



TAXATION IN NEW MEXICO



Corporate Income & Franchise Tax (1/3)

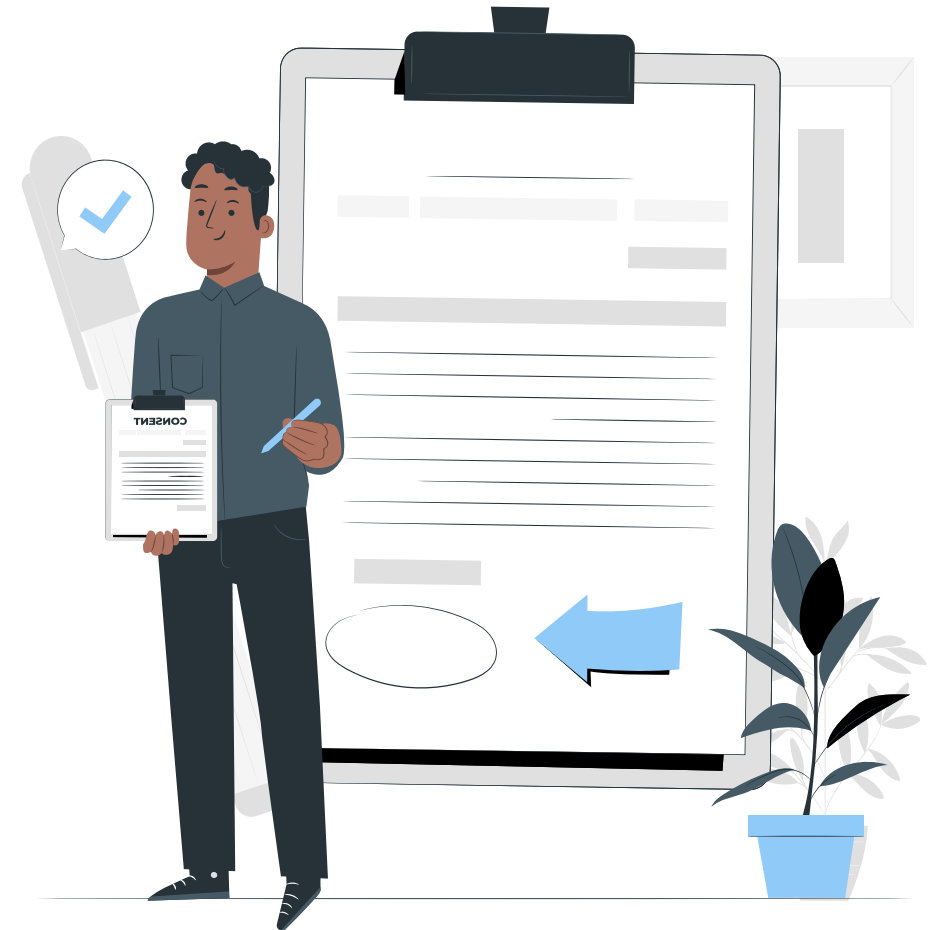
C corporations are subject to corporate income tax on their net income derived from business activities in the state. C corporations that have nexus in New Mexico are required to file a New Mexico Corporate Income and Franchise Tax Return if they meet **any** of the following criteria:

- The corporation is incorporated in New Mexico.
- Out of state corporation doing business in New Mexico.
- The corporation has income derived from New Mexico sources.

All corporations engaging in business in New Mexico and every domestic or foreign corporation having or exercising its corporate franchise in this state, whether actively engaged in business or not, must pay USD 50 franchise tax, even if no income tax is due.

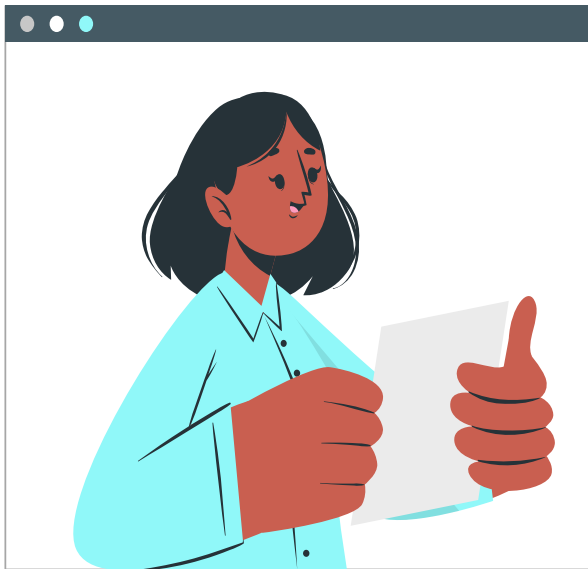
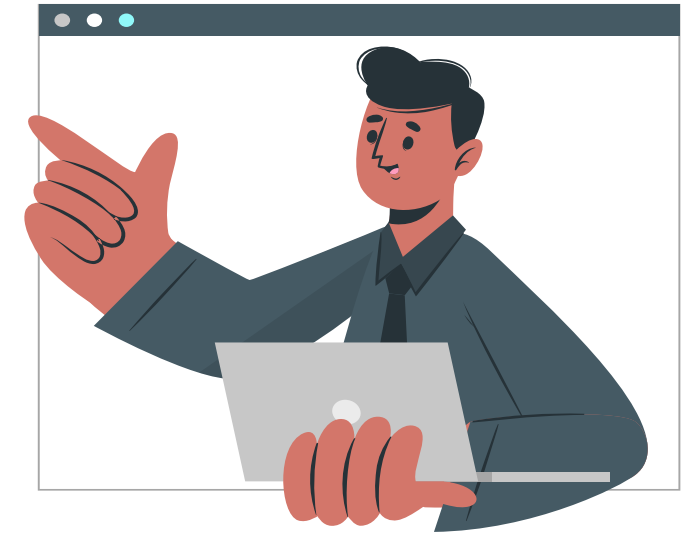
C corporations will pay tax on net income computed at the following rates:

Income (USD)	Tax Rate
0 – 5,00,000	4.8% of net taxable income
More than 5,00,000	USD 24,000 plus 5.9% of excess over USD 500,000



Corporate Income & Franchise Tax (2/3)

Filing Requirements : C corporations in New Mexico typically needs to file the New Mexico Corporate Income and Franchise Tax Return Form CIT-1 on or before the 15th day of the fourth month following the end of the corporation's tax year.



Estimated Tax Payments : A corporation or filing group is required to pay estimated corporate income tax payments if all the following are true :

- the corporation or filing group is subject to corporate income tax
- the tax after applicable credits is USD 5,000 or more in the current tax year.

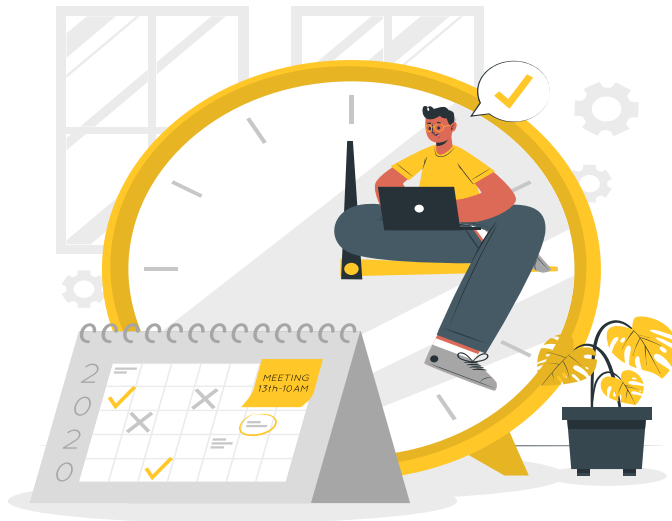
Estimated tax payments are typically due in quarterly installments and are made using Form CIT-ES, Corporate Estimated Tax Payment Voucher.

Corporate Income & Franchise Tax (3/3)

Extension to file

If a copy of the automatic or approved federal extension form accompanies the New Mexico Corporate Income and Franchise Tax Return (Form CIT-1) when you file, the New Mexico Taxation and Revenue Department accepts the extended time granted by the Internal Revenue Service (IRS), and you do not need to file a separate extension with New Mexico.

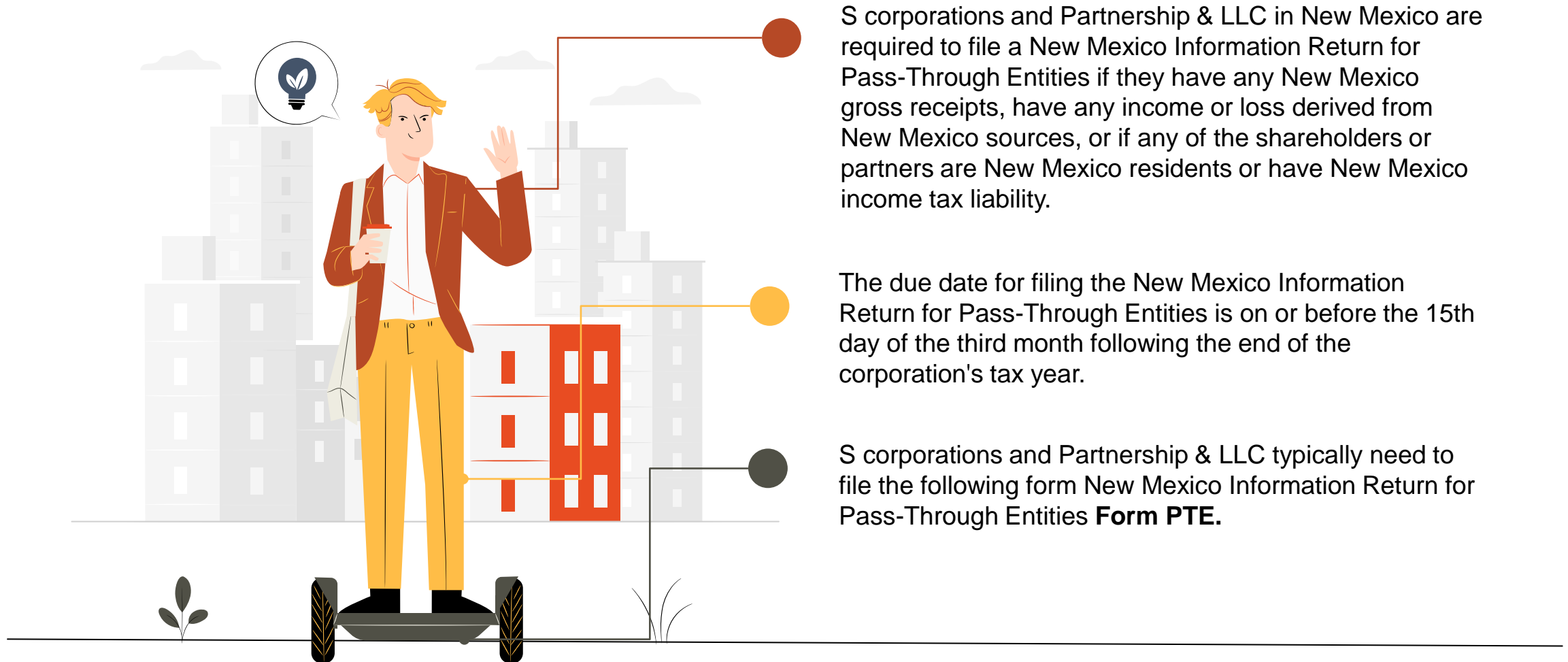
However, if the corporation or filing group has not received a federal extension and requires additional time to file the New Mexico CIT-1, or if they need an extension beyond the federal extension date, they should request an extension from the New Mexico Taxation and Revenue Department. The extension request can be made by letter or by filing **Form RPD-41096**, Extension of Time to File, on or before the original due date of the return.



Penalty & Interest

- The Department imposes a penalty when a return is not filed or paid timely. The penalty is 2% of the tax due for each month, or partial month, from the date the return was due, and shall not exceed 20% of tax due. The penalty does not apply if the entity has an extension of time to file and the tax is paid by the extended due date.
- The interest rate for unpaid taxes is determined quarterly by the New Mexico Taxation and Revenue Department and is generally based on the prime rate which is 6% per annum.
- $\text{Tax due} \times \text{daily interest rate for the quarter} \times \text{number of days in delay} = \text{interest due.}$

Pass through Entity Tax (1/2)



S corporations and Partnership & LLC in New Mexico are required to file a New Mexico Information Return for Pass-Through Entities if they have any New Mexico gross receipts, have any income or loss derived from New Mexico sources, or if any of the shareholders or partners are New Mexico residents or have New Mexico income tax liability.

The due date for filing the New Mexico Information Return for Pass-Through Entities is on or before the 15th day of the third month following the end of the corporation's tax year.

S corporations and Partnership & LLC typically need to file the following form New Mexico Information Return for Pass-Through Entities **Form PTE**.

Pass through Entity Tax (2/2)

Extension to file

If a copy of the automatic or approved federal extension form accompanies the Pass through entities tax return when you file, the New Mexico Taxation and Revenue Department accepts the extended time granted by the Internal Revenue Service (IRS), and you do not need to file a separate extension with New Mexico.

However, if the corporation or filing group has not received a federal extension and requires additional time to file the Form PTE or if they need an extension beyond the federal extension date, they should request an extension from the New Mexico Taxation and Revenue Department.

The extension request can be made by letter or by filing **Form RPD-41096**, Extension of Time to File, on or before the original due date of the return.

Note: Penalty and interest is levied at the same rates as corporate Income tax in New Mexico.

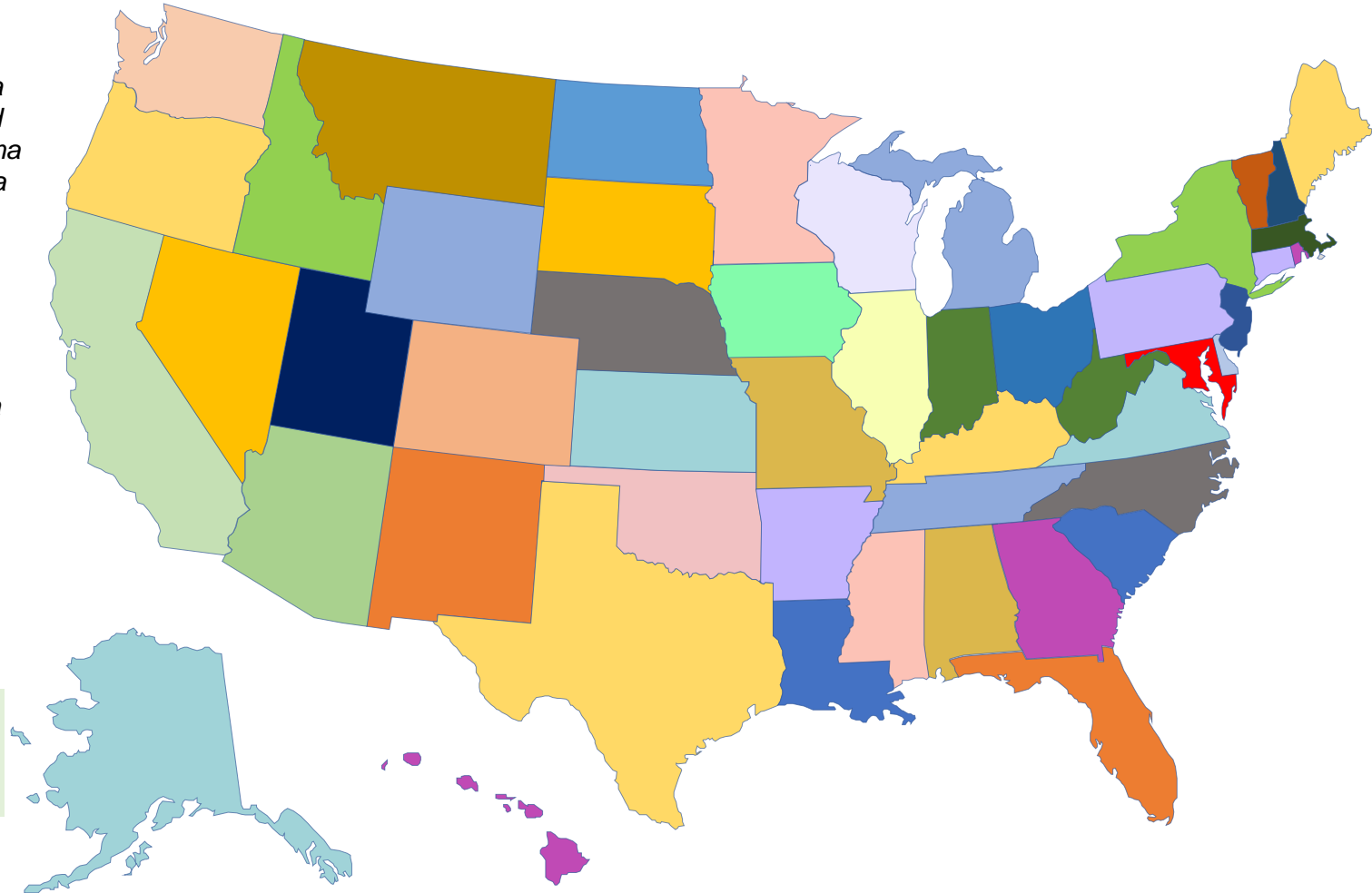


Upcoming Series

Please find below the list of completed alerts from the series. In case you have missed the previous alerts, click on the hyperlink for the completed alerts to refer the same.

- | | | |
|--------------------------------|-----------------------------------|--------------------|
| 1. Delaware | 19. Louisiana | 37. Oregon |
| 2. New Jersey | 20. Maine | 38. Pennsylvania |
| 3. California | 21. Maryland | 39. Rhode Island |
| 4. Alabama | 22. Massachusetts | 40. South Carolina |
| 5. Alaska | 23. Michigan | 41. South Dakota |
| 6. Arizona | 24. Minnesota | 42. Tennessee |
| 7. Arkansas | 25. Mississippi | 43. Texas |
| 8. Colorado | 26. Missouri | 44. Utah |
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| 15. Illinois | 33. North Carolina | 51. Kentucky |
| 16. Indiana | 34. North Dakota | |
| 17. Iowa | 35. Ohio | |
| 18. Kansas | 36. Oklahoma | |

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