

Application for Type 11 or 12 Nontaxable Transaction Certificates

Deduction for Tangibles Consumed in the Manufacturing Process

Use this form to apply for a Type 11 or Type 12 nontaxable transaction certificate (NTTC) for tangible personal property consumed in the manufacturing process of a product. Complete and submit the first page of this Form RPD-41378. If applying for a Type 12 NTTC for utilities consumed in the manufacturing process, also attach the Section E, G, W or O as a supplement to the application. Attach Section E, if electricity is consumed; Section G, if natural gas is consumed; Section W, if water is consumed or Section O, if any other utility is consumed in the manufacturing process of the product.

Name	NM CRS identification number	
Name of contact	Phone number	E-mail address

The Type of NTTC applied for on this application. Type 11 NTTC Type 12 NTTC

Qualifying as a Manufacturer

Manufacturing means combining or processing components or materials to increase their value for sale in the ordinary course of business, but does not include construction. See the instructions for more information on what constitutes manufacturing. All manufacturers wishing to take advantage of a deduction for the sale of tangible personal property consumed in the manufacturing process must complete this section.

1. Describe the final product or products produced in the manufacturing operation.
2. Briefly describe the manufacturing process.
3. Do you purchase the components or materials that are being combined in the manufacturing process? If no, explain.
4. Is the final product sold by the applicant in the ordinary course of business?
5. Do you build the final product to your customers' orders? If yes, describe the modifications you typically make.
6. Is the value of the tangible personal property which has been combined with other tangibles or which has been processed, increased as a direct result of the manufacturing process?

I declare I have examined this application and all attachments, and to the best of my knowledge and belief this application is true, correct and complete.

Signature of Manufacturer or Authorized Representative	Date
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Section E: Electricity Consumed in the Manufacturing Process

You must complete Section E to obtain approval to execute a Type 12 Nontaxable Transaction Certificate (NTTC) for electricity that is consumed in your manufacturing process. Complete a new Section E for each manufacturing facility location where you manufacture products to which all or part of the electricity used is consumed in the manufacturing process. You must complete this section to benefit from the deduction for electricity consumed in the manufacturing process. A signed agreement between you and the utility company supplying the electricity must accompany this application. You must maintain all records necessary to demonstrate the validity and accuracy of the electricity consumed in the manufacturing process.

Check one to describe the application submitted.

- New application
 Renewal of an application (Every three years)
 Report changes on the application

Name	NM CRS identification number	
Enter the physical location of the facility where the manufacturing process occurs.		
Physical address		
City	State	ZIP
Name of contact	Phone number	E-Mail address
Name of the company supplying the electricity	Your utility company account number	Meter number
	CRS number for the utility company	

1. Enter the estimated percentage of the total electricity consumed at the facility where the manufacturing process occurs that is consumed in the manufacturing process. _____ %
2. In the space below, describe the basis for the estimated percentage used in line 1.

For Department Use Only

This application for a Type 12 NTTC is approved by the Taxation and Revenue Department and authorizes that the Type 12 NTTC may be executed by the applicant named, to utility company selling the electricity for purposes of the deduction for electricity consumed in the manufacturing process that is conducted at the above location.

The percentage of the total electricity that is consumed in the manufacturing process is: _____ %

This Type 12 NTTC may be allowed for electricity sold on or after: _____

But not after: _____

Signature of Secretary or Delegate	Date
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Section G: Natural Gas Consumed in the Manufacturing Process

You must complete Section G to obtain approval to execute a Type 12 Nontaxable Transaction Certificate (NTTC) for natural gas that is consumed in the manufacturing process. Complete a new Section G for each manufacturing facility location where you manufacture products to which all or part of the natural gas used is consumed in the manufacturing process. You must complete this section to benefit from the deduction for natural gas consumed in the manufacturing process. A signed agreement between you and the utility company supplying the natural gas must accompany this application. You must maintain all records necessary to demonstrate the validity and accuracy of the natural gas consumed in the manufacturing process.

Check one to describe the application submitted.

- New application Renewal of an application (Every three years) Report changes on a previous application

Name	NM CRS identification number	
Enter the physical location of the facility where the manufacturing process occurs.		
Physical address		
City	State	ZIP
Name of contact	Phone number	E-mail address
Name of the company supplying the natural gas	Your utility company account number	Meter number
	CRS number for the utility company	

1. Enter the estimated percentage of the total gas consumed at the facility where the manufacturing process occurs that is consumed in the manufacturing process. _____ %
2. In the space below, describe the basis for the estimated percentage used in line 1.

For Department Use Only

This application for a Type 12 NTTC is approved by the Taxation and Revenue Department and authorizes that the Type 12 NTTC may be executed by the applicant named, to the utility company selling the natural gas for purposes of the deduction for the natural gas consumed in the manufacturing process that is conducted at the above location.

The percentage of the total natural gas that is consumed in the manufacturing process is: _____ %

This Type 12 NTTC may be allowed for natural gas sold on or after: _____

But not after: _____

Signature of Secretary or Delegate	Date
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Section W: Water Consumed in the Manufacturing Process

You must complete Section W to obtain approval to execute a Type 12 Nontaxable Transaction Certificate (NTTC) for water that is consumed your manufacturing process. Complete a new Section W for each manufacturing facility location where you manufacture products to which all or part of the water used is consumed in the manufacturing process. You must complete this section to benefit from the deduction for water consumed in the manufacturing process. A signed agreement between you and the utility company supplying the water must accompany this application. You must maintain all records necessary to demonstrate the validity and accuracy of the water consumed in the manufacturing process.

Check one to describe the application submitted.

- New application Renewal of an application (Every three years) Report changes on a previous application

Name	NM CRS identification number	
Enter the physical location of the facility where the manufacturing process occurs.		
Physical address		
City	State	ZIP
Name of contact	Phone number	E-mail address
Name of the company supplying the water	Your utility company account number	Meter number
	CRS number for the water company	

1. Enter the estimated percentage of the total water consumed at the facility where the manufacturing process occurs that is consumed in the manufacturing process. _____ %
2. In the space below, describe the basis for the estimated percentage used in line 1.

For Department Use Only

This application for a Type 12 NTTC is approved by the Taxation and Revenue Department and authorizes that the Type 12 NTTC may be executed by the applicant named, to the utility company selling the water for purposes of the deduction for the water consumed in the manufacturing process that is conducted at the above location.

The percentage of the total water that is consumed in the manufacturing process is: _____ %

This Type 12 NTTC may be allowed for water sold on or after: _____

But not after: _____

Signature of Secretary or Delegate	Date
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Section O: Other Utilities Consumed in the Manufacturing Process

You must complete Section O to obtain approval to execute a Type 12 Nontaxable Transaction Certificate (NTTC) for utilities other than electricity, natural gas or water that is consumed in your manufacturing process. Complete a new Section O for each manufacturing facility location where you manufacture products to which all or part of the utility used is consumed in the manufacturing process. You must complete this section to benefit from the deduction for the utility consumed in the manufacturing process. A signed agreement between you and the utility company supplying the utility must accompany this application. You must maintain all records necessary to demonstrate the validity and accuracy of the utility consumed in the manufacturing process.

Check one to describe the application submitted.

- New application Renewal of an application (Every three years) Report changes on a previous application

Name	NM CRS identification number	
Enter the physical location of the facility where the manufacturing process occurs.		
Physical address		
City	State	ZIP
Name of contact	Phone number	E-mail address
Name of the company supplying the other utility	Your utility company account number	Meter number
	CRS number of the utility company	
Describe the utility consumed in the manufacturing operation		

1. Enter the estimated percentage of the total utility consumed at the facility where the manufacturing process occurs that is consumed in the manufacturing process. _____ %
2. In the space below, describe the basis for the estimated percentage used in line 1.

For Department Use Only

This application for a Type 12 NTTC is approved by the Taxation and Revenue Department and authorizes that the Type 12 NTTC may be executed by the applicant named, to the utility company selling the utility for purposes of the deduction for the utility consumed in the manufacturing process that is conducted at the above location.

The percentage of the total utility that is consumed in the manufacturing process is: _____ %

This Type 12 NTTC may be allowed for the utility sold on or after: _____

But not after: _____

Signature of Secretary or Delegate	Date
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What is Manufacturing?

Manufacturing means combining or processing components or materials to increase their value for sale in the ordinary course of business, but does not include construction.

For purposes of this deduction, combining means assembling two or more pieces of tangible personal property to create another piece of personal property. Processing means to convert tangible personal property into a marketable form.

A person is engaged in the business of manufacturing only if:

- (1) that person combines or processes components or materials;
- (2) the value of the tangible personal property which has been combined with other tangibles or which has been processed has increased as a direct result of the manufacturing process; and
- (3) the person manufacturing sells the same or similar type of manufactured products in the ordinary course of business.

Following are some examples illustrating the application of the definition of manufacturing.

Example 1: X, who owns a used car lot and garage, places the parts and bodies in and on used cars from his lot. X then resells the renovated cars to the general public in the ordinary course of business. X is manufacturing because X is assembling and fabricating the cars to increase their value and is selling them in the ordinary course of business.

Example 2: Y, a machine tool firm, assembles three machine tools solely for its own use in producing components. Y does not sell any of these three machine tools. Assembling the machine tools is not “manufacturing” because Y is not assembling the tools to increase their value for sale in the ordinary course of business.

Example 3: S is in the business of building custom boats. S is furnished blueprints by customers and all the materials that are to be purchased are specified in those blueprints. S purchases the materials and builds the boats to the specifications set out in the blueprints and then sells the boats to customers in the ordinary course of business. S is manufacturing boats.

Example 4: R is in the business of retreading and recapping pneumatic tires. If R retreads and recaps a tire carcass which R owns in order to increase its value for sale in the ordinary course of business and that tire carcass becomes a component part of a recapped tire, then R is “manufacturing”.

Example 5: P is in the business of printing and silk screening. If P uses only printing supplies which P owns as an ingredient or component part of the end product which P sells in the ordinary course of business, then P is “manufacturing”. If P uses printing supplies such as paper, ink, staples, glue, binding, chemicals, and dyes provided by the customer, then even though such supplies become ingredient or component parts of an end product which P sells in the ordinary course of business, P is “performing a service” and not “manufacturing”.

Example 6: N is a newspaper publishing company and Z is a printing company. N arranges to have Z print the newspapers which it publishes. Z is required to provide newsprint (paper), ink, and all the materials required for the production of newspapers. Z is manufacturing printed material.

Example 7: A is in the business of painting oil and water color pictures for sale in the ordinary course of business. A is a manufacturer of tangible personal property. A combines oils, color pigments, fixing agents, canvas, frames and glass in a painting as components.

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Example 8: B develops custom software for C, a customer. The terms of the transaction restrict C's ability to sell the software to another or to authorize another to use the software, without B's consent. The seller's receipts from C are receipts from the performance of a service. B is not manufacturing because B performs software design services.

About Deductions for Certain Tangibles sold to Manufacturers:

Receipts from selling certain tangible personal property may be deducted from gross receipts or from governmental gross receipts if the sale is made to a person engaged in the business of manufacturing who delivers an appropriate nontaxable transaction certificate (NTTC) to the seller. A seller may accept a Type 2 NTTC for the sale of tangible personal property sold to a manufacturer that becomes an ingredient or component part of the manufactured product (Section 7-9-46A). On or after January 1, 2013, the seller may also accept a Type 11 or Type 12, for the sale of tangible personal property that is consumed in the manufacturing process (Section 7-9-46B).

- Type 2 NTTC - A buyer delivering the NTTC must incorporate the tangible personal property as an ingredient or component part of the product that the buyer is in the business of manufacturing.
- Type 11 NTTC - On or after January 1, 2013, a buyer delivering the NTTC must use the tangible personal property*, in such a way that the property is consumed in the manufacturing of a product, provided the tangible personal property is not a tool or equipment used to create the manufactured product. (See the footnote below if the tangible personal property to be sold is electricity, natural gas, water or another utility.)
- Type 12 NTTC - On or after January 1, 2013, the buyer delivering the NTTC must use the utilities purchased in such a way that the utilities are consumed in the manufacturing of a product.

* Generally, the sale of tangible personal property that is electricity, natural gas, water or any other utility consumed in the manufacturing of a product, requires the execution of a Type 12 NTTC to substantiate a deduction taken under Section 7-9-46B. Under limited circumstances, however, when the utility purchased is 100% consumed in the manufacturing of a product, the seller may accept a Type 11 NTTC.

Tangible personal property consumed in the manufacturing process is...

- Tangible personal property that is incorporated into, destroyed, depleted or transformed in the process of manufacturing a product, including electricity, fuels, water, manufacturing aids and supplies, chemicals, gases, repair parts, spares and other tangibles used to manufacture a product;
- Effective July 1, 2013, tangible personal property consumed in the manufacturing does not include tangible personal property used in the generation of power; the processing of natural resources, including hydrocarbons; and the preparation of meals for immediate consumption on- or off- premises.

How to Apply for the Nontaxable Transaction Certificates:

In order to take advantage of the deductions under Section 7-9-46 NMSA 1978, the manufacturer must apply with the Department for the applicable NTTC.

- If applying for a Type 2 NTTC for tangibles that become an ingredient or component part of the final product, the manufacturer must apply for the NTTCs using Form ACD-31050, *Application for Nontaxable Transaction Certificates*. You may file your application online using Taxpayer Access Point (TAP), on the Department's web site at <https://tap.state.nm.us/Tap> or by paper, at one of the Department's local district offices listed on the last page of these instructions. See Form ACD-31050 for details. When applying for a Type 2 NTTC, you do not need to submit this Form RPD-41378, *Application for Type 11 or 12 Nontaxable Transaction Certificates*.

Application for Type 11 or 12 Nontaxable Transaction Certificates

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- If applying for a Type 11 NTTC for tangibles, other than utilities, you need to complete and submit only the first page of this Form RPD-41378 to the Department. You do not need to file Form ACD-31050 to obtain Type 11 NTTCs.
- If applying for a Type 12 NTTC for utilities consumed in the manufacturing process, you need to complete and submit the first page of this Form RPD-41378, plus any of the applicable Sections E, G, W or O to the Department.

Section E, if electricity is consumed in the manufacturing process;

Section G, if natural gas is consumed in the manufacturing process;

Section W, if water is consumed in the manufacturing process, or

Section O, if any other utility is consumed in the manufacturing process.

If the manufacturer has more than one location where the manufacturing process occurs and utilities are consumed in the manufacturing process, the manufacturer must submit a separate Section E, G, W or O for each location. The manufacturer must submit applications for Type 12 NTTCs for different utilities separately.

Form RPD-41377, *Manufacturers Agreement to Pay Gross Receipts Tax on Behalf of a Utility Company for Certain Utility Sales*, must also be completed and signed by the utility company to whom the utility is purchased and the manufacturing business consuming the utility. A Form RPD-41377 must be completed for each utility company and must specify the effective date of the agreement. The agreement must be submitted with Form RPD-41378, *Application for Type 11 or 12 Nontaxable Transaction Certificates*.

Additionally, the manufacturer who is taking the deduction for utilities consumed in the manufacturing process must establish the anticipated annual percentage of the utilities that are actually consumed in the manufacturing of the product. The manufacturer's percentage of use of the utility consumed in manufacturing of a product is declared and reported to the Department on the appropriate Section E, G, W or O, filed at the time the NTTC application is submitted. The manufacturer may base its percentage on any reasonable criteria - for example square footage, engineer's report, measured usage. If at any time the usage changes, the manufacturer must submit a new Section E, G, W or O to report the change.

Type 12 NTTCs expire three years after the effective date. The manufacturer must re-apply for the Type 12 NTTCs to continue taking advantage of the deduction for utilities consumed in the manufacturing process, and utility companies must begin paying the gross receipts on the sale of any utilities to the manufacturer if a valid Type 12 NTTC is not in their possession prior to the expiration date. The expiration date is printed on the face of the Type 12 NTTC.

You cannot submit Form RPD-41378 and back-up through the TAP web application. You must submit this form and back-up separately to your local district office as listed on the last page of these instructions.

Claiming the Deduction:

Type 2 - For sales of tangible personal property to a manufacturer that will become an ingredient or component part of the product that the business is manufacturing, the seller claims a deduction of 100% of the receipts for the sale of such tangible personal property.

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Example A

	A Municipality / County Name	B Special Code*	C Location Code	D Gross Receipts (Excluding Tax)	E Total Deductions	F Taxable Gross Receipts	G Tax Rate	H Gross Receipts Tax	
1	Albuquerque/Bern.		02-100	10,000	1,300	8,700	7%	609.00	
2	Santa Fe/Santa Fe		01-123	15,000	300	14,700	8.1875%	1,203.56	
3			D0-002	1,700	1,700	0	7%	0.00	
TOTAL COLUMNS D, E and H. *See instructions for column B.				\$ 26,700	\$ 3,300	TOTAL GROSS RECEIPTS TAX		1,812.56	
								COMPENSATING TAX	2
								WITHHOLDING TAX	3
								TOTAL TAX DUE	4 1,812.56
								PENALTY	5
								INTEREST	6
								TOTAL AMOUNT DUE	7 1,812.56

On their CRS-1 Form, the seller combines all deductible sales to a manufacturer, based on a Type 2 NTTC, on a separate line and uses the location code D0-002 in Column C. All other sales and deductions must be reported separately. In Example A, the sale of tangible personal property that is deductible because it is sold to a manufacturer to be incorporated into or as an ingredient component part of the manufactured product is reported on line 3. All other sales and deductions are reported on lines 1 and 2 based on applicable business locations.

In Example A, also note that the seller has multiple locations where it sells tangible personal property for which the Type 2 NTTC deduction applies. The seller combines the deductible sales on one line using location code D0-002, regardless of the location from which the deductible sale was made.

Type 11 - For sales of tangible personal property made on or after January 1, 2013, the seller may deduct the applicable percentage of gross receipts or governmental gross receipts when the tangible personal property sold is consumed in the manufacturing of a product*. A deduction is only available in the following percentages:

- 20% of receipts received after January 1, 2013 and before 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;
- 100% of receipts received on or after January 1, 2017.

* Generally, the sale of tangible personal property that is electricity, natural gas, water or any other utility consumed in the manufacturing of a product, requires the execution of a Type 12 NTTC to substantiate a deduction taken under Section 7-9-46B. Under limited circumstances, however, when the utility purchased is 100% consumed in the manufacturing of a product, the seller may accept a Type 11 NTTC.

On their CRS-1 Form, the seller combines ONLY the deductible portion of the sales that are deductible based on a Type 11 NTTC on a separate line and uses the location code D0-003 in Column C. The portion of the sales that are not deductible and all other sales and deductions may be combined and reported separately - according to the location where the tangibles were sold. In Example B, the sale of tangible personal property is deductible because it is sold to a manufacturer to be consumed in the process of manufacturing the product and is reported in line 3. All other sales and deductions are reported in lines 1 and 2.

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Example B

	A Municipality / County Name	B Special Code*	C Location Code	D Gross Receipts (Excluding Tax)	E Total Deductions	F Taxable Gross Receipts	G Tax Rate	H Gross Receipts Tax
1	Albuquerque/Bern.		02-100	10,000	1,300	8,700	7%	609.00
2	Santa Fe/Santa Fe		01-123	15,000	300	14,700	8.1875%	1,203.56
3			D0-003	2,000	2,000	0	7%	0.00
TOTAL COLUMNS D, E and H. *See instructions for column B.				\$ 27,000	\$ 3,600	TOTAL GROSS RECEIPTS TAX		1,812.56
							COMPENSATING TAX	
							WITHHOLDING TAX	
							TOTAL TAX DUE	1,812.56
							PENALTY	
							INTEREST	
							TOTAL AMOUNT DUE	1,812.56

In Example B, the seller has two locations and in the month of June 2013, sold \$10,000 of merchandise, all of which qualify for the deduction allowed by the Type 11 NTTC. \$6,000 of those sales were made from the Albuquerque location and \$4,000 of those sales were made from the Santa Fe location. A 20% deduction is available for these transactions in calendar year 2013. On line 3, \$2,000 is reported as the combined deductible portion of the sales (for Albuquerque 20% of \$6,000 = \$1,200 and for Santa Fe 20% of \$4,000 = \$800). The remaining \$8,000 sales are included in the gross receipts reported for Albuquerque and Santa Fe and are combined with all other sales and deductions applicable to those locations.

Type 12 - For sales of utilities on or after January 1, 2013:

A. The **seller** deducts 100% of the gross receipts or governmental gross receipts for the sales of utilities that are consumed in the manufacturing of a product, and

B. the **manufacturer's** deduction is phased-in through calendar year 2017, to 100% of the receipts of the utility for the portion consumed in the manufacturing process.

- 20% of receipts received after January 1, 2013 and before 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;
- 100% of receipts received on or after January 1, 2017.

The manufacturing company must have a fully executed Form RPD- 41377, an agreement with the utility company whereby the buyer agrees to pay the gross receipts tax due for the sale of utilities sold to the manufacturer, that were NOT consumed in the manufacturing process, but were combined with the utilities sold that qualify for the deduction.

The manufacturer is responsible for any tax due including any penalties and interest that may accrue on the tax due for the utilities purchased.

Form RPD-41377, the agreement, must be included in the application package. The manufacturer must report the receipts sold by the utility company on its CRS-1 Form in the manner described in the instructions for Form RPD-41378.

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Example C

	A Municipality / County Name	B Special Code*	C Location Code	D Gross Receipts (Excluding Tax)	E Total Deductions	F Taxable Gross Receipts	G Tax Rate	H Gross Receipts Tax	
1	Albuquerque/Bern.		02-100	10,000	1,300	8,700	7%	609.00	
2			D0-003	80	80	0	7%	0	
3									
TOTAL COLUMNS D, E and H. *See instructions for column B.				\$ 10,080	\$ 1,380	TOTAL GROSS RECEIPTS TAX		1 609.00	
								COMPENSATING TAX	2
								WITHHOLDING TAX	3
								TOTAL TAX DUE	4 609.00
								PENALTY	5
								INTEREST	6
								TOTAL AMOUNT DUE	7 609.00

Reporting Instructions for Utility Company.

The utility company deducts 100% of the utilities sold to a manufacturer who has executed a Type 12 NTTC to the utility company. The manufacturer is responsible for reporting the gross receipts or governmental gross receipts and paying gross receipts tax on any portion of the utilities sold that are not consumed in the manufacturing process.

In Example C, the utility company sold \$80 worth of electricity to a manufacturer located in Albuquerque, who executed a Type 12 NTTC to the utility company. The utility company deducts 100% of the sale of the electricity to the qualifying manufacturer, and reports this deductible amount from electricity sold to customers on a separate line using location code D0-003 in Column C.

Manufacturers Reporting Instructions for Deductible Utility Purchases.

When computing the portion of utilities that are not deductible under Section 7-9-46B, the manufacturer reduces the total receipts of the utility company by the amount of utilities that are not consumed in the manufacturing process. The manufacturer's percentage is used to determine the portion of the total receipts that are consumed in the manufacturing process. The manufacturer's percentage of the utility consumed in manufacturing the product is declared and reported to the Department on the appropriate Form RPD-41378, Section E, G, W or O, filed at the time the NTTC application is submitted. If at any time the usage changes, the manufacturer must submit a new Section E, G, W or O to report the change. Once the manufacturer reduces the total amount of gross receipts for the utilities sold by the manufacturer's percentage of use, the manufacturer further reduces the total gross receipts for the utilities purchased, by the percentages below in determining the deductible portion of the utility purchased.

- 20% of receipts received after January 1, 2013 and before 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;
- 100% of receipts received on or after January 1, 2017.

When the manufacturer reports the gross receipts and deduction of the utility to which a Type 12 NTTC has been delivered, the utility must use a special rate code to identify the type of utility reported. This is reported in Column B of the manufacturer's CRS-1 Form.

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Example D

	A Municipality / County Name	B Special Code*	C Location Code	D Gross Receipts (Excluding Tax)	E Total Deductions	F Taxable Gross Receipts	G Tax Rate	H Gross Receipts Tax	
1	Albuquerque/Bern.		02-100	10,000	0	10,000	7%	700.00	
2	Albuquerque/Bern.	E	02-100	1,000	130	870	7%	60.90	
3	Albuquerque/Bern.	G	02-100	500	45	455	7%	31.85	
4	Albuquerque/Bern.	W	55-055	100	6	94	5%	4.70	
5	Albuquerque/Bern.	O	02-100	100	6	94	7%	6.58	
TOTAL COLUMNS D, E and H. *See instructions for column B.				\$ 11,700	\$ 187	TOTAL GROSS RECEIPTS TAX		1 804.03	
								COMPENSATING TAX	2
								WITHHOLDING TAX	3
								TOTAL TAX DUE	4 804.03
								PENALTY	5
								INTEREST	6
								TOTAL AMOUNT DUE	7 804.03

- E -- Electricity
- G -- Natural Gas
- W -- Water
- O -- Other

In Column C, Location Code, the manufacturer reports the location code based on the location of the utility meter. If the seller is a governmental entity, enter the location code 55-055, and in Column G, enter 5%.

Example D: Manufacturer M, was approved for and delivers a Type 12 NTTC to a utility company E who sells electricity to M, a Type 12 NTTC to G who sells natural gas to M, a Type 12 NTTC to W who sells water to M, and a Type 12 NTTC to O who sells steam to M. The Department approved and issued the Type 12 NTTCs to M based on M's application and statement that these utilities are consumed in the manufacturing process. In March 2013, M pays the utility bills for each of these utility companies--E, G, W and O. E, G, W and O deduct 100% of the receipts from sale of the utility to M. M's manufacturing facility is located in Albuquerque, New Mexico. In M's application for Type 12 NTTCs, M declares the percentages of utility consumed in the manufacturing process on Form RPD-41378, as follows:

- Electricity - 65% is consumed in the manufacturing process
- Natural Gas - 45% is consumed in the manufacturing process
- Water (municipal utility) - 30% is consumed in the manufacturing process
- Steam - 30% is consumed in the manufacturing process

M files its CRS-1 Form for the report period ending March 31, 2013, as follows.

On Line 1, M reports its normal gross receipts and deductions associated with the receipts of the manufacturing company and calculates the applicable tax.

Lines 2 through 5, M reports the gross receipts and deductions for the purchase of the utilities.

Column A: M indicates the location of the utility meter for which the manufacturing company has been billed.

Column B: M indicates the proper special rate code to report gross receipts tax on behalf of the utility company.

Column C: M indicates the location code based on the location of the utility meter.

Column D: M reports the total amount billed by the utility for the purchase of the utility.

Column E: M computes the deductible receipts associated with the percentage of utilities consumed in the manu-

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facturing process and the allowable deduction for the receipts received in the calendar year as shown below.

Column F: M shows the difference between Column D and Column E. This amount reflects the taxable receipts that are reported on behalf of the utility company.

Column G: The tax rate for the location of the utility meter at the manufacturing facility is shown, except for the purchase of water from a governmental entity. Because the seller is a governmental entity, the location code 55-055 and the tax rate of 5% are used for governmental gross receipts.

Column H: M multiplies the amount in Column F and Column G to determine the amount of gross receipts reported on behalf of the utility company.

Computing the Total Deductions, Column E.

Electricity

Amount billed by the utility for the purchase of the electricity	=	\$1,000
Multiply by 65% (percentage of the electricity consumed in the manufacturing process)		<u>x 65%</u>
Total of receipts that are associated with the electricity consumed in the manufacturing process	=	\$650
Multiply by the applicable deduction amount (20% in the 1st year)		<u>x 20%</u>
Total amount of receipts that are deductible	=	\$130

Natural Gas

Amount billed by the utility for the purchase of the natural gas	=	\$500
Multiply by 45% (percentage of the natural gas consumed in the manufacturing process)		<u>x 45%</u>
Total of receipts that are associated with the natural gas consumed in the manufacturing process	=	\$225
Multiply by the applicable deduction amount (20% in the 1st year)		<u>x 20%</u>
Total amount of receipts that are deductible	=	\$45

Water

Amount billed by the utility for the purchase of the water	=	\$100
Multiply by 30% (percentage of the water consumed in the manufacturing process)		<u>x 30%</u>
Total of receipts that are associated with the water consumed in the manufacturing process	=	\$30
Multiply by the applicable deduction amount (20% in the 1st year)		<u>x 20%</u>
Total amount of receipts that are deductible	=	\$6

Other - Steam

Amount billed by the utility for the purchase of the steam	=	\$100
Multiply by 30% (percentage of the steam consumed in the manufacturing process)		<u>x 30%</u>
Total of receipts that are associated with the steam consumed in the manufacturing process	=	\$30
Multiply by the applicable deduction amount (20% in the 1st year)		<u>x 20%</u>
Total amount of receipts that are deductible	=	\$6

State of New Mexico - Taxation and Revenue Department
Application for Type 11 or 12 Nontaxable Transaction Certificates
Deduction for Tangibles Consumed in the Manufacturing Process
Instructions

Local Taxation and Revenue Department Offices: Local tax offices can provide full service and information about New Mexico's taxes, programs and forms and specific information about your filing situation. 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, Building #2
P.O. Box 607
Las Cruces, NM 88004-0607
Telephone: **(575) 524-6225**

ROSWELL:

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

SANTA FE:

Taxation & Revenue Department
*Visitors go to 2968 Rodeo Park Drive West**
1200 South St. Francis Drive
P.O. Box 5374
Santa Fe, NM 87502-5374
Telephone: **(505) 827-0951**

*The physical office location in Santa Fe has relocated during a renovation of the existing building. While the renovation is in progress, special delivery packages shipped through Fed Ex and UPS should continue to be sent to the 1200 South St. Francis Drive address and mailing through USPS should be sent to the P. O. Box 5374 address.
