

Income/Franchise:

New Mexico: Adopted Rules Reflect Mandatory Combined Reporting Regime and Market-Based Sourcing

N.M. Regs. sections 3.4.1.9, 3.4.1.10, 3.4.1.11 et al. through 3.5.18.9, N.M. Tax. & Rev. Dept. (3/23/21). The New Mexico Taxation and Revenue Department (Department) adopted new and amended rules involving New Mexico's corporate income tax, reflecting changes included in a comprehensive New Mexico tax reform bill enacted in 2019 [see H.B. 6 (2019); and previously issued Multistate Tax Alert for more details on this 2019 legislation, as well as H.B. 326 (2020) for subsequently enacted clarifying legislation] that mandates combined reporting and adopts some market-based sourcing provisions. Specifically, the rules reflect state law imposing a state corporate income tax mandatory unitary combined reporting regime for members of a unitary group on a worldwide basis for taxable years beginning on or after January 1, 2020, with seven-year binding taxpayer elections for either water's-edge combined filing or consolidated return filing under New Mexico's existing consolidated return provisions. The rules also reflect New Mexico law implementing market-based sourcing for sales of services and intangibles for purposes of computing a taxpayer's state corporate income tax apportionment factor, effective for tax years beginning on or after January 1, 2020. Please contact us with any questions.

URL: <http://164.64.110.134/nmac/nmregister/pdf/xxxii06.pdf>

URL: <https://www.nmlegis.gov/Legislation/Legislation?Chamber=H&LegType=B&LegNo=6&year=19>

URL: <https://www2.deloitte.com/us/en/pages/tax/articles/new-mexico-enacts-sweeping-tax-legislation.html?id=us:2em:3na:stm:awa:tax:032621&sfid=701100000038IGnQAI>

URL: <https://www.nmlegis.gov/Legislation/Legislation?Chamber=H&LegType=B&LegNo=326&year=20>

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