

Income/Franchise:

New Mexico: New Law Addresses Treatment of Federal Partnership Audit Regime Changes and Apportionment

S.B. 410, signed by gov. 4/6/21. New law addresses how and when some partnerships must report federal tax adjustments to the New Mexico Taxation and Revenue Department in response to changes in the federal partnership audit and adjustment process under the federal 2015 Bipartisan Budget Act – providing updated procedures, processes, and deadlines for reporting certain partnership-level adjustments that result from federal tax changes, applicable to federal tax adjustments with a final determination date occurring on and after January 1, 2021. The legislation generally aligns with many provisions under the Multistate Tax Commission’s “Model Uniform Statute for Reporting Adjustments to Federal Taxable Income and Federal Partnership Audit Adjustments.” Beginning January 1, 2022, the legislation also provides that some partnerships and certain other passthrough entities may file a “composite” return on behalf of nonresident partners or members that elect to allow that method of filing; generally, only nonresident partners or members whose only source of income within New Mexico or other states where the composite return is to be filed consists of passthrough income may make this election.

URL: <https://www.nmlegis.gov/Legislation/Legislation?Chamber=S&LegType=B&LegNo=410&year=21>

S.B. 218, signed by gov. 4/6/21. Another recently signed bill reflects and helps implement 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 by eliminating provisions allowing some taxpayers to elect Multistate Tax Compact apportionment. The bill’s intention is to help ensure that New Mexico’s market-based sourcing changes are implemented as intended. Please contact us with any questions.

URL: <https://www.nmlegis.gov/Legislation/Legislation?Chamber=S&LegType=B&LegNo=218&year=21>

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:040921&sfid=701100000038I7XQAQ>

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

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