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# FYI-106

New Mexico  
Taxation and Revenue Department

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## FOR YOUR INFORMATION

TAX INFORMATION/POLICY OFFICE ♦ P.O. BOX 630 ♦ SANTA FE, NEW MEXICO ♦ 87504-0630

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### CLAIMING BUSINESS-RELATED TAX CREDITS FOR INDIVIDUALS AND BUSINESSES

New Mexico offers certain business-related tax credits to individuals and businesses who meet the statutory requirements. The tax credits apply to the following tax programs: gross receipts tax (GRT), compensating tax (CMP), wage withholding taxes (WWT), non-wage withholding (NWT), corporate income tax (CIT), and personal income tax (PIT). This publication summarizes New Mexico business-related tax credits and the procedure for claiming them.

**Please note:** some of the credits have limited eligibility dates and some credits that are listed in the publication may not be available for future dates. The Department cannot consider credit claims that are filed before or after dates specified in legislation. Credits can ONLY be claimed against tax liabilities as designated by law.

For more detailed information on a particular credit, please consult the Taxation and Revenue Department (Tax & Rev) forms listed for that credit and statutes cited in this publication. The summary is accurate as of the revision date found at the bottom of this page. Taxpayers should be aware that subsequent legislation, regulations, court decisions, revenue rulings, notices and announcements may affect the summary's accuracy.

If you have applied for a credit and the credit has been approved, you may then claim the tax credit as specified in your approval letter or on your certificate. You may file your return and attach all the necessary documents to claim the credit through the Department's electronic filing system, the Taxpayer Access Point, located at <https://tap.state.nm.us>.

When filing an electronic return through a third-party vendor make sure that the associated approval (certificate, letter, allocation) and claim form (s) are attached to your return submittal. If you are unable to attach documents to your e-filed return, the documents may be mailed to the Business Credit Claims Processing Unit at P.O. Box 5418, Santa Fe, NM 87502-5418. Information for other state agencies you may need to contact as part of the application process may be found starting on page 31.

This publication provides general information on business-related tax credits which includes:

- ◆ Statutory Reference:
  - All statutory references are to New Mexico Statutes Annotated (NMSA) 1978.
- ◆ Applicable Tax Programs:
  - Gross Receipts Tax (**GRT**)
  - Compensating Tax (**CMP**)
  - Wage Withholding Tax (**WWT**)
  - Non-wage Withholding Tax (**NWT**)
  - Corporate Income Tax (**CIT**)
  - S-Corporate Income Tax (**S-Corp**)
  - Personal Income Tax (**PIT**)
  - Emergency 911 Service Surcharge (**E911**)
  - Telecommunication Relay Service Surcharge (**TRS**)
- ◆ Refundable/Non-Refundable:
  - **Refundable:** credit that may be refunded under certain circumstances
  - **Non-Refundable:** credit against existing tax liabilities only (excess credit can often be carried forward)
- ◆ Transferable/Non-Transferable:
  - **Transferable:** credit that may be transferred, sold, or exchanged as a business asset.
  - **Non-Transferable:** this credit cannot be transferred, sold, or exchanged as a business asset.
- ◆ Carry Forward:
  - If a credit is applied against your tax liability, the statute may specify that the remaining credit may be “carried forward” to a future tax liability. Each credit specifies the number of years the credit can be carried forward. The total amount of credit claimed can never be more than was originally allowed for that specific credit.

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New Mexico Taxation and Revenue Department

<b>Tax Credit</b>	<b>Personal and Fiduciary Income Tax</b>	<b>Corporate Income Tax (CIT-1 and S-Corp)</b>	<b>Gross Receipts Tax (GRT)</b>	<b>GRT excluding local option</b>	<b>Compensating Tax (CMP)</b>	<b>Withholding Taxes (WWT and NWT)</b>
Affordable Housing**	<b>X</b>	<b>X</b>		<b>X</b>	<b>X</b>	<b>X</b>
Agricultural Biomass	<b>X</b>	<b>X</b>				
Alternative Energy Product Manufacturers**				<b>X</b>	<b>X</b>	<b>X</b>
Angel Investment Credit	<b>X</b>					
Biodiesel Blending Facility			<b>X</b>		<b>X</b>	
Corporate-Supported Child Care		<b>X</b>				
Film Production	<b>X</b>	<b>X</b>				
Foster Youth Employment Tax Credit	<b>X</b>	<b>X</b>				
Geothermal Heat Pump	<b>X</b>	<b>X</b>				
High-Wage Jobs**				<b>X</b>	<b>X</b>	<b>X</b>
Intergovernmental Business		<b>X</b>				
Investment Credit			<b>X</b>		<b>X</b>	<b>X</b>
Job Mentorship	<b>X</b>	<b>X</b>				
Laboratory Partnership w/ Small Business				<b>X</b>		
Land Conservation	<b>X</b>	<b>X</b>				
Preservation of Cultural Property	<b>X</b>	<b>X</b>				
Renewable Energy Production	<b>X</b>	<b>X</b>				
Rural Health Care Practitioner	<b>X</b>					
Rural Job **	<b>X</b>	<b>X</b>		<b>X</b>	<b>X</b>	<b>X</b>
Solar Market Development Tax Credit	<b>X</b>					
New Solar Market Development Tax Credit	<b>X</b>					
Sustainable Building Tax Credit	<b>X</b>	<b>X</b>				
New Sustainable Building Tax Credit	<b>X</b>	<b>X</b>				
Technology Jobs Tax Credit	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>	<b>X</b>
Technology Jobs and Research and Development Tax Credit	<b>X</b>	<b>X</b>	<b>X</b>		<b>X</b>	<b>X</b>
Technology Readiness Gross Receipts Tax Credit				<b>X</b>		
Unpaid Doctor Services Tax Credit			<b>X</b>			

\*\* Also applies to interstate telecommunications GRT, 911 emergency surcharge and telecommunication relay surcharge.

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## Affordable Housing Tax Credit

- ◆ **Statutory Reference:** Affordable Housing Tax Credit Act, Sections 7-9I-1 through 7-9I-6
- ◆ **Applicable Tax Programs:** GRT less local option gross receipts taxes, ITG, CMP, WWT, NWT, PIT, CIT, E911 and TRS
- ◆ Non-refundable, Transferable
- ◆ PTE owners can allocate/ Transferable (see below for specifics)
- ◆ Carry Forward: for up to 5 years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41301**, *Affordable Housing Tax Credit Claim Form*

Beginning January 1, 2006, the Mortgage Finance Authority (MFA) issued vouchers to persons who have invested in affordable housing projects. The vouchers, good for up to 50% of the investment, may be sold or transferred. "Affordable housing" covers land acquisition, construction, building acquisition, remodeling, improvement, rehabilitation, conversion, or weatherization for single or multi-family residences approved by MFA. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply:** First, the applicant must contact the Mortgage Finance Authority for approval of the project and issuance of the vouchers.

The MFA approves, issues, and administers the vouchers for this credit. The MFA informs Tax & Rev that a voucher has been approved under the Affordable Housing Tax Credit Act within 20 days of the issuance or transfer of a voucher.

**Allocation to pass-through entity owners:** A PTE may not claim the affordable housing tax credit. The credit may be transferred to the owners of a PTE by submitting a completed *Affordable Housing Tax Credit Transfer Form*, to MFA. Upon receipt of the new investment voucher from MFA, the owners may claim the credit against future returns. See "Transfer" below.

**Transfer:** The credit may also be sold, exchanged, or otherwise transferred to another holder. When an investment voucher is transferred to a new holder, the Department and MFA must be notified within 10 days of the transfer. The new holder will be issued a new investment voucher, the new holder may apply the affordable housing tax credit against future returns but may not apply any credit past five years from the calendar year in which the original investment voucher was issued. To transfer an investment voucher, submit a completed *Affordable Housing Tax Credit Transfer Form*, to MFA.

**How to claim:** The claimant must attach a completed **Form RPD-41301**, *Affordable Housing Tax Credit Claim Form* and the MFA voucher, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 5 years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41301** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

**NOTE:** When applying the credit to the **Form TRD-41413**, *Gross Receipts Tax Return*, you must pay any gross receipts tax due over the state rate of 5.000%. This will ensure that the local options gross receipts are being paid as required by statute.

## Agricultural Biomass Tax Credit

- ◆ **Statutory Reference:** Corporate Income and Franchise Tax Act, Section 7-2A-26; Income Tax Act, Section 7-2-18.26
- ◆ **Applicable Tax Programs:** CIT and PIT
- ◆ Non-refundable, Transferable
- ◆ PTE owners cannot allocate (see below for specifics)
- ◆ Carry Forward: 4 consecutive years
- ◆ **Available beginning January 1, 2011, and ending January 1, 2030**
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41362**, *Agricultural Biomass Tax Credit Instructions*
  - **RPD-41362**, *Agricultural Biomass Tax Credit Approval*
  - **RPD-41363**, *Notice of Transfer of Agricultural Biomass Tax Credit*
  - **RPD-41361**, *Agricultural Biomass Tax Credit Claim Form*

A taxpayer who owns a dairy or feedlot may be eligible for this credit. The credit is equal to \$5.00 per wet ton of agricultural biomass transported from the taxpayer's dairy or feedlot to a facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use. "Agricultural biomass" means wet manure meeting specifications established by the New Mexico Energy, Minerals and Natural Resources Department (EMNRD). For additional qualifying information, please look at Tax & Rev's application and claim form listed above. The credits annual combined total allowed is a maximum of \$5 million. Applications for the credit will be considered in the order received.

**How to apply:** First, the applicant must first obtain a certificate of eligibility from the Energy, Minerals, and Natural Resources Department (EMNRD), for the transportation of agricultural biomass to a qualified facility.

Second, the applicant will submit the certificate of eligibility along with a completed **Form RPD-41362**, *Agricultural Biomass Tax Credit Approval*, to Tax & Rev. After approving a credit, Tax & Rev will furnish the applicant a numbered and dated document indicating the amount of credit granted.

**Allocation to pass-through entity owners:** Notification of distribution of the credit from an owner of the facility that is in a partnership or other business association passing all or a portion of the credit to its owners can be made at the time the credit is approved by Tax & Rev, by completing **Section II** on **Form RPD-41362**, *Agricultural Biomass Tax Credit Approval*.

**Transferring:** The Taxpayer may sell, exchange, or otherwise transfer the tax credit document to another taxpayer. A transfer can be completed by filling out **Form RPD-41363**, *Notice of Transfer of Agricultural Biomass Tax Credit* and submitting the completed form to Tax & Rev for review and approval. The parties to such a transaction must notify the Department of the transaction within 10 days of its occurrence. The credit must be transferred in its entirety. It cannot be split and transferred in parts. The credit cannot be transferred to a PTE. **Note:** Once a credit has started being claimed it cannot be transferred.

**How to claim:** The claimant must attach a completed **Form RPD-41361**, *Agricultural Biomass Tax Credit Claim Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 4 consecutive years following the year in which the credit originated. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41361** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Alternative Energy Product Manufacturers

- ◆ **Statutory Reference:** Alternative Energy Product Manufacturers Tax Credit Act, Sections 7-9J-1 through 7-9J-8
- ◆ **Applicable Tax Programs:** GRT less local option gross receipts taxes, ITG, CMP, WWT, NWT, E911 and TRS
- ◆ Non-Refundable, Non-Transferable
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Carry Forward: up to 5 years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41330**, *Application for Alternative Energy Product Manufacturers Tax Credit*
  - **RPD-41364**, *Notice of Distribution of Alternative Energy Product Manufacturers Tax Credit*
  - **RPD-41331**, *Alternative Energy Product Manufacturers Claim Form*

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. 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 the sequestration of carbon from integrated gasification combined cycle plants. 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. For tax years 2011 through 2019, this credit is also offered to producers of photosynthetic organism-based fuels or other products directly secreted by or extracted from a single-cell photosynthetic organism. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**NOTE:** 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 credits 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 to apply for the credit:** An applicant must submit a completed **Form RPD-41330**, *Application for Alternative Energy Product Manufacturers Tax Credit*. Make sure to include the *Schedule A* and all required supporting documents when submitting the application to Tax & Rev for approval. You must apply for the alternative energy product manufacturer's tax credit on or before the last day of the year following the end of the calendar year in which the qualified expenditure was made.

**Allocation to pass-through entity owners:** To allocate the right to claim the credit to the PTE owners, each owner, partner, or member of a PTE must be listed on **Form RPD-41364**, *Notice of Distribution of Alternative Energy Product Manufacturers Tax Credit*.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41331**, *Alternative Energy Product Manufacturers Tax Credit Claim Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 5 years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Worksheet to compute the total unused credit available* of **Form RPD-41331** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

**NOTE:** When applying the credit to the **Form TRD-41413**, *Gross Receipts Tax Return*, you must pay any gross receipts tax due over the state rate of 5.000%. This will ensure that the local options gross receipts are being paid as required by statute.

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## Angel Investment Tax Credit

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.17 NMSA 1978
- ◆ **Applicable Tax Programs:** PIT
- ◆ Non-Refundable, Non-Transferable
- ◆ Carry Forward: 5 consecutive years
- ◆ Taxation and Revenue Department Forms:
  - **TRD-41404**, *Angel Investment Credit Application*
  - **RPD-41320**, *Angle Investment Credit Claim Form*

For tax years beginning on or after January 1, 2007, a taxpayer who files a New Mexico personal income tax return, who meets the definition of an accredited investor, and makes a qualified investment may claim a credit for 25% of the investment in a qualified high-technology or manufacturing business. For tax years beginning on or after January 1, 2015, the credit allowed for each qualified investment shall not exceed \$62,500. Accredited investors may claim the angel investment credit for not more than one qualified investment per investment round and may claim the credit in no more than five qualified businesses per tax year. A claim for the credit may not be made or allowed with respect to any investment made before January 1, 2007, or after December 31, 2025.

A qualified investment means a cash investment in a qualified business for equity, but does not include an investment by a taxpayer, or a member of the taxpayer's immediate family, or an entity affiliated with the taxpayer, which receives compensation from the qualified business in exchange for services provided to the business within one year of investment.

Some of the requirements of a qualified business are that it maintains its principal place of business and employs a majority of its full-time employees, if any, in New Mexico and a majority of its tangible assets, if any, are located in New Mexico, and that it engages in qualified research or manufacturing activities in New Mexico. The business must not be engaged in or is not primarily organized as certain specified business types, among which include credit or finance services, investment, insurance, real estate, construction or contracting, consulting, utility services, mining, publishing, broadcasting, and internet operating services. The business must have 100 or fewer employees calculated on a full-time basis in the taxable year in which the investment was made and will have not had gross revenues in excess of \$5,000,000 in any fiscal year ending on or before the date of the investment.

**How to apply:** To qualify, a taxpayer must apply for a certificate of eligibility for the angel investment credit using **Form TRD-41404**, Angel Investment Application. The application should be filled out separately by the accredited investor and qualified business. Completed applications will be considered in the order received. If the New Mexico Taxation and Revenue Department (Tax & Rev) determines that the taxpayer is an accredited investor and has made a qualified investment, a dated certificate of eligibility will be issued to the taxpayer. The application may be submitted online using the department's website, Taxpayer Access Point (TAP), at <https://tap.state.nm.us>. From the TAP homepage, select account type (PIT or FID), click on Apply for Tax Credit, and follow the steps to complete the Angel Investment Credit Application.

**How to claim the credit:** A taxpayer must submit a completed **Form RPD-41320**, Angel Investment Credit Claim Form, and a copy of the certificate of eligibility to Tax & Rev. A taxpayer shall claim the credit no later than one year following the date the completed application for the credit is approved by Tax & Rev. When claiming the credit against personal income taxes, attach **Form RPD-41320**, Angel Investment Credit Claim Form, to the New Mexico personal income tax return for the year in which the angel investment credit is taken. For tax year 2014 and prior tax years, used credit may be carried forward for 3 consecutive years.



## Biodiesel Blending Facility

- ◆ **Statutory Reference:** Gross Receipts and Compensating Tax Act, Section 7-9-79.2
- ◆ **Applicable Tax Programs:** GRT and CMP
- ◆ Non-Refundable, Non-Transferable
- ◆ Carry Forward: 4 years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41339**, *Biodiesel Blending Facility Tax Credit Approval Request*
  - **RPD-41321**, *Biodiesel Blending Facility Tax Credit Claim Form*

A taxpayer who is a rack operator as defined in the Special Fuels Supplier Act, who installs biodiesel blending equipment owned by the rack operator for the purpose of establishing or expanding a facility to produce blended biodiesel fuel may be eligible for this credit. The rack operator must be registered with Tax & Rev and filing **Form RPD-41307**, *Rack Operator Report*, to qualify. The credit is equal to 30% of the cost of purchasing and installing biodiesel blending equipment. The credit cannot exceed \$50,000 for equipment installed at one facility. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**NOTE:** 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, the taxpayer must notify Tax & Rev that they are no longer eligible for the approved credit and any amount of approved credit not applied will be extinguished. Taxpayers must 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.

**How to apply for the credit:** First, the rack operator must apply for a dated certificate of eligibility from New Mexico Energy, Minerals and Natural Resources Department (EMNRD). EMNRD shall determine if the equipment for which the tax credit will be claimed meets the requirements; and if purchases and installation costs reported by the taxpayer are legitimate. If approved, EMNRD will issue a dated certificate of eligibility containing an estimate of the amount of biodiesel blending facility tax credit for which the taxpayer is eligible.

Second, the applicant must submit the certificate of eligibility and the completed **Form RPD-41339**, *Biodiesel Blending Facility Tax Credit Approval Request Form*, to Tax & Rev. Tax & Rev may not approve biodiesel blending facility tax credits if the total cumulative amount of claims for the credit for all taxpayers for the calendar year exceeds \$1,000,000. Requests for credit approval that exceed the maximum allowed in a calendar year may be considered for approval in the next calendar year.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41321**, *Biodiesel Blending Facility Tax Credit Claim Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 4 years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Worksheet to compute the total unused credit available* of **Form RPD-41321** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Corporate-Supported Child Care

- ◆ **Statutory Reference:** Corporate Income and Franchise Tax Act, Section 7-2A-14
- ◆ **Applicable Tax Programs:** CIT
- ◆ Non-Refundable, Non-Transferable
- ◆ Carry Forward: 3 years
- ◆ Taxation and Revenue Department Forms:
  - **CIT-3**, *Corporate Child Care Tax Credit* (Tax Year Specific Forms)

Corporation providing or paying for licensed childcare services for employees' children under 12 years of age may deduct 30% of eligible expenses from their CIT liability for the tax year in which the expenses occur.

There is a cap of \$30,000 in any tax year. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to claim the credit:** The claimant must attach a completed **Form CIT-3, New Mexico Corporate Child Care Credit**, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 3 years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Film Production Tax Credit

- ◆ **Statutory Reference:** Film Production Tax Credit Act, Section 7-2F-1 through 7-2F-15
- ◆ **Applicable Tax Programs:** CIT, S-Corp, PIT, and FID
- ◆ PTE owners can claim the credit (see below for specifics)
- ◆ Refundable
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41229**, *Application for Film Production Tax Credit (Productions prior to January 1, 2016)*
  - **RPD-41391**, *Application for New Film Production Tax Credit (Productions starting July 1, 2019 and prior to July 1, 2023)*
  - **RPD-41418**, *Application for New Film Production Tax Credit (Productions starting July 1, 2023)*
  - **RPD-41271**, *Film Production Tax Credit Declaration of Residency*
  - **RPD-41366**, *Notice of Distribution of Film Production Tax Credit*
  - **RPD-41380**, *Notice of Assignment of Film Production Tax Credit*
  - **RPD-41228**, *Film-Related Tax Credit Claim Form*
  - **RPD-41392**, *Qualified Film Vendor*

For film production companies commencing principal photography on or after July 1, 2019, and prior to July 1, 2023, a tax credit of 15% for the services of below-the-line crew who are not New Mexico residents is allowed when not more than 15%, or in some cases 20%, of the total budget of below-the-line crew are nonresidents. The film production company makes financial or promotional contributions toward educational or workforce development efforts in New Mexico as determined by the New Mexico Film office.

For film production companies that commence principal photography on or after July 1, 2023, a credit against personal or corporate income tax is available for 25% of direct production and postproduction expenditures made in New Mexico that are subject to taxation by the state of New Mexico and directly attributable to the production of a film or commercial audiovisual product. The credit covers postproduction expenditures directly attributable only to services performed in New Mexico and subject to taxation by the state of New Mexico, excluded from the credit are expenditures for which another taxpayer claims the film and television tax credit.

- An additional 10% shall be applied for payments for direct production expenditures and postproduction expenditures. For work, services or items provided on location for production of a film or commercial audiovisual product that is in New Mexico but at least 60 miles from the city hall of the county seat of certain counties. Section 7-2F-14(A)(1) NMSA 1978. Certain counties means Class A counties with a net taxable value of property for property taxation purposes of greater than \$7,500,000,000.
- An additional 5% credit is available for either of the following:
  - for standalone pilots intended for series television in New Mexico and series television productions intended for commercial distribution with an order for at least six episodes in a single season. Section 7-2F-14(A)(2)(a) NMSA 1978; OR
  - if certain criteria are met regarding the use of qualified production facilities. Section 7-2F-14(A)(2)(b) NMSA 1978.

- A non-resident below-the-line crew credit is available in an amount equal to 15% of the payment of wages for below-the-line nonresident industry crew when certain criteria are met under Section 7-2F-15 NMSA 1978.

For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

A film production company's budget for direct production expenditures and postproduction expenditures is certified during a preproduction meeting with the New Mexico Film Office. The aggregate amount of claims to be authorized for payment in any fiscal year is currently \$110 million, and each fiscal year from 2024 through 2028 it will be increased by ten million dollars. If this threshold has been met for the year, a claim for credit shall be placed at the front of the queue in the order in which the return was filed. The aggregate amount of credits claimed for that fiscal year appear on Tax & Rev's website. The Film Office is prohibited from certifying a film production if the total claims would be in excess of \$100 million dollars over the threshold. Excluded from the threshold are the approved film credits of a New Mexico Film partner, a film production company that has made a commitment to produce films or commercial audiovisual products in New Mexico and has purchased or executed a ten-year contract to lease a qualified production facility.

**Note:** A film production company must provide the Film Office a projection of their likely credit claims in the fiscal year. The Film Office approves the film production company for eligibility. Tax & Rev determines whether the film production company's expenses are eligible. For more information about film tax credits, please see publication, FYI-370 Information Regarding Film Production Tax Credits.

**How to apply for the credit:** A film production company must first be approved by the New Mexico Film Office (NMFO). Once NMFO has reviewed and confirmed that all obligations are met by the production company, the Application/Memo package will be submitted to Tax & Rev. TRD then has 120 days from the date of the approval memo and receipt of a completed application including required documentation from the NMFO/production to complete the credit review for approval or denial as outlined in Section 7-1-29.2 NMSA 1978. The Tax & Rev reviewer will email an additional information letter (if applicable), and Form ACD-31102, Tax Information Authorization Disclosure (TIAs) to contact on application if not already provided with the application. The Tax & Rev reviewer will request submission of the required documentation via a secure electronic link. Once Tax & Rev has completed the review; production can submit for credit refund. See below for instructions. Filing for film credit refund may only occur at the end of company's taxable year. The Business Credit Approval or Denial Letter will be sent via email to the person on the application on or before 120-day deadline.

- **If approved, a NM Income Tax return will need to be filed for each year of expenditures (if there is more than one tax year) to receive the credit refund. The income tax return will need to include the necessary Schedule -CR, Form RPD-41228, Film-Related Tax Credit Claim Form, the Film Tax Credit Application, Business Credit Approval Letter, and Form RPD-41366, Notice of Distribution of Film Production Tax Credit. How to claim the credit:**

After the film production company is determined eligible by the NMFO and approved by TRD, film-related tax credits may be claimed by attaching a completed Form RPD-41228, Film-Related Tax Credit Claim Form, including Schedule A, to the film production company's complete New Mexico Income Tax Return and filed after the close of its tax year for authorization for payment.

**Notes:** Effective on or after July 1, 2019, film production companies that commence principal photography for a film or commercial audiovisual product **may not** claim the film production tax credit by filing a New Mexico Information Return for Pass-Through Entities.

Tax & Rev refunds excess tax credit (any amount over the company's tax liability) for the tax year in which the film production company claims the credit within the limitations in statute. Remember to be specific on the return about the amount of credit that is being applied to tax due and the amount of the credit that is being requested as a refund. No interest will be paid on any amount refunded under the Film Production Tax Credit Act.

## Foster Youth Employment Tax Credit

- ◆ **Statutory Reference:** Personal Income Tax Act, Section 7-2-18.30 and Corporate Income and Franchise Tax Act, Section 7-2A-29
- ◆ **Applicable Tax Programs:** PIT and CIT
- ◆ Non-Refundable, Non-Transferable
- ◆ Carry Forward: 3 years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41388**, *Certification of Eligibility for the Foster Youth Employment Tax Credit*
  - **RPD-41389**, *Application for Foster Youth Employment Tax Credit*
  - **RPD-41390**, *Foster Youth Employment Tax Credit Claim Form*

A taxpayer that employs a qualified foster youth in New Mexico is eligible for a credit against the taxpayer's liability in an amount up to \$1,000 of the gross wages paid to each qualified foster youth by the taxpayer during the taxable year for which the return is filed. If the taxpayer employs a qualified foster youth for less than a full taxable year, the taxpayer is eligible for a credit amount equal to \$1,000 multiplied by the fraction of a full year for which the qualified foster youth was employed. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**Note:** The taxpayer may not claim the foster youth employment income tax credit for any individual foster youth for more than one calendar year from the date of hire.

**How to apply for the credit:** The qualified youth will have to contact the Children, Youth, and Families Department's Youth Services Bureau at 505-827-8400 or the other agency that they were in legal custody of. That government agency, department, or bureau will have to send a letter to the qualified youth that includes their name, date of birth, and the years that they were in that agency's custody.

The applicant (business) must complete and submit **Form RPD-41388**, *Certification of Eligibility for the Foster Youth Employment Tax Credit*, along with the documents or letter from the qualified youth who is in or was in the legal custody of the Children Youth and Families Department (CYFD) under the Children's Code or in the legal custody of a New Mexico Indian Nation, Tribe or Pueblo or the United States Department of the Interior Bureau of Indian Affairs Division of Human Services. The employee or qualified youth can obtain the appropriate document or letter by going to the government agency, department, or bureau that held or holds legal custody of them.

The applicant (business) will have to complete and submit **Form RPD-41389**, *Application for Foster Youth Employment Tax Credit*, the **Form RPD-41388**, *Certification of Eligibility for the Foster Youth Employment Tax Credit*, and the document or letter from the government agency, department, or bureau that held legal custody for each qualified youth.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41390**, *Foster Youth Employment Tax Credit Claim Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 3 years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41390** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Geothermal Heat Pump

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.24 and Corporate Income and Franchise Tax Act, Section 7-2A-24
- ◆ **Applicable Tax Programs:** PIT and CIT
- ◆ Non-Refundable, Non-Transferable
- ◆ Carry Forward: 10 consecutive years
- ◆ Available only until December 31, 2020
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41346**, *Geothermal Ground-Coupled Heat Pump Tax Credit Claim Form*

Beginning on, or after, January 1, 2010, taxpayer's who purchases and installs, after January 1, 2010, but before December 31, 2020, a geothermal ground-coupled heat pump in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer may apply for a tax credit of up to 30% of the purchase and installation costs of the system. The total geothermal ground-coupled heat pump tax credit allowed to a taxpayer cannot exceed \$9,000. A geothermal ground-coupled heat pump is a system that uses energy from the ground, water or, ultimately, the sun for distribution of heating, cooling or domestic hot water; that has either a minimum coefficient ratio of sixteen or greater; and that is installed by an accredited installer certified by the international ground source heat pump association. The Department must allow a geothermal ground-coupled heat pump tax credit only for geothermal ground-coupled heat pumps certified by the Energy, Minerals, and Natural Resource Department (EMNRD). A maximum annual aggregate of \$2 million in geothermal ground-coupled heat pump tax credit is allowed. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

Only the owner of the building is eligible to claim the credit. A PTE may not pass the credit to its owners, partners, or members, because the owner partner or members do not directly own the building owned by a PTE.

**How to apply for the credit:** A qualified taxpayer must apply with EMNRD to obtain a certificate. For further information or questions, you may call (505) 476-3372.

**How to claim the credit;** The claimant must attach a completed **Form RPD-41346**, *Geothermal Ground-coupled Heat Pump Tax Credit Claim Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 10 consecutive years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41346** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## High-Wage Jobs

- ◆ **Statutory Reference:** Other Tax Credit Act, Section 7-9G-1
- ◆ **Applicable Tax Programs:** GRT less local option gross receipts taxes, ITG, CMP, WWT, NWT, E911 and TRS
- ◆ **Refundable**
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41288**, *Application for High-Wage Jobs Tax Credit*
  - **RPD-41376**, *High-Wage Jobs Employee Eligibility Detail Report*
  - **RPD-41290**, *High-Wage Jobs Tax Credit Claim Form*

Eligible employers who create high-wage jobs in New Mexico may apply for a tax credit against gross receipts tax less local option gross receipts taxes, compensating tax, withholding tax, E911, and TRS tax due once per calendar year.

For periods after January 1, 2019, an eligible employer is one that during the qualifying period would be eligible for development training program assistance under the fiscal year 2019 policies defining development training program eligibility created by the industrial training board in accordance with Section 21-19-7 NMSA 1978. The credit is 8½% of wages for eligible employees employed in eligible high-wage jobs. The job must be occupied for at least 44 weeks, while the credit limit is raised to \$12,750 per eligible employee. A taxpayer that has received a high-wage credit shall not submit a new application for a minimum of two calendar years from the closing date. In general, eligible employees are unrelated New Mexico residents who have no relationship to the company applying for the credit or to any company that owns stock in the company applying for the credit. For additional qualifying information, please see the Tax & Rev application and claim form listed above.

**How to apply for the credit:** Complete **Form RPD-41288**, *Application for High-Wage Jobs Tax Credit* and **Form RPD-41376**, *Employee Eligibility Detail Report*, establishing eligibility and summarizing the totals of the jobs you claim, the wages paid, and the credit amount applied for, along with the required documentation listed on the RPD-41288. The application must be filed with the Tax & Rev once per calendar year. Tax & Rev makes a determination on the application within 120-days of the date in which an application is filed and completed.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41290**, *High-Wage Jobs Tax Credit Claim Form*, to the applicable tax program's return for which the credit is being claimed.

**NOTE:** When applying the credit to **Form TRD-41413**, *Gross Receipts Tax Return*, you must pay any gross receipts tax due over the state rate of 5.000%. This will ensure that the local options gross receipts are being paid as required by statute. Any excess credit will be refunded to the taxpayer. No interest will be paid on any amount refunded due to a high-wage jobs tax credit.

## Intergovernmental Business

- ◆ **Statutory Reference:** Corporate Income and Franchise Tax Act, Section 7-2A-16
- ◆ **Applicable Tax Programs:** CIT
- ◆ Non-Refundable

A corporation engaged in growing, processing or manufacturing may receive credit for up to 50% of all taxes imposed by an Indian nation, tribe or pueblo located wholly or partly in New Mexico on income from new business activity on Indian land. **Exception:** a tax eligible for credit under Section 7-29C-1 or any other intergovernmental tax that provides a similar credit may not be counted for intergovernmental business tax credit. Such taxes are oil and gas severance tax, oil and gas conservation tax, oil and gas emergency school tax, oil and gas ad valorem production tax on products severed from Indian tribal land, or a tax imposed on the privilege of severing products from tribal land. The law limits the credit to income from a new business established on tribal land after July 1, 1997. A new business is a manufacturer or processor occupying a new business facility, or a grower who began operation in New Mexico after July 1, 1997. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to claim the credit:** Complete the corporate income tax return and attach a statement establishing entitlement to the credit and supply proof of payment of the tax on which it is based and mail it to Tax & Rev.

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## Investment Credit

- ◆ **Statutory Reference:** Investment Credit Act, Sections 7-9A-1 through 7-9A-11
- ◆ **Applicable Tax Programs:** GRT, CMP, WWT or NWT
- ◆ Refundable (under certain circumstances), Non-Transferable
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41167**, *Application for New Mexico Investment Credit*
  - **RPD-41212**, *Investment Credit Claim Form*
  - **RPD-41168**, *Application for Investment Credit Schedule A & Schedule B*

Prior to July 1, 2030, the investment credit may be claimed by a taxpayer carrying on a manufacturing operation who owns and introduces qualified equipment into New Mexico for use by the taxpayer in a new or expanded manufacturing operation. The credit may be applied against a maximum of 85% of a taxpayer's gross receipts, compensating and withholding tax liability. Any amount of credit remaining may be claimed in subsequent reporting periods. No interest will be paid on any amount refunded under the Investment Credit Act. For this credit "manufacturing" excludes construction, farming, most power generation and the processing of natural resources and hydrocarbons. Some new power plants that sell to wholesalers are manufacturers. An investment credit is the amount of the compensating tax rate and, beginning July 1, 2021, any municipal or county compensating tax rate multiplied by the value of the qualified equipment. If the sale is subject to gross receipts tax, an investment credit is the amount of the gross receipts tax rate and, beginning July 1, 2021, any municipal or county local option gross receipts tax rates multiplied by the seller's gross receipts from the sale of the qualified equipment. Qualified equipment is equipment purchased or brought into New Mexico in connection with a manufacturing operation in New Mexico and includes equipment purchased under industrial revenue bonds.

The equipment must meet all the following conditions to be eligible for the investment credit: 1) the equipment has not been used previously in New Mexico; 2) the equipment has not been approved previously for the investment credit; 3) the equipment is owned by the taxpayer or leased or subleased to the taxpayer by a United States or New Mexico governmental agency; 4) the equipment must be incorporated within one year into a manufacturing operation; and the equipment meets the qualifications set out under Section 7-9A-6; 5) the equipment must have depreciation expense attributed to it on the taxpayer's federal income tax return.

After meeting the equipment requirements of the Investment Credit Act, the taxpayer must reach certain job-creation requirements. For every \$750,000 (or portion of that amount) in value of qualified equipment up to \$30 million, a taxpayer must add one full-time job to the number of full-time jobs the business reports exactly one year before the day it applies for investment credit. For over \$30 million of qualified equipment, the employment requirement decreases to one full-time job per \$1 million (or portion of that amount) in value of qualified equipment. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** Submit a completed **Form RPD-41167**, *Application for New Mexico Investment Credit*, and **Form RPD-41168**, *Application for Investment Credit Schedule A and Schedule B*, and all required documentation, within a year of the end of the calendar year in which the qualified equipment is first purchased and introduced into New Mexico. Tax & Rev will send notification of approval if all conditions are met.

**How to claim the credit:** You must attach a **Form RPD-41212**, *Investment Credit Claim Form*, to the return of the tax program for which you are claiming the credit. You may apply the credit to no more than 85% of the gross receipts and compensating tax, including municipal and county local options, and withholding tax due for any reporting period. The credit must be claimed against the gross receipts and compensating tax liabilities before it may be claimed against the withholding tax liabilities. The credit may be carried forward to subsequent reporting periods. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Job Mentorship

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.11 and Corporate Income and Franchise Tax Act, Section 7-2A-17.1
- ◆ **Applicable Tax Programs:** CIT and PIT
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Non-refundable, Non-Transferable
- ◆ Carry Forward: 3 consecutive tax years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41279**, *Job Mentorship Tax Credit Certificate Request Form*
  - **RPD-41281**, *Job Mentorship Tax Credit Claim Form*

The job mentorship tax credit gives either a corporate or personal income tax credit to businesses hiring qualified students in a school-sanctioned, career-preparation education program. Qualifying businesses must employ students attending an accredited New Mexico secondary school full time. Credits are for 50% of the gross wages paid, subject to limitations. No business may claim more than ten students or \$12,000 in any tax year, nor may any student displace a current employee. The credit cannot be allowed for more than 50% of gross wages paid on the first 320 hours of employment for each qualified student; and a credit cannot be allowed for more than three taxable years. Excess job mentorship tax credit may be carried forward from prior years. The credit can be claimed by one or more owners, partners or associates. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** Tax & Rev issues certificates only to an accredited secondary school with an eligible program, and the school principal executes a completed certificate to the student's employer. Tax & Rev issues certificates to the school according to the number of qualified students in the program on October 15 of the school year. To obtain the certificates, the school principal completes **Form RPD-41279**, *New Mexico Job Mentorship Tax Credit Certificate Request Form*, and submits it to a local Tax & Rev district tax office. Tax & Rev then mails the school principal **Form RPD-41280**, *Job Mentorship Tax Credit Certificate*, for the number of students requested. The school principal will then transfer the certificate to the New Mexico business (employer) participating in the school-sanctioned career preparation education programs sponsored by the school. A certificate cannot be transferred to another business, another school year, or another qualified student.

The applicant (business) would have to be informed by the qualified student employee that the certificate is available, and the applicant will have to work with the school program in order to get an approved **Form RPD-41280**, *Job Mentorship Tax Credit Certificate* from the school.

**Allocation to pass-through entity:** PTE owners should complete the *Division of the Total Available Credit Report* section on the **Form RPD-41281**, *Job Mentorship Tax Credit Claim Form*.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41281**, *Job Mentorship Tax Credit Claim Form*, the claimant will also have to include a **Form RPD-41280**, *Job Mentorship Tax Credit Certificate* for each student employed during the tax year, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 3 consecutive tax years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Worksheet to calculate the total unused credit available for carry forward from prior years* of **Form RPD-41281** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.



## Laboratory Partnership with Small Business

- ◆ **Statutory Reference:** Laboratory Partnership with Small Business tax Credit Act, Sections 7-9E-1 through 7-9E-11
- ◆ **Applicable Tax Programs:** GRT excluding local option gross receipts taxes
- ◆ Non-Refundable, Non-Transferable
- ◆ For National Laboratories ONLY
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41325**, *Application for Laboratory Partnership with Small Business Tax 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. Local option gross receipts tax is excluded. The maximum credit is \$2.4 million in any calendar year. Qualified expenses range widely from wages/benefits to providing mentors to the small business in partnership with the laboratory. The business must certify to the laboratory that the assistance it seeks is not available at reasonable cost through private industry.

The limit on assistance to a particular small business applies to the total amount of assistance provided by all national laboratories to that business. National laboratories are required to coordinate their activities under the credit by developing an operational plan and a plan to ensure that the assistance for which they claim a credit suits the small business’ needs and challenges. For additional qualifying information, please see the Tax & Rev application listed above.

**How to apply for the credit:** A national laboratory must complete **Form RPD-41325**, *Application for New Mexico Laboratory Partnership with Small Business Tax Credit*, and submit it with **Form TRD-41413**, *Gross Receipts Tax Return*, for the periods it wishes to apply the credit. The maximum credit is \$2.4 million in any calendar year

**NOTE:** When applying the credit to **Form TRD-41413**, *Gross Receipts Tax Return*, you must pay any gross receipts tax due over the state rate of 5.000%. This will ensure that the local options gross receipts are being paid as required by statute.

## Land Conservation

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.10 and Corporate Income and Franchise Tax Act, Section 7-2A-8.9
- ◆ **Applicable Tax Programs:** CIT and PIT
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Non-Refundable, Transferable
- ◆ Carry Forward: 20 consecutive years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41335**, *Land Conservation Tax Credit Application*
  - **RPD-41336**, *Notice of Transfer of Land Conservation Incentives Tax Credit*
  - **RPD-41347**, *Application for Designation as a Qualified Intermediary*
  
  - **RPD-41282**, *Land Conservation Incentives Tax Credit Instructions*
  - **RPD-41282**, *Land Conservation Incentives Claim Form*

Beginning in tax year 2004, persons who donate land to private-nonprofit or public conservation agencies for conservation purposes may receive personal or corporate income tax credit of up to \$100,000. The Energy, Minerals and Natural Resources Department (EMNRD) certifies donations for eligibility when the purpose is for open space, natural resource or biodiversity conservation, agricultural preservation, or watershed or historic preservation, and the donation is unconditional and in perpetuity. The credit equal 50% of the fair

market value of the land transferred up to \$100,000 for donations made prior to January 1, 2008, and \$250,000 for donations made after January 1, 2008. Additionally, for a donation made after January 1, 2008, the credit may be sold, exchanged, or transferred in increments of \$10,000 or more. Appraisers must qualify to appraise property under federal laws governing charitable contributions. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** Contact EMNRD's Forestry Division for certifying the eligibility of the donation. Once the certificate of eligibility is received from EMNRD, complete **Form RPD-41335**, *Land Conservation Incentives Tax Credit Application*, and submit the completed form along with the certificate of eligibility to the Department.

**Allocation to pass-through entity owners:** An owner of a PTE may claim the land conservation incentives tax credit. To allocate the credit to the PTE owners, the PTE must file **Form RPD-41336**, *Notice of Transfer of Land Conservation Incentives Tax Credit*, to report to the Department a transfer of approved credit from a PTE to an owner, member, or partner.

**How to transfer the credit:** For a donation made after January 1, 2008, the credit may be sold, exchanged, or transferred in increments of \$10,000 or more. A credit used must be transferred through a qualified intermediary. Within 10 days of the transfer, the taxpayer must complete and notarize **Form RPD-41336**, *Notice of Transfer of Land Conservation Incentives Tax Credit*, notifying the Department of the transfer. Mail the notice to the address on the form. A tax credit or increment of the credit may only be sold, exchanged, or transferred once.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41282**, *Land Conservation Incentives Tax Credit Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 20 years following the tax year in which the original qualified donation took place. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41282** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Preservation of Cultural Property

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.2 and Corporate Income and Franchise Tax Act, Section 7-2A-8.6
- ◆ **Applicable Tax Programs:** CIT and PIT
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Non-Refundable
- ◆ Carry Forward: 4 years
- ◆ Taxation and Revenue Department Forms:
  - **CIT-4**, *Preservation of Cultural Property Credit Form* (Tax Year Specific Form)
  - **PIT-4**, *Preservation of Cultural Property Credit Form* (Tax Year Specific Form)

Taxpayers who are thinking about restoring, rehabilitating, or preserving properties listed on the New Mexico Register of Cultural Properties may be eligible for this credit. The Cultural Properties Review Committee must approve the project plan before the restoration begins and certify that the completed project conforms to the plan. The maximum credit is 50% of the costs of restoration, rehabilitation, or preservation up to \$25,000 for any single property. For tax years beginning on or after January 1, 2009, if the property is also located in an arts and cultural district certified by the state or a municipality pursuant to the Arts and Cultural District Act, a maximum of \$50,000 credit is allowed on the same property. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** The applicant must contact the Historic Preservation Division for information on obtaining certification for the project, and the State Coordination of New Mexico Arts and Cultural Districts, for

more information regarding property located in an arts and cultural district certified by the state or a municipality pursuant to the Arts and Cultural District Act.

**Allocation to pass-through entities:** Each owner of the PTE that claims the credit must complete *Schedule A* on the claim **Form CIT-4** or **Form PIT-4**. The name, Social Security Number (SSN) or Federal Employee Identification Number (FEIN), New Mexico Business Tax Identification Number (NMBTIN) and ownership percentage for all PTE owners is needed. The combined credit shall not exceed the total amount of credit approved.

**How to claim the credit:** The claimant must attach a completed **Form CIT-4** or **Form PIT-4**, *New Mexico Preservation of Cultural Properties Credit*, and Part 2 approval from the New Mexico Cultural properties Review Committee to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 3 years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Renewable Energy Production

- ◆ **Statutory Reference:** Income Tax Act, Sections 7-2-18.18 and Corporate Income and Franchise Tax Act, Section 7-2A-19
- ◆ **Applicable Tax Programs:** PIT and CIT
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Refundable, Non-Transferable
- ◆ Carry Forward: 5 consecutive tax years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41227**, *Renewable Energy Production Tax Credit Claim Form*

Taxpayers may be eligible for a credit if they are producing electricity by solar light or heat, wind, or biomass at a penny per kilowatt-hour up to 400,000 megawatt (MWh)-hours yearly per taxpayer for 10 years. The credit is allowed only for facilities that first produce electricity before January 1, 2018. The total amount of electricity that can qualify for the credit is two million MWh, plus an additional 500,000 MWh for solar facilities. The definition of "biomass" was amended by the 2007 New Mexico Legislature to include a variety of organic materials that are available on a renewable basis, including landfill gas and municipal solid waste.

For a qualified energy generator using a wind- or biomass-derived qualified energy resource, the amount of tax credit is the lesser of \$.01 per kilowatt-hour of the first 400,000 megawatt-hours of electricity produced by the qualified energy generator in the tax year or the estimated annual production potential of the generating facility as determined by the Energy, Minerals and Natural Resources Department (EMNRD). For a qualified energy generator using a solar-light-derived or solar-heat-derive qualified energy resource, the amount of tax credit varies based on the tax year following the date the generator first produces electricity using the qualified energy resource. The credit rate starts at 1.5 cents in the first year of operation and increases in increments of ½ cent each of the next five years, to a maximum of four cents; the rate then will decline by ½ cent per year in the next four years to two cents in the tenth year of operation.

To qualify, the taxpayer must either hold title to a qualified energy generator or lease from a county or municipality, under authority of an industrial revenue bond, the property on which the generator operates. A taxpayer with at least a 5% interest in a qualifying energy-generating business may be allocated all or part of the right to claim the credit, but only if the business is taxed federally as a partnership and EMNRD has approved the allocation. A qualifying energy generator means a facility with at least one megawatt generating capacity located in New Mexico that produces electricity using a qualified energy resource and that sells that electricity to an unrelated person.

This credit, effective from the original date of application, continues until the facility either goes out of production for more than 6 consecutive months or its 10-year eligibility expires. The corporation may carry

excess credit forward for 5 consecutive tax years. The credit may be refunded if the qualified energy generator first produced electricity after October 1, 2007. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** To obtain a certificate of eligibility, an allocation notices of the right to claim all or a portion of the renewable energy production tax credit, contact the Energy Conservation and Management Division of EMNRD. More about this can be found by visiting the EMNRD website at <https://www.emnrd.nm.gov/ecmd/tax-incentives/>.

**Allocation to pass-through entity owners:** A PTE may not claim the renewable energy production tax credit. Allocate the right to claim the credit to the PTE owners, partners, or members, by completing the EMNRD allocation notice, and submitting it to EMNRD for approval. Each owner, partner or member will receive a certificate for approval.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41227, Renewable Energy Production Tax Credit Claim Form** and the certificate of eligibility, the yearly allocation notice approved by EMNRD, and the documentation to support the energy produced reviewed and approved by EMNRD for each year energy production is being claimed to the applicable tax programs return they are claiming the credit on. Tax & Rev may require additional information to verify eligibility. This documentation will need to be submitted with the return that you are claiming the credit on.

## Rural Health Care Practitioner Tax Credit

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.22
- ◆ **Applicable Tax Programs:** PIT
- ◆ Non-Refundable, Non-Transferable
- ◆ Carry Forward: 3 consecutive years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41326, Rural Health Care Practitioner Tax Credit Claim Form**

A taxpayer who is not a dependent of another taxpayer, who is an eligible health care practitioner who has provided health care services in New Mexico in a rural health care underserved area in a tax year may claim this credit. The rural health care practitioner tax credit may be claimed and allowed in an amount up to \$5,000 for eligible physicians, osteopathic physicians, dentists, clinical psychologists, podiatrists, and optometrists who qualify, and up to \$3,000 for all eligible dental hygienists, physician assistants, certified nurse-midwives, certified registered nurse anesthetists and clinical nurse specialists who qualify. To qualify an eligible health care practitioner shall have provided health care services during a tax year for at least 2,080 hours at a practice site located in an approved rural health care underserved area, or one-half the credit amount if the health care services were provided for at least 1,040 hours, but less than 2,080 hours, in an approved rural health care underserved area. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** The practitioner must submit an application to the New Mexico Department of Health (NMDOH). NMDOH will determine whether an eligible health care practitioner qualifies for the rural health care practitioner tax credit and will issue a certificate to a qualifying eligible health care practitioner. You can contact NMDOH with questions at (505) 222-8672 or visit their web site at <http://www.health.state.nm.us> . The address is 300 San Mateo NE, Suite 900, Albuquerque, New Mexico 87108.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41326, Rural Health Care Practitioner Tax Credit Claim Form** and a copy of the certificate issued by the NMDOH, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 3 years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the

*Schedule A of Form RPD-41326* for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Rural Jobs Tax Credit

- ◆ **Statutory Reference:** Rural Jobs Tax Credits, Section 7-2E-1.1
- ◆ **Applicable Tax Programs:** CIT, PIT, and GRT tax less local option gross receipts taxes, CMP, WWT, and NWT, interstate telecommunications gross receipts tax, the surcharges imposed by Section 63-9D-5 NMSA 1978 and the surcharge imposed by Section 63-9F-11 NMSA 1978
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Non-Refundable, Transferable
- ◆ Carry Forward: 3 years
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41238**, *Application for Rural Jobs Tax Credit*
  - **RPD-41247**, *Certificate of Eligibility for the Rural Job Tax Credit*
  - **RPD-41365**, *Notice of Transfer of Rural Jobs Tax Credit*
  - **RPD-41243**, *Rural Job Tax Credit Claim Form*

Eligible employers may apply for the rural job tax credit for each qualifying job created after July 1, 2000. A qualifying job means a job filled by an eligible employee for 44 weeks in a 12-month qualifying period. To receive a rural job tax credit with respect to any qualifying period, an eligible employer shall apply to Tax & Rev once per calendar year and must file a claim by December 31<sup>st</sup> of the following calendar year after the 12-month qualifying period. If the application is not received by this deadline, the claim will be denied. An eligible employer is eligible for Job Training Incentives Program (JTIP) assistance from the Economic Development Department (EDD).

For this credit "rural" means parts of New Mexico outside of Los Alamos, Albuquerque, Los Ranchos, Corrales, Rio Rancho, Tijeras, Santa Fe, Las Cruces or Farmington or any area within 10 road miles of any of these cities. There are two types of rural area: "Tier Two" is limited to Roswell, Clovis, Carlsbad, Hobbs, Gallup, and Alamogordo, and "Tier One" is any area within New Mexico not mentioned above (2010 census).

Employers receive a credit of 6.23% of the first \$16,000 in wages paid for a qualifying job in a qualifying period. For purposes of the credit, wages include all compensation paid by an eligible employer to an eligible employee through the employer's payroll system, but do not include benefits or the employer's share of payroll taxes. If the job is located in a Tier One area, the employer receives credit for four qualifying periods. A Tier Two employer may take it for two qualifying periods. The maximum tax credit amount with respect to each qualifying job is equal to 25% of the first sixteen thousand dollars (\$16,000) in wages paid for the qualifying job if the job is performed or based at a location in a Tier One area; or 12.5% of the first sixteen thousand dollars (\$16,000) in wages paid if the qualifying job is performed or based at a location in a Tier Two area. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** The applicant must complete **Form RPD-41328**, *Application for Rural Job Tax Credit*. Attach a complete and notarized **Form RPD-41247**, *Certificate of Eligibility for the Rural Job Tax Credit*, for each qualified job you claim in the eligible period, along with required documentation. Show the total of the jobs you claim and the wages on the application. Submit all documentation Tax & Rev. Tax & Rev will notify the applicant if all conditions are met. Either an owner of a PTE or the PTE itself may apply for the credit, but not both.

**Allocation to a pass-through entity owner:** A PTE may not claim the rural job tax credit. To allocate the credit to the PTE owners, members, or partners you may complete **Form RPD-41365**, *Notice of Transfer of Rural Job Tax Credit*.

**Transfer:** The taxpayer may sell exchange or otherwise transfer the Tax & Rev issued original approval document. The seller must notify Tax & Rev in writing within 10 days of a proposed sale, exchange or other transfer and give the credit amount, the name, address, taxpayer identification number, and the telephone

number of the person who will assume the credit. Tax & Rev will review the transfer information and inform both parties in writing if the remaining credit is less than the amount proposed for transfer (Regulation 3.13.4.9 NMAC). Use **Form RPD-41365**, *Notice of Transfer of Rural Job Tax Credit*, to report a transfer or distribution of approved rural job tax credits.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41243**, *Rural Job Tax Credit Claim Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 3 years from the date the credit was issued. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41301** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

**NOTE:** When applying the credit to **Form TRD-41413**, *Gross Receipts Tax Return*, you must pay any gross receipts tax due over the state rate of 5.000%. This will ensure that the local options gross receipts are being paid as required by statute.

## Solar Market Development Tax Credit

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2.18.14
- ◆ **Applicable Tax Programs:** PIT
- ◆ Non-Refundable, Non-Transferable
- ◆ Carry Forward: 10 Consecutive Tax Years
- ◆ Available only until December 31, 2016
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41317**, *Solar Market Development Income Tax Credit Claim Form*

Taxpayers who purchase and install, on or after January 1, 2006, but before December 31, 2016, a solar thermal system or a photovoltaic system in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer may apply for a solar market development tax credit of up to 10% of the purchase and installation cost of the system. The total tax credit cannot exceed \$9,000 per system, and the system must be approved by the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) in advance. Only the owner of the building is eligible to claim the credit. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** The applicant will have to contact the Energy Conservation and Management Division of EMNRD by calling (505) 476-3310 or visit their website at <https://www.emnrd.nm.gov/ecmd/tax-incentives/>. EMNRD is responsible for certifying the solar thermal system or photovoltaic system and approving the credit amount allowed. If your application is approved, EMNRD will mail an approval letter to you and a copy to the Department.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41317**, *Solar Market Development Tax Credit Claim Form*, and a copy of the approval letter from EMNRD, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 10 consecutive tax years. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41301** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

**Note:** This credit is no longer available. However, a claimant who had an approved credit and has remaining credit eligible for carry forward may still claim the credit carry forward on the appropriate tax returns.

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## New Solar Market Development Tax Credit

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2.18.31
- ◆ **Applicable Tax Programs:** PIT
- ◆ Refundable and transferable beginning in 2022, non-Refundable, non-Transferable prior to 2022
- ◆ Carry Forward: 5 Consecutive Tax Years
- ◆ Available starting March 1, 2020
- ◆ For taxable years prior to January 1, 2032
- ◆ Taxation and Revenue Department Forms:
  - **TRD-41406**, *New Solar Market Development Tax Credit Claim Form*
  - **TRD-41417**, *Notice of transfer of New Solar Market Development Tax Credit (Starting for 2022 credits)*

A taxpayer who purchases and installs a solar thermal system or a photovoltaic system in a residence, business, or agricultural enterprise in New Mexico owned by the taxpayer may qualify for a credit equal to 10% of the purchase and installation costs of the system which may be applied against the taxpayer's tax liability. The credit shall not exceed \$6,000 per taxpayer in a tax year. The taxpayer must apply for a certification of eligibility with the Energy, Minerals, and Natural Resources Department (EMNRD) before claiming this credit and that department will make the determination whether the credit is approved.

The application submitted to EMNRD shall include proof of purchase and installation of a solar thermal or photovoltaic system, that the system meets technical specifications and requirements relating to safety, code and standards compliance, solar collector orientation and sun exposure, minimum system sizes, system applications and lists of eligible components and any additional information that EMNRD may require to determine eligibility for the credit. A dated certificate of eligibility shall be issued to the taxpayer providing the amount of the credit and the taxable year in which the credit may be claimed. The taxpayer must then apply to Taxation and Revenue Department (Tax & Rev) within twelve months following the calendar year in which the system was installed in order to claim the credit on a tax return.

**Starting for tax year 2022**, the cap for this credit was increased to \$12,000,000 from \$8,000,000. This credit must be claimed within one year of the installation date. Applications received after each year's cap has been met, based on statute, will be denied by EMNRD. The credit can be sold, exchanged, or otherwise transferred to another taxpayer for the full value of the credit. Any credit that is over the taxpayer's liability shall be refunded.

**How to apply for the credit:** The applicant will have to contact EMNRD by visiting their website at <https://www.emnrd.nm.gov/ecmd/tax-incentives/> or calling (505) 476-3310. EMNRD is responsible for certifying the solar thermal system or photovoltaic system and approving the credit amount allowed. The amount of credits that may be certified as eligible in any calendar year is \$12,000,000, and applications received after this limitation has been met in a calendar year shall not be approved. Completed applications are considered in the order that they are received. If your application is approved, EMNRD will mail an approval letter to you and a copy to the Department.

**How to claim the credit:** The claimant must attach a completed **Form TRD-41406**, *New Solar Market Development Tax Credit Claim Form*, and a copy of a certification of eligibility from EMNRD to the return of the tax program for which the credit is being claimed. If the credit claimed in the first eligible tax year exceeds the taxpayer's liability, the excess may be carried forward for up to 5 consecutive tax years. If the claimant has a carry forward amount remaining the taxpayer must record the amount of credit used and unused credit available on the *Schedule A of Form TRD-41406* for each of the following years, the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Sustainable Building Tax Credit

- ◆ **Statutory Reference:** Income Tax Act, Sections 7-2-18.19 and Corporate Income and Franchise Tax Act, Section 7-2A-21
- ◆ **Applicable Tax Programs:** CIT and PIT
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Non-Refundable, Transferable
- ◆ Carry Forward: 7 tax years
- ◆ Available only until December 31, 2016 (See the 2015 Sustainable Building Tax Credit below)
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41327**, *Sustainable Building Tax Credit Approval*
  - **RPD-41342**, *Notice of Transfer of Sustainable Building Tax Credit*
  - **RPD-41329**, *Sustainable Building Tax Credit Claim Form*

Taxpayers may be eligible for this credit if they have made investments in constructing or renovating sustainable residential or commercial buildings that meet specific “green” building standards. The sustainable building tax credit is also available for the permanent installation of manufactured housing, regardless of where the housing is manufactured. The tax credit can be claimed by the owner of the building at the time it is certified as a sustainable building or by a subsequent owner if no credit has already been claimed. The rate of the credit ranges from \$0.30 up to \$9.00 per square foot and varies with the type of building, the total qualified occupied square footage of the building and the degree of energy efficiency incorporated in the building. Owners of qualified multifamily residential buildings may apply for a portion of the sustainable building tax credits allocated for sustainable commercial buildings. For additional qualifying information, please look at Tax & Rev’s application and claim form listed above.

**Note:** The Department will apply the version of the law that was in effect at the time of the “first eligible year” as listed on the certificate of eligibility by EMNRD.

**How to apply for the credit:** An applicant must apply for certification of eligibility for the sustainable building tax credit to the Energy Conservation and Management Division of EMNRD. EMNRD determines whether the building meets the requirements as a sustainable residential or commercial building and determines the certification level for the building. More on how to claim the credit may be found by visiting the EMNRD website at <https://www.emnrd.nm.gov/ecmd/tax-incentives/>. You may also contact EMNRD by email at [emnrd.taxcredits@state.nm.us](mailto:emnrd.taxcredits@state.nm.us) or by phone at (505) 476-3372.

Once the certificate is issued, the owner must promptly complete **Form RPD-41327**, *Sustainable Building Tax Credit Approval*, and submit the form to Tax & Rev with a copy of the certificate of eligibility.

**Allocation to pass-through entity:** A PTE may not claim the sustainable building tax credit. To allocate the credit to the PTE owners, you may complete a **Form RPD-41327**, *Sustainable Building Tax Credit Approval*, for each owner, partner, or member. If the approval has been received by the Department, you may complete **Form RPD-41342**, *Notice of Transfer of Sustainable Building Tax Credit*, to report to Tax & Rev, a transfer of approved credit from a PTE to the owners, partners or members.

**Transfer:** After Tax & Rev approval has been received, the credit may be sold, exchanged, or transferred. A credit must be transferred in its entirety. It may not be split and transferred in pieces. Within 10 days of the transfer, the owner must complete **Form RPD-41342**, *Notice of Transfer of Sustainable Building Tax Credit*, notifying Tax & Rev of the transfer. Tax & Rev will issue the new holder an approval for the credit transfer. Once a credit has been claimed on a return it can no longer be transferred.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41329**, *Sustainable Building Tax Credit Claim Form*, to the applicable tax programs return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer’s liability, the excess may be carried forward for up to 7 tax years from the tax year the credit approved for. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41329**



for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

**Note:** This credit is no longer available. However, a claimant who had an approved credit and has remaining credit eligible for carry forward may still claim the credit carry forward on the appropriate tax returns.

## 2015 Sustainable Building Tax Credit

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.29 and Corporate Income and Franchise Tax Act, Section 7-2A-28
- ◆ **Applicable Tax Programs:** PIT and CIT
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Non-Refundable, Transferable
- ◆ Carry Forward: 7 consecutive tax years.
- ◆ Begins January 1, 2017
- ◆ Available only until December 31, 2024
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41382**, *2015 Sustainable Building Tax Credit Approval*
  - **RPD-41384**, *Notice of Transfer of 2015 Sustainable Building Tax Credit*
  - **RPD-41383**, *2015 Sustainable Building Tax Credit Claim Form*

A taxpayer may apply for this tax credit for investments in constructing or renovating sustainable residential or commercial buildings that meet specific “green” building standards. The 2015 sustainable building tax credit is also available for the permanent installation of manufactured housing, regardless of where the housing is manufactured. The tax credit can be claimed by the owner of the building at the time it is certified as a sustainable building or by a subsequent owner if no credit has already been claimed. The rate of the credit ranges from \$0.30 up to \$6.50 per square foot and varies with the type of building, the total qualified occupied square footage of the building and the degree of energy efficiency incorporated in the building.

Effective January 1, 2017, the total amount of sustainable building tax credit certificates issued by EMNRD in any calendar year shall not exceed an aggregate amount of \$1.25 million with respect to sustainable commercial buildings, an aggregate amount of \$3.375 million with respect to sustainable residential buildings that are not manufactured housing, and an aggregate amount of \$375,000 with respect to sustainable residential buildings that are manufactured housing. For additional qualifying information, please look at Tax & Rev’s application and claim form listed above.

**How to apply for the credit:** An applicant can apply for certification of eligibility for the 2015 sustainable building tax credit to the Energy Conservation and Management Division of EMNRD. EMNRD determines whether the building meets the requirements as a sustainable residential or commercial building and determines the certification level for the building. More on how to claim the credit may be found by visiting the EMNRD website at <https://www.emnrd.nm.gov/ecmd/tax-incentives/>. You may also contact EMNRD by email at [emnrd.taxcredits@state.nm.us](mailto:emnrd.taxcredits@state.nm.us) or by phone at (505) 476-3372.

Once the certificate is issued, the owner must promptly complete **Form RPD-41382**, *2015 Sustainable Building Tax Credit Approval*, and submit the form to Tax & Rev with a copy of the certificate of eligibility.

**Allocation to pass-through entity owners:** A Pass-Through Entity (PTE) may not claim the sustainable building tax credit. To allocate the credit to the pass-through entity owners, you may complete a **Form RPD-41382**, *2015 Sustainable Building Tax Credit Approval*, for each owner, partner, or member. If the approval has been received by Tax & Rev, you may complete **Form RPD-41384**, *Notice of Transfer of 2015 Sustainable Building Tax Credit*, to report to Tax & Rev, a transfer of approved credit from a PTE to the owners, partners or members.

**Transfer:** After Tax & Rev approval has been received, the credit may be sold, exchanged, or transferred. Within 10 days of the transfer, the owner must complete **Form RPD-41384**, *Notice of Transfer of 2015*

*Sustainable Building Tax Credit*, notifying Tax & Rev of the transfer. Tax & Rev will issue the new holder an approval for the credit transfer. Once a credit has been claimed on a return it can no longer be transferred.

**How to claim the credit:** The claimant must attach a completed **Form RPD-41383**, *2015 Sustainable Building Tax Credit Claim Form*, to the applicable tax program's return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 7 tax years from the tax year the credit approved for. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41383** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## 2021 Sustainable Building Tax Credit

- ◆ **Statutory Reference:** Income Tax Act, Section 7-2-18.32 and Corporate Income and Franchise Tax Act, Section 7-2A-28.1
- ◆ **Applicable Tax Programs:** PIT and CIT
- ◆ PTE owners can allocate (see below for specifics)
- ◆ Non-Refundable, Transferable
- ◆ Carry Forward: 7 consecutive tax years
- ◆ Begins January 1, 2022
- ◆ Available prior to January 1, 2028
- ◆ Taxation and Revenue Department Forms:
  - **TRD-41253**, *2021 Sustainable Building Tax Credit Notice of Transfer*
  - **TRD-41252**, *2021 Sustainable Building Tax Credit Claim Form*

A taxpayer may apply for this tax credit for investments in constructing or renovating sustainable residential or commercial buildings that meet specific "green" building standards. The 2021 sustainable building tax credit is available for the construction in New Mexico of a sustainable building, the renovation of an existing building in New Mexico, the permanent installation of manufactured housing that is a sustainable building, regardless of where the housing is manufactured, or the installation of energy-conserving products to existing buildings in New Mexico. The tax credit can be claimed by the owner of the building at the time it is certified as a sustainable building or by a subsequent owner if no credit has already been claimed. The rate of the credit ranges from \$0.30 up to \$5.50 per square foot and varies with the type of building, the total qualified occupied square footage of the building and the degree of energy efficiency incorporated in the building.

Effective January 1, 2022, the total amount of sustainable building tax credit certificates issued by EMNRD in any calendar year shall not exceed \$7.15 million and has threshold limits for the amount of aggregate credits in a calendar year issued for certain sizes of new commercial and residential buildings, manufactured housing, and the installation of energy-conserving products in existing commercial buildings. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to apply for the credit:** An applicant can apply for certification of eligibility for the 2021 sustainable building tax credit to the Energy Conservation and Management Division of EMNRD. EMNRD determines whether the building meets the requirements as a sustainable residential or commercial building and determines the certification level for the building. For more information on how to claim the credit may be found by visiting the EMNRD website at <https://www.emnrd.nm.gov/ecmd/tax-incentives/>. You may also contact EMNRD by email at [emnrd.taxcredits@state.nm.us](mailto:emnrd.taxcredits@state.nm.us) or by phone at (505) 476-3372.

**Allocation to pass-through entity owners:** A Pass-Through Entity (PTE) may not claim the sustainable building tax credit. To allocate the credit to the pass-through entity owners, you may complete a **Form TRD-41253**, *2021 Sustainable Building Tax Credit Notice of Transfer*, for each owner, partner, or member.

**Transfer:** After Tax & Rev approval has been received, the credit may be sold, exchanged, or transferred. Within 10 days of the transfer, the owner must complete **Form TRD-41253**, *2021 Sustainable Building Tax*

*Credit Notice of Transfer*, notifying Tax & Rev of the transfer. Tax & Rev will issue the new holder an approval for the credit transfer. Once a credit has been claimed on a return it can no longer be transferred.

**How to claim the credit:** The claimant must attach a completed Form TRD-41252, *2021 Sustainable Building Tax Credit Claim Form*, to the applicable tax program's return they are claiming the credit on. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 7 tax years from the tax year the credit approved for. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of Form TRD-41252 for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Technology Jobs and Research and Development Tax Credit

- ◆ **Statutory Reference:** Technology Jobs and Research and Development Tax Credit Act, Sections 7-9F-1 through 7-9F-13
- ◆ **Applicable Tax Programs:** For **GRT excluding local option gross receipts tax, CMP, WWT and NWT, PIT and CIT** taxpayers and owners of **PTE's**
- ◆ Basic Credit: Non-refundable; Additional Credit: refundable
- ◆ Carry forward for up to 3 years from the date of the original claim
- ◆ Also found under Employment Enhancement Tax Credits in this publication
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41385**, *Application for Technology Jobs and Research and Development Tax Credit*
  
  - **RPD-41387**, *Notice of Distribution of Technology Jobs and Research and Development Tax Credit*
  - **RPD-41386**, *Technology Jobs and Research and Development Tax Credit Claim Form*
  - **TRD-31121**, *Research and Development Tax Credit Project Statement*

**Basic credit:** A taxpayer who conducts qualified research<sup>1</sup> at a qualified facility in New Mexico – except at a facility operated for the U.S. government – may claim a basic credit equal to 5% of qualified expenditures. The 5% credit doubles when the qualified facility is in a rural area (that part of New Mexico outside Bernalillo, Doña Ana, and Santa Fe counties and the three-mile buffer zone around Bernalillo, Doña Ana, San Juan and Santa Fe counties and the municipality of Rio Rancho). Qualified expenses include rent, equipment, software, payroll, technical manuals and materials, and operation and maintenance of facilities.

**Additional credit:** A taxpayer may qualify for an additional 5% credit toward income tax liability by raising its in-state payroll \$75,000 for every \$1 million in qualified expenditures claimed. The minimum payroll increase is \$75,000. This credit also doubles if the qualified facility is located in a rural area. Except for qualified small businesses (defined below), no taxpayer may claim additional credit in an amount which exceeds the amount of income tax or corporate income tax due in the taxable year claimed. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**Qualified Research and Development Small Business- refundable additional credit criteria:** For purposes of the credit, a taxpayer that 1) employed no more than fifty employees, 2) had total qualified expenditures of five million dollars or less in the taxable year claimed, and 3) was not majority owned, directly or indirectly, by another business is a qualified research and development small business. For a qualified business, any excess additional credit shall be refunded in the following proportions if the total qualified expenditures for the claimed year are (1) less than three million dollars (full), (2) greater than or equal to three

<sup>1</sup> "Qualified research" discovers information of a technological nature. It is intended for use in developing a new or improved business component of the taxpayer. For the most part the design of custom software does not meet the definition of qualified research unless a software company conducts research and design of an entirely new software product. Qualified research should include all activities related to new or improved function, performance, reliability, or quality. Style, taste, and cosmetic or seasonal design are excluded as qualifiers (Section 7-9F-3).

million and less than four million (two-thirds), and (3) greater than or equal to four million and less than or equal to five million dollars (one third). Any remaining approved amount of additional credit not claimed against income or corporate income tax may be carried forward up to three years from the date of the original claim. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**Caution:** The state may recapture the credit if the operation ceases for 180 days or more within two years of claiming the credit.

**How to apply for basic and additional credit:** The applicant must submit a completed **Form RPD-41385, Application for Technology Jobs and Research and Development Tax Credit, TRD-31121, Research and Development Tax Credit Project Statement, and all required documentation.** Tax & Rev will notify you if you are approved.

**Allocation to pass-through entity owners:** Either a pass-through entity or an owner may claim basic tax credit, however, only an owner of a pass-through entity may claim the additional credit. A pass-through entity may pass credit to its owners, partners or members using **Form RPD-41387, Notice of Distribution of Technology Jobs and Research and Development Tax Credit.**

**How to claim the credit:** The claimant must attach a completed **Form RPD-41386, Technology Jobs and Research and Development Tax Credit Claim Form,** to the applicable tax programs return they are claiming the credit on. You may claim the "basic" credit against gross receipts tax, compensating tax, or withholding tax due for any report period and carry it forward. The "additional" credit can be applied to personal or corporate income tax. If the credit claimed the first eligible year exceeds the taxpayer's liability, the excess may be carried forward for up to 3 years from the date of the original claim. If the claimant will have a carry forward amount remaining, they must keep a personal record of the credit used and submit that information on the *Schedule A* of **Form RPD-41386** for each of the following years the credit is claimed. The total amount claimed can never be more than the total amount of the credit originally awarded.

## Technology Readiness Gross Receipts Tax Credit

- ◆ **Statutory Reference:** Gross Receipts and Compensating Tax Act, Section 7-9-96.3
- ◆ **Applicable Tax Programs:** GRT excluding local option gross receipts taxes
- ◆ Non-Refundable, Non-Transferable
- ◆ Available beginning July 1, 2020, and prior to July 1, 2027
- ◆ Taxation and Revenue Department Forms:
  - **TRD-41407, Application for Technology Readiness Gross Receipts Tax Credit**

For taxable periods beginning July 1, 2020 and prior to July 1, 2027, a taxpayer that is a national laboratory that provides technology readiness assistance to a business that is registered to do business 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 may claim a tax credit against the taxpayer's gross receipts tax, excluding any local option gross receipts tax liability.

The amount of the credit shall equal the amount of qualified expenditures incurred by a national laboratory to provide technology readiness assistance to a business, not to exceed \$150,000 in a fiscal year per business. The annual aggregate amount of credits allowed per national laboratory per fiscal year shall be limited to \$1,000,000 beginning July 1, 2022. The taxpayer may claim a technology readiness gross receipts tax credit for the taxable period in which the taxpayer provides technology assistance.

**Requirement to submit a report to the department:** A national laboratory that claims a technology readiness gross receipts tax credit is required to submit an annual report in writing to the Taxation and Revenue Department (Tax & Rev), the Economic Development Department (EED), and an appropriate legislative interim committee. If more than one national laboratory claims a technology readiness gross receipts tax credit, those laboratories shall jointly submit an annual report. This annual report must summarize activities related to and the results of the technology readiness assistance program(s) created by the national laboratories.

The annual report will include a description of each business's technology that has received technology readiness assistance, including progress toward technology maturation and whether and to what extent the business is still doing business in New Mexico. Also included in the report will be the results of surveys of the business provided technology readiness assistance, the total amount of the technology readiness gross receipts tax credits received in the previous fiscal year, and an economic impact study performed by an uninterested third party.

**How to claim the credit:** The taxpayer must submit a completed **TRD-41407**, *Application for Technology Readiness Gross Receipts Tax Credit*, and submit all supporting documentation along with the **Form TRD-41413**, *Gross Receipts Tax Return*, return in order to claim the credit. Section I of the form will need to be completed by the taxpayer. Section II of the form will need to be completed by each business for which the credit is being claimed. Supporting documents will need to be submitted for each business that receives assistance based on these programs. Schedule A or the form, the technology readiness assistance detail report, will need to be submitted for each taxable period that the credit is being claimed.

**NOTE:** When applying the credit to **Form TRD-41413**, *Gross Receipts Tax Return*, you must pay any gross receipts tax due over the state rate of 4.8750%. This will ensure that the local options gross receipts are being paid as required by statute.

## Unpaid Doctor Services Tax Credit

- ◆ **Statutory Reference:** Gross Receipts and Compensating Tax Act, Section 7-9-96.2
- ◆ **Applicable Tax Programs:** For GRT taxpayers
- ◆ Non-refundable
- ◆ Taxation and Revenue Department Forms:
  - **RPD-41323**, *Gross Receipts Tax Credit for Certain Unpaid Doctor Services*

Licensed medical doctors and 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. To qualify, a licensed medical doctor or a licensed osteopathic physician must: (1) provide the medical services while on call to a hospital; (2) the value of the medical care services must be unpaid one year after the date of billing; and (3) the licensed medical doctor or licensed osteopathic physician must have reason to believe the services will not be paid. See Form RPD-41323, for other requirements. For additional qualifying information, please look at Tax & Rev's application and claim form listed above.

**How to claim the credit:** A taxpayer must complete Form RPD-41323, *Gross Receipts Tax Credit for Certain Unpaid Doctor Services Claim Form*, and submit it along with **Form TRD-41413**, *Gross Receipts Tax Return*, to which you wish to claim the credit.

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## TAXPAYER INFORMATION

**General Information.** FYIs and Bulletins present general information with minimum technical language. All FYIs and Bulletins are free of charge and available through all local tax offices and on the Taxation and Revenue Department's website at <https://www.tax.newmexico.gov/forms-publications/>

**Regulations.** The Department establishes regulations to interpret and exemplify the various tax acts it administers. Current statutes with regulations can be located on the Department's website for free at <https://www.tax.newmexico.gov/all-nm-taxes/statutes-with-regulations/>. Specific regulations are also available at the State Records Center and Archives or on its web page at <https://www.srca.nm.gov/>

The Taxation and Revenue Department regulation book is available for purchase from the New Mexico Compilation Commission. Order regulation books directly from the New Mexico Compilation Commission at <https://www.nmcompcomm.us/>

**Rulings.** Rulings signed by the Secretary and approved by the Attorney General are written statements that apply to one or a small number of taxpayers. A taxpayer may request a ruling (at no charge) to clarify its tax liability or responsibility under specific circumstances. The Department will not issue a ruling to a taxpayer who is undergoing an audit, who has an outstanding assessment, or who is involved in a protest or litigation with the Department over the subject matter of the request. The Department's rulings are compiled and available on free of charge at <https://www.tax.newmexico.gov/all-nm-taxes/rulings/>.

The request for a ruling must be in writing, include accurate taxpayer identification and the details about the taxpayer's situation, and be addressed to the Secretary of the Taxation and Revenue Department at P.O. Box 630, Santa Fe, NM 87504-0630. The taxpayer's representative, such as an accountant or attorney, may request a ruling on behalf of the taxpayer but must disclose the name of the taxpayer. While the Department is not required to issue a ruling when requested to do so, every request is carefully considered.

The Secretary may modify or withdraw any previously issued ruling and is required to withdraw or modify any ruling when subsequent legislation, regulations, final court decisions or other rulings invalidate a ruling or portions of a ruling.

**Public Decisions & Orders.** All public decisions and orders issued since July 1994 are compiled and available on the Department's web page free of charge at <https://www.tax.newmexico.gov/all-nm-taxes/tax-decisions-orders/>.

*This publication provides general information. It does not constitute a regulation, ruling, or decision issued by the Secretary of the New Mexico Taxation and Revenue Department. The Department is legally bound only by a regulation or a ruling [7-1-60, New Mexico Statutes Annotated, 1978]. In the event of a conflict between FYI and statute, regulation, case law or policy, the information in FYIs is overridden by statutes, regulations, and case law. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this FYI.*

## Other Department Contact Information

### CHILDREN, YOUTH & FAMILIES DEPARTMENT

**Foster Youth Tax Credit**  
Youth Services Bureau  
Telephone: (505) 827-8400

### ECONOMIC DEVELOPMENT DEPARTMENT

1100 S. St. Francis Drive  
Santa Fe, NM 87503

**Business Facility Rehabilitation Credit**  
Enterprise Zone Information  
Telephone: (505) 827-0089 or  
(505) 827-1734

**Film Production Tax Credit or Film and Television  
Tax Credit**  
418 Montezuma Avenue  
Santa Fe, NM 87501  
Telephone: (505) 476-5600 or  
(800) 545-9871

**Rural Jobs Tax Credit and High-Wage Job Tax  
Credit** (JTIP assistance)  
Telephone: (505) 827-0300 or  
(800) 374-3061  
FAX: (505) 827-0407  
[www.edd.state.us](http://www.edd.state.us)

**Cultural Property Preservation Credit**  
State Coordinator of New Mexico Arts and Cultural  
Districts  
Telephone: (505) 827-0168

### ENERGY, MINERALS AND NATURAL RESOURCES DEPARTMENT

1220 S. St. Francis Drive  
Santa Fe, NM 87505

**Renewable Energy Production Credit**  
Energy Conservation and Management Division  
P.O. Box 6429  
Santa Fe, NM 87504-6429  
Telephone: (505) 476-3319  
<http://www.emnrd.state.nm.us/ECMD/>

**Land Conservation Incentives Tax Credit**  
Forestry Division  
Telephone: (505) 476-3272  
[www.emnrd.state.nm/fd/index.htm](http://www.emnrd.state.nm/fd/index.htm)

**Solar Market Development Income Tax Credit**  
Energy Conservation and Management Division  
Telephone: (505) 476-3310  
<http://www.emnrd.state.nm.us/ECMD/>

**Sustainable Building Tax Credit, and the  
2015 and 2021 Sustainable Building Tax Credit**  
Energy Conservation and Management Division  
Telephone: (505) 476-3372  
<http://www.emnrd.state.nm.us/ECMD/>

**Biodiesel Blending Facility Tax Credit**  
Energy Conservation and Management  
Telephone: (505) 476-3314

**Geothermal Ground-coupled Heat Pump Tax  
Credit**  
Energy Conservation and Management Division  
Telephone: (505) 476-3372  
<http://www.emnrd.state.nm.us/ECMD/>

**Agricultural Biomass Tax Credit**  
Energy Conservation and Management Division  
Telephone: (505) 476-3314  
[www.emnrd.state.nm.us/ecmd/](http://www.emnrd.state.nm.us/ecmd/)

### ENVIRONMENT DEPARTMENT

**Advanced Energy Tax Credit**  
Permit Programs Manager  
NMED Air Quality Bureau  
1301 Siler Road, Bldg. B  
Santa Fe, NM 87507-3113  
Telephone: (505) 476-4334

### DEPARTMENT OF CULTURAL AFFAIRS

Historic Preservation Division  
Bataan Memorial Building  
407 Galisteo Street, Suite 236  
Santa Fe, NM 87501

**Cultural Property Preservation Credit**  
Telephone: (505) 827-6320

### MORTGAGE FINANCE AUTHORITY

344 4<sup>th</sup> St. SW  
Albuquerque, NM 87102

**Affordable Housing Tax Credit**  
Telephone: (505) 843-6880  
(800) 444-6880 (toll free)

### SOIL AND WATER CONSERVATION DISTRICT

**Agricultural Water Conservation Tax Credit**  
[www.nmda.nmsu.edu/natural-resources/soil-and-  
water-coservation-program](http://www.nmda.nmsu.edu/natural-resources/soil-and-water-coservation-program)  
Telephone: (575) 646-2642

### DEPARTMENT OF HEALTH

**Rural Health Care Practitioner Tax Credit**  
300 San Mateo NE, Suite 900  
Albuquerque, New Mexico 87108  
[www.health.state.nm.us](http://www.health.state.nm.us)  
Telephone: (575) 222-8672

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## FOR FURTHER ASSISTANCE

Tax District Field Offices and the Department's call center can provide full service and general information about the Department's taxes, taxpayer access point, programs, classes, and forms. Information specific to your filing situation, payment plans and delinquent accounts.

### TAX DISTRICT FIELD OFFICES

#### ALBUQUERQUE

10500 Copper Ave. NE, Suite C  
Albuquerque, NM 87123

#### SANTA FE

Manuel Lujan Senior Building  
1200 S. Saint. Francis Dr.  
Santa Fe, NM 87505

#### FARMINGTON

3501 E. Main St., Ste N  
Farmington, NM 87402

#### LAS CRUCES

2540 El Paseo Bldg. 2  
Las Cruces, NM 88001

#### ROSWELL

400 N. Pennsylvania Ave., Ste 200  
Roswell, NM 88201

For forms and instructions visit the Department's web site at <https://www.tax.newmexico.gov/>

#### Call Center Number:

**1-866-285-2996**

If faxing something to a tax district field office, please fax to:

#### Call Center Fax Number:

**1-505-841-6327**

If mailing information to a tax district field office, please mail to:

Taxation and Revenue Department  
P.O. Box 8485  
Albuquerque, NM 87198-8485

For additional contact information please visit the Department's website at

<https://www.tax.newmexico.gov/contact-us/>

For additional information on the claiming of tax credits, please call (505) 827-0792 or email [businesscredit.mgr@tax.nm.gov](mailto:businesscredit.mgr@tax.nm.gov)

*This information is as accurate as possible as of the date specified on the publication. Subsequent legislation, new state regulations and case law may affect its accuracy. For the latest information please check the Taxation and Revenue Department's web site at [www.tax.newmexico.gov](http://www.tax.newmexico.gov).*

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