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Gov. signs bipartisan tax bill

SANTA FE – Gov. Michelle Lujan Grisham on Monday signed into law a significant relief and support measure for individuals, businesses and local governments under financial strain during the COVID-19 pandemic.

House Bill 6 includes three areas of relief.

First, the bill temporarily waives interest and penalties on late tax payments so that individuals and businesses that have been unable to make timely payments will not fall further into tax debt. Taxpayers must still file their tax returns timely, but payment may follow at later date.

“The financial pain caused by COVID-19 is real. This bill will help New Mexicans who through no fault of their own were unable to pay their taxes on time,” said Gov. Lujan Grisham. “It will help local governments, and it will help small businesses, all of whom have been suffering the dreadful effects of this pandemic. I have said all along through this crisis: New Mexico will deliver for its people, for its workers, and for its families. And we will continue that work every single day, fighting to keep New Mexicans safe and to make them whole and see our state through this crisis.”

Penalty and interest waivers are available as follows:

Tax Program	Taxes Due these Dates Are Eligible for Penalty and Interest Relief	Deadline to File Tax Returns to Avoid Late Filing Penalty	Deadline to Pay in Full to Qualify for Relief
Personal Income Tax and Corporate Income Tax	April 15, 2020 – July 15, 2020	July 15, 2020	April 15, 2021
Withholding Tax	March 25, 2020 – July 25, 2020	July 25, 2020	April 25, 2021

Gross Receipts Tax/Compensating Tax	March 25, 2020 – July 25, 2020	Original due dates	April 25, 2021
Property Tax	April 10, 2020 – May 10, 2020	N/A	May 10, 2021

Second, the bill doubles state gross receipts tax distributions from online sales that municipalities and counties will receive in the coming fiscal year from \$24 to \$48 million. The distributions will be divided among counties and municipalities based on population.

The state began taxing internet sales on July 1, 2019, but local option taxes will not take effect on internet sales until July 1, 2021. In the meantime, these distributions allow local governments to share in the revenue from internet sales taxation.

The distributions may revert to the lower level if the federal government provides additional aid to local governments during the fiscal year.

“This bill will provide relief to cities and counties around New Mexico whose budgets have been hard hit by the economic downturn caused by the COVID-19 pandemic and that aren’t sharing in the revenues from increased online shopping,” said Taxation and Revenue Secretary Stephanie Schardin Clarke.

Third, the bill exempts federal CARES Act payments to certain New Mexico health care providers from gross receipts taxes so that more of that funding can be used for direct services to New Mexicans in need of healthcare.

The bill also includes a technical change so that New Mexico’s treatment of corporate net operating losses will continue to follow the federal treatment prior to the CARES Act.

“The sudden and drastic economic turn caused by the pandemic hit a lot of New Mexicans hard,” said Senate Majority Leader Peter Wirth, a bill sponsor. “The relief offered through this bill will give taxpayers an additional year to recover financially without having to worry about tax penalties and interest. And, given the massive fiscal hits to our local governments, distributing an additional \$24 million to our cities and counties from internet sales is critical relief to help avoid massive cuts and layoffs.”

“One of the most effective ways state government can support New Mexicans and local businesses struggling amid the pandemic is to provide them the flexibility they need,” said Rep. Christine Chandler, a co-sponsor. “With this bill we’ve taken a creative approach to provide that flexibility and support, helping hardworking New Mexicans get through this extremely challenging time. I want to thank the governor for her leadership and for signing this important bill today.”

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