

Sales/Use:

New Mexico: New Guidance & Rules Explain Destination-Based Sourcing Under Gross Receipts Tax

FYI 200: Your Business Location and the Appropriate Tax Rate – Determining the Reporting Location for Gross Receipts Tax, N.M. Tax. & Rev. Dept. (rev. 7/21); *Adopted N.M. Regs. Sections 3.2.1, 3.2.6, 3.2.10, 3.2.13, 3.2.100, 3.2.203*, N.M. Tax. & Rev. Dept. (7/7/21). The New Mexico Taxation and Revenue Department (Department) has posted detailed guidance and adopted administrative regulations for those businesses that must convert to destination-based sourcing for reporting their New Mexico gross receipts taxes for filing periods starting on and after July 1, 2021, including certain marketplace providers and sellers. Under such destination-based sourcing rules, impacted businesses pay the tax rate in effect in the jurisdiction where their goods and most services are delivered rather than based upon the location of their respective businesses. The guidance explains the new rules and provides some examples on how and when they might apply to a business's circumstances. According to the guidance, provided that a taxpayer's reporting of gross receipts tax otherwise complies with applicable provisions under state law, the Department "will not assess the taxpayer for additional tax if the taxpayer uses reasonable estimates, applied consistently and in good faith to determine the reporting location, so long as there is no obvious distortion." Please contact us with any questions.

URL: <https://klvg4oyd4j.execute-api.us-west-2.amazonaws.com/prod/PublicFiles/34821a9573ca43e7b06dfad20f5183fd/5d9799c9-5088-42c2-808c-31a3c30c3992/FYI-200.pdf>

URL: <http://164.64.110.134/nmac/nmregister/adoptedxxxii13>

— Scott Schiefelbein (Portland)
Managing Director
Deloitte Tax LLP
sschiefelbein@deloitte.com

Angela MacDonald (Phoenix)
Manager
Deloitte Tax LLP
amacdonald@deloitte.com

This document contains general information only and Deloitte is not, by means of this document, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This document is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this document.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the “Deloitte” name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.