

Income/Franchise:

New Mexico Taxation and Revenue Department Addresses Corporate Income and Gross Receipts Tax Nexus

Determining Nexus, N.M. Tax. & Rev. Dept. (8/22). The New Mexico Taxation and Revenue Department (Department) explains that for state corporate income and gross receipts tax (GRT) purposes, “establishing nexus means that your business has sufficient connection or presence in New Mexico for the state to have taxing authority,” and that such connection may be a permanent (*e.g.*, having an in-state business location, resident employees or property) or temporary (*e.g.*, employees or representatives conducting in-state activities to establish and maintain a business’s economic market) in-state presence. Regarding state corporate income tax nexus, the Department explains that any corporation with income from the transaction of business in, into or from New Mexico or from property or employment in New Mexico has nexus, as such business would have enough presence for New Mexico to impose its corporate income tax. According to the Department, an example of “enough presence” is employees or representatives who conduct business activities in New Mexico to establish and maintain the business’s economic market, unless the business’s activities are “immune” under P.L. 86-272.

URL: <https://www.tax.newmexico.gov/businesses/determining-nexus/>

Regarding GRT nexus, the Department explains that a person may perform research and development services outside New Mexico but then use the product of the service in New Mexico and that in such instances, the criteria sufficient to establish GRT nexus in New Mexico include, but are not limited to, the following:

- Having a business location in New Mexico;
- Having property stored in New Mexico;
- Employing any person in New Mexico;
- Contracting with a salesperson or other agent in New Mexico;
- Leasing equipment used in New Mexico;
- Performing services in New Mexico;
- Licensing the use of intangible property in New Mexico; or
- Transporting property in New Mexico using the taxpayer’s vehicles.

Please contact us with any questions.

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