1, 2006. The credit may be applied against the state taxes due on the CRS return (excluding local option gross receipts taxes) or against personal or corporate income tax.

An “eligible employer” is one who is eligible for in-plant training assistance. A “qualifying job” is one that is occupied by an eligible employee for at least 48 weeks in a 12-month qualifying period. The “rural area” of New Mexico excludes Albuquerque, Los Ranchos, Los Alamos, Rio Rancho, Santa Fe, and Las Cruces, and the area within ten miles of these municipalities.

A “tier one” area is defined as a municipality within a rural area with a population of 15,000 or less. A “tier two” area is a municipality within a rural area with a population over 15,000.

The credit amount equals 25% of the first $16,000 in wages paid for a qualifying job in a “tier one” area and 25.5% of the first $16,000 in a “tier two” area. If the job is located in a “tier one” area, the employer may receive a credit for four consecutive years; if it is in a “tier two” area, the employer may take the credit for two consecutive years. A credit once earned is transferable.

**LABORATORY PARTNERSHIP CREDIT**

When a national laboratory offers certain types of eligible assistance to individual small businesses ("small business" as defined in the federal Small Business Act, P.L. 85-536) in New Mexico and incurs expenses for doing so, it may take a credit against the state portion of gross receipts tax of up to $20,000 per business or $40,000 for a business in a rural area. The limit on assistance to a particular small business would apply to the total amount of assistance provided by all national laboratories to that business. When claiming this credit, it cannot be claimed against the local option gross receipts tax liability. The maximum credit for an individual national laboratory is $2,400,000 in any calendar year.

**TECHNOLOGY JOBS AND RESEARCH AND DEVELOPMENT TAX CREDIT**

Any taxpayer doing qualified research at a facility in New Mexico (other than one operated for the United States government) may claim the basic credit equal to 5% of qualified expenditures. Qualified expenditures include rent, facility operation and maintenance (except for facilities owned by the taxpayer before July 3, 2000, owned by a local government as an industrial revenue bond project or for which the taxpayer received an investment tax credit), equipment, software, payroll and technical manuals and materials. After approval, the basic credit may be applied against state taxes due on the Form CRS-1, excluding local option gross receipts taxes. An eligible taxpayer must apply to this Department for approval of basic credit amounts within one year following the end of the reporting period in which the qualified expenditure occurred.

An additional credit, equal to 5%, can be earned by certain taxpayers who are qualified research and development small businesses and who increase their payroll expenses at a qualified facility over the prior year. These additional credits can only be applied to income tax liabilities. An eligible taxpayer must apply to this Department for approval of additional credit amounts within one year following the end of the calendar year in which the qualified expenditure occurred. A recapture clause applies to both the basic and additional credits.

**TAX PAID TO ANOTHER STATE**

The amount of sales, compensating or similar tax (up to a 5.125% rate) paid to another state on property acquired in that state or another state for use in New Mexico may be credited against the amount of compensating tax due to New Mexico on the property (7-9-79).

**TAX PAID TO ANOTHER STATE; PRODUCT OF RESEARCH AND DEVELOPMENT SERVICE**

When a taxpayer pays gross receipts, sales or similar tax in another state, or political subdivision of that state, on the product of research and development services performed outside New Mexico but initially used in New Mexico a credit against gross receipts tax can be claimed. This credit can only be claimed for receipts after July 1, 1985, and the amount of the credit can not exceed 5.125% multiplied by the amount reported to both New Mexico and the other state or political subdivision of that state.

To claim this credit taxpayers should use the Non-New Mexico Research and Development Credit Form (RD-1).

**COMPENSATING TAX ON CONSTRUCTION PROJECTS**

When a person in the construction business owes gross receipts tax on the sale of a construction project, the person may take a credit against the gross receipts tax due for the amount of any compensating tax (NOT GROSS RECEIPTS TAX) previously paid on construction materials and services incorporated into the construction project (7-9-79).

The credit must be taken for the same report period in which the gross receipts tax is paid. Use the Form ACD-31077, Special Contractor’s Report for Compensating Tax Credit to compute the credit and attach the form to the Form CRS-1 with the schedule of computation.

Forms for claiming the above credits and further information on the credits may be obtained from the Department’s district tax offices or the Santa Fe headquarters. Contact information for those offices is located on page 2 of this Kit.

**HIGH-WAGE JOBS TAX CREDIT**

Eligible employers can claim a credit equal to 10% of wages and benefits for new employees in “high-wage, economic-based” jobs. The law limits the credits to $12,000 per job per qualifying period. More than 50% of sales must be to persons outside New Mexico, and the employer must be eligible for in-plant training assistance. Other conditions: the jobs must be created between July 1, 2004, and June 30, 2020, be occupied for at least 48 weeks of qualifying period, and if the job is created before July 1, 2015, pay at least $40,000 annually if located in or within 10 miles of a municipality of 60,000 or within Los Alamos County; jobs that are located in a municipality with a population or less than 60,000 or in an unincorporated area that is not within 10 miles of a municipality with a population of 60,000 or must pay at least $28,000. Jobs created after July 1, 2015, are eligible if they pay at least $60,000 annually if located in or within 10 miles of a municipality with a population of 60,000 or within Los Alamos County; jobs that are located in a municipality with a population of less than 60,000 or in an unincorporated area that is not within 10 miles of a municipality with a population of 60,000 or more must pay at least $40,000.

An “eligible employer” means an employer who: (1) made more than fifty percent of its sales to persons outside New Mexico during the applicable qualifying period; or (2) is certified by the Economic Development Department to be eligible for development training program assistance.
pursuant to Section 21-19-7 NMSA 1978. For qualifying periods starting January 1, 2019, an eligible employer can claim a credit equal to 8.5% of wages for new employees in a "high wage" job. The law limits the credit to $12,750 per qualifying period, the job will need to be occupied for 44 weeks of the qualifying period, and the credit is extended until July 1, 2026. The definition for a "new job" will mean a job that is occupied by an employee who has not been employed in New Mexico by the eligible employer in the three years prior to the date of hire. The definition of "eligible employer" will mean an employer that, during the applicable qualifying period, would be eligible for development training program assistance under the fiscal year 2019 policies defining development training program eligibility developed by the industrial training board in accordance with Sections 21-19-7.

TECHNOLOGY READINESS GROSS RECEIPTS TAX CREDIT
Starting July 1, 2020 and prior to July 1, 2023, a national laboratory that provides technology readiness to assistance to a business that is registered in New Mexico and has licensed a technology from the national laboratory or is a participant in a cooperative research and development agreement with the national laboratory. This credit can be applied against tax liability imposed by the Gross Receipts and Compensating Tax Act, less local option gross receipts tax liability.

AFFORDABLE HOUSING TAX CREDIT
The Mortgage Finance Authority (MFA) is authorized to issue investment vouchers for persons investing in affordable housing projects at the rate of 50% of the investment. The vouchers, which may be sold or transferred, may be applied against gross receipts (excluding local gross receipts tax), compensating tax, withholding, personal income or corporate income tax liabilities. Unused credits may be carried forward for up to five years. The MFA is required to adopt rules for the approval, issuance and administration of the vouchers.

BIODiesel BLENDING FACILITY TAX CREDIT
A taxpayer who is a rack operator as defined in the Special Fuels Supplier Tax Act can claim a gross receipts and/or compensating tax credit equal to 30% of the cost of purchasing or installing biodiesel blending equipment. The credit can not exceed $50,000 for equipment installed at one facility. Taxpayers would apply to the Energy, Minerals and Natural Resources Department which would issue a certificate of eligibility if the taxpayer and their expenditures meet the requirements of the section. Eligible taxpayers would then provide the certificate of eligibility to the Department in order to claim the credit. Approved claims for all taxpayers in one year cannot exceed $1 million. Credit amounts in excess of a liability can be carried forward for up to five years. If a credit claimant ceases biodiesel blending without completing at least 180 days of availability of the facility within the first 365 days of issuance of the certificate of eligibility, any amount of approved credit not applied would be extinguished. Taxpayers would be required to file amended returns and self-assess the tax owed and return any tax credit received within 425 days of the date of issuance of the certificate.

UNPAID DOCTOR SERVICES
Licensed medical doctors or licensed osteopathic physicians may claim a credit against gross receipts taxes due for the value of unpaid bills for medical care services performed while on call to a hospital. The value of unpaid qualified health care services cannot exceed 130% of the reimbursement rate for the services under the Medicaid program. The credit can only be taken if the medical services performed remains unpaid one year after the date of billing and the licensed medical doctor or licensed osteopathic physician has reason to believe it will not be paid because: 1) health insurance did not cover the client or the medical services; 2) the client was not eligible for Medicaid, and 3) the charges are not reimbursable under the Indigent Hospital and County Health Care Act. (7-9-96.2)

ADVANCED ENERGY TAX CREDIT
Interest owners may claim the advanced energy tax credit in the amount of 6% of their expenditures for the development and construction of a new solar thermal electric generating facility or a new or re-powered coal-based electric generating unit and an associated coal gasification facility. Qualified facilities would have to begin construction no later than December 31, 2015. To be eligible, a coal-based generating unit would also need to meet the following criteria:

1. Emit the lesser of (1) what is achievable with the best available control technology, or (2) .035 pounds per million British Thermal Units ("mm Btu") of sulfur dioxide, .025 pounds per mm Btu of oxides of nitrogen and .01 pound per mm Btu of total particulates in the flue gas.
2. Remove the greater of (1) what is achievable with the best available control technology, or (2) 90% of the mercury emitted from the input fuel.
3. Capture and sequester or control carbon dioxide emissions so that by the later of January 1, 2017, or 18 months after commercial operation date no more than 1,100 pounds per megawatt-hour of CO2 is emitted into the atmosphere.
4. All infrastructure required for sequestration is in place by the later of January 1, 2017, or 18 months after the commercial operation date.
5. Include methods and procedures to monitor the fate of the CO2 captured and sequestered from the facility.
6. Does not exceed 700 net megawatts nameplate capacity.

To claim the credit, the interest owner would submit to the Department a certificate issued by the New Mexico Environment Department which certifies that the facility is qualified for purposes of the credit. Approved credits could be claimed against a taxpayer's gross receipts tax, compensating tax or withholding tax liability. If the credit amount exceeded the taxpayer's liability, the excess could be carried forward for up to five years. The aggregate amount of tax credit that could be claimed with respect to each qualified generating facility would be $60,000,000. If a facility that had received certification did not sequester or control CO2 emissions, the certification shall be revoked and the taxpayer would be required to refund to the state any tax credits already granted for that facility. If the taxpayer demonstrates to the Environment Department that the taxpayer made every effort to sequester or control CO2 emissions, and that their inability to meet the sequestration requirements was beyond their control, the Environment Department will determine the amount of the credits that shall be refunded. The refund would be required within 180 days of the order by the Environment Department. Expenditures for which a taxpayer claims a credit would be ineligible for credits under the Investment Credit Act or any other credit against gross receipts, compensating or withholding taxes.

ALTERNATIVE ENERGY PRODUCTS MANUFACTURING TAX CREDIT
Manufacturers of certain alternative energy products may receive a tax credit not to exceed 5% of qualified expenditures for manufacturing equipment used in the manufacturing operation. The credit may be applied against state taxes due on the Form CRS-1 (less local option gross receipts taxes). Alternative energy product means an alternative energy vehicle, fuel cell system, renewable energy system or any component of an alternative energy vehicle, fuel cell system or renewable energy system or components for integrated gasification combined cycle coal facilities, equipment related to the sequestration of carbon from integrated gasification combined cycle plants, or beginning in taxable year 2011 and ending in taxable year 2019, a product extracted from or secreted by a single cell photosynthetic organism. If the amount of the credit exceeds a taxpayer's liability, the excess can be carried forward up to five years. To be eligible to claim a credit, the taxpayer shall employ at least one new full-time employee for every $500,000 of expenditures up to $30 million, and at least one new full-time employee for every $1 million of expenditures over $30 million. If a taxpayer ceases operations at a facility for at least 180 days within a two-year period after claiming credits, no additional credits will be granted with regard to that facility. Amounts of credit approved, but not yet claimed, will be extinguished and the taxpayer will owe the amount of tax that the claimed credit had offset. For purposes of a recapture of this credit, having ceased operations does not include reasonable periods for maintenance or retooling, for the repair or replacement of facilities damaged or destroyed or during labor disputes.
HOW AND WHEN TO REPORT AND PAY CRS TAXES

You should report gross receipts, compensating and withholding taxes using the Form CRS-1. The Form CRS-1 and tax are due on the 25th of the month following the end of your reporting period. If the 25th falls on a Saturday, Sunday or legal holiday the Form CRS-1 is due the next business day. A Form CRS-1 must be filed whether or not any tax is due. If no tax is due, file a “zero” report.

For paper returns that are mailed to the Department, we look at the U.S. Postal Service postmark or time stamp of a qualifying courier service (currently designated by the U.S. Secretary of the Treasury under 26 USCA-7502) on the envelope to determine if a report was filed on time. Please do not mail cash.

If you file your Form CRS-1 and pay the tax using our online system, the date that the return and payment is submitted to and accepted by the Department, will be used to determine if the filing and payment of tax is timely.

Notice: When you provide a check as payment, you authorize the Taxation and Revenue Department either to use information from your check to make a one-time electronic fund transfer from your account, or to process the payment as a check transaction.

If You Owe $1,000 or More

Filing Requirements -- You are required to file as a monthly filer if your combined tax liability for gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts and interstate telecommunications gross receipts taxes and leased vehicle surcharge averaged $1,000 or more per month for the previous calendar year (regardless of the tax due for the current month), you are required to file your Form CRS-1 electronically (Regulation 3.1.4.18 NMAC). You can file your Form CRS-1 on the Department's web site at www.tax.newmexico.gov and select "Online Services."

If You Owe $25,000 or More

Payment Requirements -- If your combined tax liability for gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts and interstate telecommunications gross receipts taxes and leased vehicle surcharge averaged $25,000 or more per month for the previous calendar year (regardless of the tax due for the current month), statute requires your payment in usable funds by the tax-due date. You may choose one of several special payment methods to make the payment, but you must make your payment by the due date appropriate for the method you choose. For the mechanics of the choices and more detailed information, please request "FYI-401" from your local district tax office or view it online at www.tax.newmexico.gov/ under the "Forms and Publications" link.

IMPORTANT: Check the appropriate box on your Form CRS-1 for payment by automated clearinghouse or federal wire transfer. Your Form CRS-1 must be mailed on or before the due date, or penalty will be assessed at 2% per month, up to 20%, of the amount of tax due even if payment has been made in a timely fashion.

REPORTING PERIODS

MONTHLY FILING

A monthly filing period is assigned when you register with the Department unless you qualify for and request either a quarterly or semi-annual filing period. Monthly reporting periods are from the first day of the month to the last day of the month; e.g., January 1 through January 31. New businesses whose start-business date is after the first of the month should still use the first day of the month to the last day of the month as the report period. Monthly filers may be required to file their Form CRS-1 electronically. For more information on this filing requirement, please request FYI-108, Electronic Filing Mandate, from one of our local district tax offices or online at www.tax.newmexico.gov/ under the "Forms and Publications" link.

REQUESTING OR CHANGING FROM MONTHLY TO QUARTERLY OR SEMI-ANNUAL FILING

If you are on a monthly filing basis and your combined total tax due averages $200 a month or less, you may apply with the Department to file either quarterly or semi-annually. File the Form ACD-31075, Business Tax Registration Update (included in this CRS-1 Filer's Kit). Until you receive notification that you have been approved to file quarterly or semi-annually, you must continue to file monthly. Your approval will be effective at the beginning of the next quarterly or semi-annual period. If you are approved for quarterly reporting in February, you would continue to file monthly Form CRS-1 for February and March; your first quarterly report would be for April through June.

NOTE: If you are approved to file on a quarterly or semi-annual basis and your tax liability exceeds the $200-a-month average for any twelve-month period of time, you are required to convert to a monthly filing basis. Refer to the Form ACD-31075, Business Tax Registration Update.

QUARTERLY FILING

Quarterly reporting periods are January 1 through March 31, April 1 through June 30, July 1 through September 30 and October 1 through December 31.

SEMI-ANNUAL FILING

Semi-annual reporting periods are January 1 through June 30 and July 1 through December 31.

CALCULATING LATE-FILING PENALTY AND INTEREST

If you file your Form CRS-1 anytime after the due date, you should add penalty and interest to the amount of tax due. Penalty is 2% per month or partial month the payment is late up to a maximum of 20% of tax due or a minimum of $5.00. When you are late filing your Form CRS-1 and you owe no tax, you still owe a $5.00 penalty. Interest is calculated at a quarterly rate of 5%*. Interest is calculated on a daily basis using the following formula:

Tax Due x 0.0136986301% x Number of Days Late = Interest Due

* NOTE: This is the interest rate in effect for the second quarter of 2018. The interest rate is set by the U.S. Internal Revenue Code (IRC) and can change on a quarterly basis. For current quarterly and daily interest rate visit our web site at www.tax.newmexico.gov/.

Your return must be postmarked by the United States Postal Service or time stamped by a qualifying courier service (currently designated by the United States Secretary of the Treasury under 26 USCA 7502) or received on or before the due date, or penalty will be assessed even if payment has been made in a timely fashion.

APPLYING FOR A REFUND

If you find you have overpaid gross receipts, compensating, withholding, governmental gross receipts, leased vehicle gross receipts or interstate telecommunications gross receipts tax, or leased vehicle surcharge, the procedure to follow to apply for a refund is as follows:

1. Amend the Form CRS-1 for the period or periods in which you overpaid (see "Amending the Form CRS-1" below).
2. Complete the Form RPD-41071, Application for Tax Refund included in the CRS-1 Filer's Kit or available online at www.tax.newmexico.gov/ under the "Forms and Publications" link. On the form state the amount and type of tax you overpaid and the reason for overpayment. The most common reasons for overpayment are neglecting to claim an exemption or deduction to which you are entitled. Be sure to include documentation to support your claim for refund.

You can apply for a refund up to three years after the end of the year in which the payment was due; e.g., if you overpaid on the December 2014 report, you have until December 31, 2018, to apply for a refund of the overpaid amount because that report was due January 25, 2015.

† NOTE: If the Department denies your claim for refund in whole or in
part, you may file a protest with the Department within 90 days of either mailing or delivery of the denial or file a lawsuit in Santa Fe District Court. If the Department does not take action on your claim within 180 days of receiving your claim, you may either refile your claim if you are within the three-year statute of limitation, or you may file a protest with the Department. For more information on your remedies, you may request FYI-402 from your local district tax office or view it online at www.tax.newmexico.gov under the “Forms and Publications” link.

NOTE: Claims for refund of tribal taxes are to be filed with the Department but will be decided by the tribal taxing authority.

AMENDING THE FORM CRS-1
If after filing a Form CRS-1 you find that information supplied on that form was incorrect, you should submit an amended form. When amending the Form CRS-1, be sure to check the “amended report” box and write in the tax period you are amending. Fill out the form with the information as it should have been filed originally. If you underpaid, be sure to include payment for the difference between what you paid and what you owe. Add penalty and interest on the underpaid amount. If you voluntarily amend a Form CRS-1 (i.e., without receiving an assessment) within 12 months of the original filing of a return and pay any additional tax due, you will not be subject to penalty, but interest will be due.

ACCOUNT NOTICES
While you are a registered CRS taxpayer, you may at some point receive notices from the Department. A description of the notices that you may receive from the Department are listed below and on the next page.

ASSESSMENT
We issue an assessment for tax, penalty and interest due. The most common reasons for which the Department issues an assessment are:

1. Taxpayer did not include payment with the Form CRS-1;
2. Taxpayer paid tax at the incorrect rate. Always check the tax rate for your business location on the tax rate schedule as rates may change in January and July of each year;
3. Taxpayer filed the Form CRS-1 late without adding penalty and interest for late filing;
4. The Department audited the taxpayer’s books and records and discovered unreported receipts or disallowed deductions.

Occasionally the Department will issue an assessment due to a Department encoding error. In these cases the taxpayer has written a check for the correct amount but the Department encoded the check for the incorrect amount. For example, a check written for $10.00 may be encoded for $100.00. The Department then receives $100.00 from the taxpayer's bank. To recoup the overpayment, the taxpayer should complete the Form RPD-41071, Application for Tax Refund and enclose a copy of the relevant bank statement so the Department can verify that the bank paid the higher amount.

TAXPAYER REMEDIES
Any taxpayer may dispute the assessment to the taxpayer of any amount of tax, the application to the taxpayer of any provision of the Tax Administration Act or the denial of, or failure to either allow or deny, a claim for refund by filing with the Secretary a written protest. Every protest shall identify the tax or taxes involved and state the grounds for the protest and the relief requested. Any protest by a taxpayer shall be filed within 90 days of the date of the mailing of the assessment, or mailing to, or service on, the taxpayer of other notice or demand, or the date of mailing or filing a return.

NOTE: a Notice of Billing may not be protested. A protest must be made within 90 days of the date of mailing of the assessment and demand for payment.

NOTE: protests by non-members of the Santa Clara, Santa Ana, Nambe, Laguna, Sandia, Pojoaque, Cochiti, Kewa, Ohkay Owingeh, Taos, Picuris, San Ildefonso, Tesuque, Acoma, Zuni Pueblos and the Jicarilla Apache Nation of the tribal tax are to be filed with the Department but the tribal taxing authority for the tribes will decide them.

For more detailed information on protest procedures and other taxpayer remedies, request publication FYI-402, Taxpayer Remedies (also available online at http://www.tax.newmexico.gov/forms-publications.aspx) or contact the Protest Office, P.O. Box 1671, Santa Fe, NM 87504-1671, (505) 827-9806.
Q: How do I file my Form CRS-1 online?
A: You can access our online filing system the Taxpayer Access Point (TAP) at https://tap.state.nm.us/tap. If you do not have a TAP account, you will need to create a primary TAP account under your business name by clicking the “Sign up now” link on the TAP login page. You can then log into TAP. Within the “Accounts” tab, click the “Account ID” link. Once you are on this page, click the “File Now” link for the period you wish to file, complete the return, and click the “Submit” button when you are finished.

Q: Can I file an amended return online?
A: Yes, an amended Form CRS-1 can be filed online.

Q: I have attempted to file my Form CRS-1 electronically and have received an error. Whom do I contact to resolve this?
A: Please contact our CRS Unit at (505) 827-3778 or for technical assistance e-mail: TRD-TAP-TechnicalHelp@state.nm.us.

Q: I have previously filed my Form CRS-1 online and wish to do so again but I have forgotten my password. What should I do?
A: Go to Taxpayer Access Point (TAP), the Department’s online filing system, at https://tap.state.nm.us/tap. Click the “Forgot Your Password” link on the TAP login page and follow the instructions to create a new password.

Q: How do I make a payment using the TAP online filing system?
A: You can make a payment on TAP without logging into your TAP account by clicking the “Make a Payment” link on the TAP login page and following the prompts.

To make a payment while logged in to your TAP account, follow the steps below:
- Select the “Accounts” tab;
- Click the “Accounts ID” link;
- Click the “Pay” link; and
- Follow the prompts to complete the payment.

Q: What payment options do I have when paying my CRS taxes online?
A: When filing your Form CRS-1 online you can pay your tax using one of the following options:
- Payment by credit card (VISA, American Express, MasterCard and Discover cards)*
- Payment by electronic check
- Payment by an approved special payment method. For more information on special payment methods and due dates, request FYI-401 from your local district tax office or view it online at http://www.tax.newmexico.gov/forms-publications.aspx.

*A 2.40% credit card service fee will be imposed on all credit card payments made. This credit card service fee is imposed on the credit card holder by the credit card company. There are no additional charges when using other types of payment.

Q: Our phone number and e-mail address of record has changed due to employee turnaround. How do we make these changes for online filing?
A: You can make these changes using TAP, at http://tap.state.nm.us/tap. Once you are logged into TAP, click the “Manage My Login” header link and click the “Update My Logon Details” link.

Q: When I file my Form CRS-1 electronically, do I have to pay right away?
A: No. You can choose to file your Form CRS-1 electronically and later submit payment using TAP at https://tap.state.nm.us/tap. Be aware that all due dates remain the same even if you do not pay at the same time you file.

Q: I overpaid in one report period. Can I take a credit for the overpayment on a subsequent report?
A: No. You must amend your Form CRS-1 for the period in which you overpaid and apply for a refund by completing an Form RPD-41071, Application for Refund. See procedures for applying for a refund on page 52 and amending the Form CRS-1 on page 53.

Q: How long am I required to retain my CRS records?
A: It is in your best interest to maintain these files for 10 years in the event the Department requires information from you. New Mexico statute permits the Department to assess records back 10 years, depending on the situation. The normal assessment period is three years back from the end of the year the tax was due. If you have under-reported any one tax on the Form CRS-1 by more than 25%, the Department may assess back six years. If you have non-filed reports, the Department may assess back seven years. If there is evidence of tax fraud, the Department may assess back 10 years.

Q: If I currently have an identification number (combined reporting system number) from the Taxation and Revenue Department as a registered proprietorship (i.e. sole owner) and later decide to incorporate, may I continue to use this number?
A: No. You must cancel the identification number issued to you as a proprietorship and apply for a new identification number as a corporation. The incorporation of a business qualifies as a change in form of ownership. Upon applying for your identification number, you should indicate your date of incorporation as the “start business date” on the Form ACD-31015, Application for Business Tax Identification Number for the new number.

Q: When I am issued a new identification number, what are my NTTC (nontaxable transaction certificate) requirements when: 1) I execute NTTCs to my vendors and 2) I receive NTTCs from my customers?
A:
1) Under your new identification number, apply for new NTTCs and execute them with your vendors.
2) For transactions after you are issued a new identification number all NTTCs you receive from your customers should reflect your new identification number. Maintain all NTTCs you have previously received in case you need to provide documentation to support any deductions taken before your identification number changed.

You should return to the Department or destroy any unused paper NTTCs issued by the Department to you under your old identification number. Once the old identification number is closed you will not be able to obtain any further NTTC’s for the CRS number in TAP.

Q: What is a managed audit and where can I locate more information on one?
A: A managed audit is a variation on a traditional field audit. In a managed audit the taxpayer comes to the Taxation and Revenue Department to request a review of their records for specific period(s) and tax situation(s). Once an agreement is finalized and signed by the taxpayer and the Department, the managed audit will begin. The main benefit of a managed audit, if Option B is chosen, is that the period(s) and situation(s) specified by that managed audit agreement with the taxpayer and the Department, the managed audit will begin. The taxpayer and the Department would be closed from further audit.

For information on who qualifies, what managed audit options are available, and how to apply for a managed audit see FYI-404, Managed Audits for Taxpayers. If you would like to talk to someone about setting up a managed audit please call (505)-841-6216.