

Privacy Notification and Confidentiality

The New Mexico Taxation and Revenue Department requires each taxpayer to furnish a federal employer identification number (FEIN) for taxpayer identification. The Department protects all information supplied electronically by taxpayers using encryption and firewalls. Taxpayer information on returns is protected in accordance with the confidentiality provisions of the Tax Administration Act, Section 7-1-8 NMSA 1978.

IMPORTANT: If a taxpayer furnishes a truncated FEIN, such as XX-XXX1234, the return is incomplete and the Department sends it back to the taxpayer to refile.

Contact Information

You can contact the Department by mail, email, or phone.

New Mexico Taxation and Revenue Department
Corporate Income and Franchise Tax
P. O. Box 25127
Santa Fe, NM 87504-5127

CIT.TaxReturnHelp@tax.nm.gov

(505) 827-0825 in Santa Fe or toll free (866) 809-2335

Forms Covered in These Instructions

- FID-1, *Fiduciary Income Tax Return*
- FID-B, *Computation of New Mexico Percentage*
- FID-CR, *Tax Credit Schedule*
- FID-EXT, *Extension Payment Voucher*
- FID-PV, *Tax Payment Voucher*
- FID-ES, *Estimated Tax Payment Voucher*
- FID-D, *Fiduciary Pass-Through Entity Withholding Detail Report*

2025 Legislative Summary

For information about New Mexico tax law changes enacted during 2025, see **LS-2025 Legislative Summary 2025**. A summary is available each year to describe new legislation passed during the year that affects the Department.

For a summary, go to <https://www.tax.newmexico.gov/forms-publications/>.

Basic Guidelines

- Round up to the next dollar.
- References to federal form line numbers correspond to the most recent federal forms available. If they're incorrect, use the line numbers from the actual form.
- Use approved, high-quality original state forms and vouchers. The Taxation and Revenue Department accepts only prescribed forms.
- Separately pay tax due and estimated taxes.
- Do not staple or tape the return or any attachments.
- Keep copies of the return and all attachments.

Timely Returns

The FID-1 return and payment are timely if the USPS postmark on the envelope bears a date on or before the due date. If the due date falls on a Saturday, Sunday, or a state or national legal holiday, the return is timely if the postmark bears the date of the next business day. Delivery through a private delivery service is timely if the date recorded or marked by the private delivery service is on or before the due date.

Which Form to File:

Fiscal-year and short-year filers use the FID-1 return for the tax year when the fiscal year or short year begins. For example, if the tax year begins June 30, 2025, use the 2025 FID-1 return, even though the ending date of the tax year is 2026.

In general, the federal return you are required to or elect to file determines the New Mexico income tax return you file, as shown in the next table.

If you file federal form		You must file New Mexico form	
1065	U.S. Return of Partnership Income	PTE	Information Return for Pass-Through Entities
1120	U.S. Corporation Income Tax Return	CIT-1	Corporate Income and Franchise Tax Return
1120-REIT	U.S. Income Tax Return for Real Estate Investment Trusts	S-Corp	Sub-Chapter S Corporate Income and Franchise Tax Return
1120S	U.S. Income Tax Return for an S Corporation	S-Corp	Sub-Chapter S Corporate Income and Franchise Tax Return
1040	U.S. Individual Income Tax Return	PIT-1	Personal Income Tax Return
1041	U.S. Income Tax Return for Estates and Trusts	FID-1	Fiduciary Income Tax Return

Use Our Online Services

<https://www.tax.newmexico.gov/online-services/>

◆ **Ask a question.**

For questions about state tax policies, legislation, regulations, and rulings, email Policy.Office@tax.nm.gov. For questions about the FID return, email CIT.TaxReturnHelp@tax.nm.gov.

◆ **E-file and e-pay taxes with TAP using a credit card or an electronic check.**

Taxpayer Access Point (TAP), our secure resource at <https://tap.state.nm.us>, lets you e-file certain returns* and e-pay taxes.

A convenience fee will be calculated on credit card transaction amounts. It covers costs companies bill us when you use this payment option. Or e-pay by electronic check at no charge. An electronic check authorizes us to debit the checking account in the amount and on the date you specify.

* **From the TAP home page**, <https://tap.state.nm.us>, under **Payments**, click **Make a Payment**, then click **Business**. The drop-down box in **Account Type** select **Fiduciary Income Tax** from the drop down menu.

◆ **Check the status of an account and more with TAP.**

With TAP you can also check the status of tax accounts, register a business, change an address, and manage tax account history.

◆ **Save time with a direct deposited refund.**

To request direct deposit of a refund, fill in the **Refund Express** section at the bottom of the FID return.

◆ **Download forms and publications.**

For the latest and prior year forms and publications, go to <https://www.tax.newmexico.gov/forms-publications/>.

Contact Our Local Offices

Local tax offices can provide full service and information about the Department's taxes, programs, and forms as well as specific information about your filing situation.

Albuquerque

Taxation & Revenue Department
Copper Pointe
10500 Copper Avenue NE
Albuquerque, NM 87123

Farmington

Taxation & Revenue Department
3501 E. Main Street, Suite N
Farmington, NM 87402

Las Cruces

Taxation & Revenue Department
2540 El Paseo Rd, Building #2
Las Cruces, NM 88001

Roswell

Taxation & Revenue Department
400 North Pennsylvania, Suite 200
Roswell, NM 88201

Santa Fe

Taxation & Revenue Department
Manuel Lujan Sr. Bldg.
1200 South St. Francis Drive
Santa Fe, NM 87505

Call Center: 1-866-285-2996

General Instructions

Who is Required to File FID Return

Every fiduciary who is required to file a U.S. fiduciary income tax return (federal Form 1041), except a fiduciary of a grantor trust who is required to file federal Form 1041 under the provisions of federal regulation 1.671-4(a), must file a FID-1, *New Mexico Fiduciary Income Tax Return*, if any of the following is true:

- The trustee is a “resident” of New Mexico.
- The estate is of a decedent who was a resident of New Mexico.
- The estate or trust has income from:
- A transaction of business in, into, or from New Mexico; **or**
 - a. Property in New Mexico; **or**
 - b. Compensation in New Mexico.

An **estate** is **Domiciled In New Mexico** if the decedent was domiciled in New Mexico. A **trust** is **Domiciled In New Mexico** if the trustee is domiciled in New Mexico, **or** if the principal place from which the trust is managed or administered is in New Mexico.

Grantor Trusts

Generally, grantor trusts are not required to file a FID-1 return. However, if a grantor trust has become irrevocable upon the grantor's death, the grantor trust must file a FID-1. If the grantor trust, including a living trust, distributes taxable New Mexico net income that exceeds \$20,000 in a calendar year, the grantor trust must file a FID-1.

A grantor trust is a pass-through entity (PTE) and subject to withholding on New Mexico net income distributed when the income distributed is taxable to the beneficiary. The grantor trust must also file *Schedule Fiduciary Pass-Through Entity Withholding Detail Report (FID-D)*. See **Withholding for Non-Resident Beneficiaries of a Pass-Through Entity** in the next section. Also see special instructions for FID-1, line 1, for grantor trusts who file the FID-1 return.

Non-Resident Trusts

New Mexico's law says every person, including an estate or trust, who has income from New Mexico sources and who is required to file a federal income tax return must file an income tax return in New Mexico. This includes non-residents who have income from wages, rents, royalties, businesses, estates, and every other New Mexico source. Even foreign nationals and people who live in states that do not have income taxes must file in New Mexico when they have a federal filing requirement and have income from any New Mexico source whatsoever.

Withholding for Non-Resident Beneficiaries of a Pass-Through Entity

Beginning January 1, 2011, a fiduciary that distributes New Mexico allocable net income taxable to its beneficiaries is subject to withholding pursuant to the Oil and Gas Proceeds

and Pass-Through Entity Withholding Tax Act (Sections 7-3A-1 through 7-3A-9 NMSA 1978). The fiduciary is required to withhold from the non-resident beneficiary's share of taxable New Mexico net income to file and pay withholding tax. The withholding tax rate is 5.9%.

The required annual withholding is reported and paid with Schedule FID-D. When the income is taxable to the non-resident beneficiary, the beneficiary is included on Schedule FID-D, and FID-D is due even if no tax was withheld. When the income distributed is not taxable to the beneficiary, as in the case of some grantor trusts, the distributed income is not included on FID-D.

Certain exceptions to the requirement to withhold are allowed, and you must maintain documentation in the fiduciary's records to establish that the fiduciary had reasonable cause for not withholding. See **Reasonable Cause for Not Withholding** for a complete list of exceptions on page 37 of these instructions.

If a fiduciary has 51 or more beneficiaries who receive New Mexico taxable net income, the estate or trust is required to electronically file FID-1 through the Department's website or through approved third-party software. Where electronic filing is required, a paper-filed FID-1 will be rejected by the Department.

If the fiduciary has 51 or more New Mexico payees, and is unable to file electronically because a hardship exists, the fiduciary may request Department approval to file by paper. The fiduciary may request approval by filing Form RPD-41350, *E-File Exception Request* or Form RPD-41351, *E-file and E-Pay Waiver Request*. The request must be received by the Department **at least 30 days before** the taxpayer's electronic report is due.

If a federal automatic extension or a New Mexico extension is obtained for the FID-1 return. An extension waives penalty but does not waive interest.

Other Reporting Requirements

Fiduciaries are also required to provide sufficient information to allow beneficiaries to comply with the provisions of the Income Tax Act and the Corporate Income and Franchise Tax Act, with respect to the beneficiary's share of the taxable net New Mexico income. A fiduciary uses federal Forms 1099-Misc, *pro forma* 1099-Misc, or Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, to report to the beneficiaries the allocable net income and the New Mexico tax withheld. These forms must be provided to the beneficiary by February 15th of the year following the year for which the statement is made. These forms are not required to be submitted to the Department when reported on the Schedule FID-D.

The fiduciary must furnish each beneficiary with a statement detailing the amount of income allocable or appor-

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tionable to New Mexico for each type of income shown on Federal Schedule K-1. In addition, this statement is expected to show the amount of each beneficiary's share of interest from obligations of the U.S. government and federally tax-exempt interest distributed from the estate or trust, and the portion of such items allocable to New Mexico. A Schedule K-1 or equivalent is not sufficient evidence of New Mexico income tax withheld.

IMPORTANT: To receive proper credit for withholding, all annual statements must be issued to the entity filing the New Mexico income tax return.

ATTACHMENTS TO FID-1 RETURN

You must complete and submit **all required forms and schedules**, including attachments, as indicated in the instructions. Incomplete returns delay processing and may cause the form to be returned to you without processing.

Attach the following to your FID-1 in this order:

- If income is received from sources both inside and outside New Mexico, complete and attach Form FID-B Schedules 1 and 2.
- If tax credits are claimed on line 11, FID-1, attach Schedule FID-CR. Make sure to attach any additional required documentation.
- Attach all annual statements of income and withholding issued to the estate or trust. This includes New Mexico Forms RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, and RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*; federal Form(s) W-2 and 1099-Misc; and any other income and withholding statement received.
- If a credit is claimed for taxes paid to another state, attach a copy of the tax return(s) from the other state(s) and the worksheet(s) on page 9, *Worksheet for Computation of Allowable Credit for Taxes Paid to Other States by New Mexico Residents*.
- Attach federal tax return Form 1041, pages 1 and 2.
- If you are an Electing Small Business Trust (ESBT) with taxable income used to compute the tax on the S portion of the ESBT that you included on line 1 of the FID-1 return, also attach the ESBT calculation schedule from your federal Form 1041.
- If you have an unused **New Mexico net operating loss carryforward** amount from a previous year, attach Form RPD-41375, *Net Operating Loss Schedule For Fiduciary Income Tax*, to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also should list each loss for each tax year for which it

was carried forward, including 2025.

If a fiduciary has 51 or more beneficiaries who receive New Mexico taxable net income, the estate or trust **is required to electronically file FID-1** through the Department's website or an approved third-party software.

NOTE: The Department may require any taxpayer to furnish a complete, true, and correct copy of the federal 1041 U.S. *Income Tax Return for Estates and Trusts*, including all attachments and schedules.

WHERE TO GET FORMS, INSTRUCTIONS, AND HELP

You can download all New Mexico Taxation and Revenue Department (Department) forms, instructions, and information brochures from the Department website at www.tax.newmexico.gov. You can also get forms and help by calling 1-866-285-2996. If you prefer, you can contact the Department by email at CIT.TaxReturnHelp@tax.nm.gov.

File Returns Only on Approved State Forms.

Always submit fiduciary income tax returns on official state forms provided by or approved by the Department. Never submit a return with a form that has been **photocopied** or **photo shopped** as it will not be accepted.

The Department approves forms from companies that follow our specifications and format requirements for the electronic file. Acceptance of a software company and its form does not imply endorsement by the Department or assurance of the quality of the company's services. The Department does not review or approve the logic of specific software programs and it does not confirm calculations on forms produced by these programs.

The accuracy of the software program remains the responsibility of the software company, developer, distributor or user.

For a list of companies and products with FID forms approved by the Department, follow these steps:

1. Go to www.tax.newmexico.gov.
2. In the black navigation bar at the top, click **TAX PROFESSIONALS**.
3. Under **E-Filing Mandates** click **Software Developers**
4. Under **Helpful Documents** select the **Approved Software** folder, then the document named **Approved Software for Reproducing of 2025 Income Tax Forms**.

CAUTION: Submit only high-quality, printed, original FID forms and schedules to the Department. A poor print or photocopy of a form from an approved software product or from our website delays processing your return and your refund, credit or rebate.

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DUE DATE OF FIDUCIARY INCOME TAX

The FID-1 and accompanying schedules are due on the same day as the required federal return.

A New Mexico income tax return and tax payment are timely if the United States Post Office postmark on the envelope bears a date on or before the due date. If the due date falls on a Saturday, Sunday, state or national legal holiday, the return is timely if the postmark bears the date of the next business day. Delivery through a private delivery service is considered timely if the date recorded or marked by the private delivery service is on or before the due date.

EXTENSION OF TIME TO FILE THE RETURN

The Department accepts an automatic extension of time granted by the Internal Revenue Service if a copy of the federal extension is attached to a FID-1 return at the time of filing. If applicable, attach a copy of the automatic extension request to your FID-1, *New Mexico Fiduciary Income Tax Return*.

If you need an extension of time to file the New Mexico tax return and do not require a federal extension of time to file, Form RPD-41096, *Extension of Time to File*, must be received by the Department on or before the due date of the return.

FID-EXT, *Fiduciary Income Tax Extension Payment Voucher*. If you expect your return to show a balance due and you have obtained either a federal automatic extension or a New Mexico extension, use the FID-EXT payment voucher to make an extension payment by mail or delivery. *Extension payments may also be paid using the Department's website.*

By obtaining an extension of time to file your return, penalty for failure to file and pay is waived through the extension period, provided you file the return and pay the tax shown on the return by the extended due date. However, interest continues to accrue even if the taxpayer obtains the extension. If you expect to owe more tax when you file your 2025 return, make a payment using the Department's website or using the 2025 FID-EXT payment voucher and avoid the accrual of interest.

Mail the **payment and voucher** to the address printed on the voucher. Write "2025 FID-EXT" and the estate or trust's federal employer identification number on the check or money order.

PAYMENT OF FIDUCIARY INCOME TAX

You may pay the fiduciary income tax due on the Department's website or by mailing a check with the return. If submitting the check with the return, attach the *Fiduciary Income Tax Payment Voucher* (FID-PV) with your return. Make the check payable to the New Mexico Taxation and Revenue Department. Mail the return, attachments and payment to the address provided on the FID-PV.

Write "2025 FID-PV" and the estate or trust's federal employer identification number on your check to avoid a misapplication of funds.

When you provide a check as payment, you authorize the Department to use information from your check to make a one-time electronic fund transfer from your account. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment.

NOTE: Because the Department uses high-speed scanners when processing payment vouchers, a quality form helps ensure accuracy. Do not photocopy. The scanners can read only one page size to process vouchers, therefore it is important that you **cut on the dotted line only**. When printing the voucher from the Internet or a software product, prevent resizing by setting the printer's page scaling function to **none**. If your payment voucher has a scanline (a very long row of numbers) within the bottom 1 and 1/2 inch of the voucher do not write in the area around the scanline.

A check that is not paid by the financial institution on which it is drawn does not constitute payment. The fiduciary will be assessed a minimum penalty of \$20 in addition to other applicable penalties and interest for late payment.

INTEREST AND PENALTY

Interest. Interest accrues on income tax that is not paid on or before the due date of your return. **Interest is a charge for the use of money and by law cannot be waived.** Interest is computed on a daily basis at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC).

The IRC rate changes quarterly. The IRC rate for each quarter is announced by the Internal Revenue Service in the last month of the previous quarter. The annual and daily interest rates for each quarter are posted on our website at <http://www.tax.newmexico.gov/Individuals/penalty-interest-rates>.

Important: Interest accrues even if there is an extension of time to file the return. Once your principal tax liability is paid, penalty and interest stops accruing.

The formula for calculating interest is:

$$\text{Tax due} \times \text{the daily interest rate for the quarter} \\ \times \text{number of days late} = \text{interest due.}$$

Refunds and Interest

If you are due a refund, you may be entitled to interest on your overpayment at the same rate charged for underpayments, but only under certain conditions.

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For a 2025 FID-1, filed in calendar year 2026, the Department pays no interest in these situations:

- When it makes the refund within 55 days of the date of your claim for refund;
- When the interest is less than \$1.00;
- When it cannot process your return (see *Processing Requirements* described next); or
- If the interest is for a refund of any credits claimed for the Investment Credit Act, Laboratory Partnership with Small Business Tax Credit Act, Technology Jobs and Research and Development Tax Credit Act, Affordable Housing Tax Credit Act, Rural Job Tax Credit, or High Wage Job Tax Credit.

For a FID-1 filed in calendar year 2026 for any tax year prior to 2025, the Department pays no interest in these situations:

- When it makes the refund within 120 days of the date of your claim for refund;
- When the interest is less than \$1.00; or
- When it cannot process your return (described next).

Processing Requirements

For processing to take place, the return must show the name and federal employer identification number, and the return must be signed. The return must also comply with all the instructions for the return and contain all attachments required by the instructions.

Penalty. If the tax is not paid when due because of negligence or disregard of rules or regulations but without intent to defraud, the fiduciary is liable for a penalty of 2% per month or partial month from the date the return was required to be filed. The penalty cannot exceed 20% of the amount of tax. The penalty does not apply if an extension of time has been approved and if the tax is paid by the extended due date.

NET OPERATING LOSSES

Unlike a federal net operating loss carryforward, a New Mexico net operating loss incurred cannot be carried back, and if incurred on or after January 1, 2013, may be carried forward for 19 years or until the total amount of the loss carryover has been used, whichever occurs first. For a net operating loss that was incurred in tax years beginning before January 1, 2013, a New Mexico net operating loss may be carried forward for only five years. Refer to regulation 3.3.1.13(E) NMAC, if the net operating loss was incurred in a tax year beginning prior to January 1, 1991.

You cannot apply a New Mexico net operating loss carryforward until the following tax year provided you have filed a timely return or until the first tax year that begins after the date you file a return establishing the loss.

Use New Mexico Form RPD-41375, *Net Operating Loss Schedule For Fiduciary Income Tax*, to compute your New

Mexico net operating loss and carryforward. Attach Form RPD-41375 to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also shows how the loss for each tax year for which it was carried forward, was used.

CHANGES IN FEDERAL OR NEW MEXICO TAXABLE INCOME DUE TO AN IRS AUDIT OR AN AMENDED RETURN

If the IRS changes the trust's or estate's taxable income for any tax year, an amended New Mexico Fiduciary Income Tax Return and a copy of the Revenue Agent's Report must be filed with the New Mexico Taxation and Revenue Department within 180 days of the date the federal adjustment becomes final.

If the fiduciary files an amended New Mexico return because of an amended federal return, the fiduciary must attach a copy of the federal amended return. If an amended return is filed because of a change in New Mexico taxable income, a statement giving the reason for amending the return must be attached.

To file an amended New Mexico Fiduciary Income Tax Return, use the form for the year being amended. Mark the **Amended** box, at the top of the form. Payment for any additional amount of tax due should be attached.

YOUR RIGHTS UNDER THE TAX LAW

The Tax Administration Act governs how the Income Tax Act is administered by the Department and gives you specific rights and responsibilities. Enacted in 2003, the Taxpayer Bill of Rights adds provisions to the Tax Administration Act on confidentiality, hearings, recovery of costs by a taxpayer who prevails in litigation against the Department, timeliness of the Department's audit completion and approval of credits, and administrative hearings. The Bill of Rights also requires that all taxpayers receive a copy of their rights in each fiduciary income tax packet. See page 40.

The best ways to avoid tax problems are to keep accurate tax records and to keep abreast of changes in the tax law. These instructions and other Department publications contain information that can help you do both.

While most tax problems can be resolved informally, it is important to understand that certain rights provided to you under law must be exercised within specific time frames. If an adjustment is made to your return, a notice will be sent to you explaining the adjustment with a description of procedures you may use if you disagree with the Department's adjustment.

At any time after filing your return, the return may be subject to further review, verification or correction. If your tax return is adjusted or an assessment of additional tax is issued, you will receive a copy of Publication FYI-406, *Your Rights Under the Tax Laws*, describing in detail how to dispute a Depart-

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ment action through either the claim for refund procedure or the protest procedure. Read these procedures carefully to ensure you take the necessary steps to protect your rights.

Publication FYI-406 is available on the Department's internet home page at <https://www.tax.newmexico.gov/forms-publications/>.

Line Instructions to Complete the FID-1

FID-1 (page 1)

LINE INSTRUCTIONS

- Type or print the name of the fiduciary, the name and title of the fiduciary and the address of the fiduciary in the spaces provided. If you have a foreign address, enter the street address, city name and postal code in the appropriate line. Also complete the spaces for the foreign province and/or state and country. Follow the country's practice for entering the foreign postal code, the province or state, and country. Do not abbreviate the country name.
- Enter the federal employer identification number of the estate or trust. Returns can not be processed without this number.
- Mark the appropriate reporting period - calendar year or fiscal year. If the return is based on a fiscal year, enter the beginning and ending dates.
- Mark the appropriate boxes for the type of return.
- Mark the box to indicate if the entity is a New Mexico resident estate or trust.
- Complete lines B through I.
- Round all dollar amounts to the nearest whole dollar.
- Computerized schedules will not be accepted in lieu of completing the appropriate line items on FID-1, page 2, FID-B, Schedule 1 and 2, FID-CR, or FID-D.

Line E. Mark this box only if you have elected to use an alternative method of computing estimated tax due. If you do not elect to use an alternative method, do not mark this box and the Department will compute your liability, if any, using the standard method. See the instructions for the FID-ES payment voucher on page 39 of these instructions for more information on the alternative methods.

To elect to use an *alternative method* of calculating estimated tax, you must enter 1, 2, 3, 4 or 5 in the checkbox to indicate the method used and attach Form RPD-41272, *Calculation of Estimated Personal Income Tax Underpayment Penalty*, to

your FID-1 return. Enter 1 if you wish to compute estimated payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year. If you have annualized income and are required to file estimated payments beginning with the 2nd, 3rd or 4th quarter estimated installment due date, enter 2, 3, or 4, respectively. If you qualify for special rules because you have farm or ranch income, enter 5.

Line G1-G6. Please refer to your federal Form 1041.

Line G7. Type. (Required) Review table T1. Amended Reasons on page 8 and determine which Amended Reason fits your tax situation. Carry the two-digit Type Code to box G7 on page 1 of your return.

Line G8. Date. If your amended reason is due to an RAR (Type 01) or FAR (Type 03) provide the Final Determination Date on this line. Important: Format requirement MM/DD/CCYY.

Line G9. 7-1-13(G) Payment Election. For federal adjustments made with Final Determination Dates occurring on or after January 1, 2022, legislative changes made in 2021 under Senate Bill 410 allow for an election to pay in lieu of taxes owed by direct or indirect taxable partners under Section 7-1-13(G) NMSA 1978.

Line H1 Original Due Date of Required Federal Return. In the space provided, enter the original due date of the Fiduciary's required federal return. If there is an electronic filing due date for the federal return, enter that date.

The original federal due date is not the extension due date. **If the Fiduciary has received an *Extension of Time to File*, please complete Line H1, AND check Box I1, AND provide the "Extended to" date on Line I2.** On Line I2, enter the date of the federal extension for the required federal return or the date of the New Mexico-specific extension.

Line Instructions to Complete the FID-1 Line G7

T1. Amended Reasons		
Type Code	Amended Reason	Amended Description
01	Amended- RAR	Report changes resulting from an IRS audit and their Revenue Agent's Report (RAR) within 180 days of the date that the federal adjustments are final. Attach a copy of the RAR including spreadsheets that detail the federal adjustments by company name.
02	Amended- Capital Loss	A taxpayer may carry back a federal capital loss as allowed by the IRC only if it does not increase or create a net operating loss in the tax year to which it is carried back. For the Department to process the amended to carry back a capital loss, always include the following: • A schedule showing the application of the capital loss for each carryback and carryover year • A copy of federal Form 1041 filed with the IRS A taxpayer's capital loss may not be carried back or forward to any other taxpayer. If the taxpayer is a filing group, its capital losses may not be carried back or forward to offset any other group's or corporation's taxable income.
03	Amended- FAR	Federal adjustments arising from a partnership level audit or an administrative adjustment request. Note: This amendment reason is sufficient to fulfil the Federal Adjustment Report (FAR) required by Section 7-1-13 NMSA 1978. • In case of an audited partnership, file the returns required to be filed no later than 90 days after the final determination date. • In the case of a tiered partner of an audited partnership, file the returns required no later than 90 days after the final determination date. • For taxable direct partners of the audited partnership, no later than 180 days after the final determination date • For taxable indirect partners of the audited partnership, no later than 180 days after the time for the audited partnership's filing and furnishing statements to tiered partnerships and their partners as established by the IRC.
04	Amended- Error on Original	If you are amending due to making an error on your original return filing (i.e. calculation errors, misreported figures, etc.), attach an explanation for all changes.
05	Amended- Other	If the amended return reports changes other than the reasons provided above, attach copies of all applicable federal forms, schedules, and attach an explanation for all changes.

SECTION 1. COMPUTATION OF NET INCOME TAX

Line 1. Federal taxable income of fiduciary. Enter the federal taxable income of the estate or trust from federal Form 1041, line 23. For electing small business trusts (ESBT), federal taxable income also must include the federal taxable income used to compute the tax on the S portion of an ESBT, included on the federal Form 1041, Schedule G. Enter the federal taxable income on the S portion of an electing small business trust (ESBT) in the space provided to the right of line 1, preceded by "Sec. 641(c) federal taxable income". Include the amount in the federal taxable income of the fiduciary reported on line 1. Attach the ESBT calculation schedule from your federal Form 1041.

The S portion of an ESBT is the portion of the trust that consists of stock in one or more S corporations and is not treated as a grantor trust. For federal tax purposes, the tax on the S portion is figured separately from the tax on the remainder of the ESBT. For New Mexico state tax purposes, the tax on the S portion income is calculated in the same manner as all other federal taxable income of the fiduciary.

If the trust is a grantor trust not required to file a federal fiduciary return but files a New Mexico FID-1 because it distributed taxable New Mexico net income in excess of \$20,000 in the current tax year, the grantor trust completes the top section

of the FID-1 return, enters zero in line 1, and records tax withheld information on lines 23 through 28. The remainder of the form is left blank. Be sure to attach annual withholding statements, 1099-Misc, Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, or Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*.

Line 2. Additions to federal income. Enter additions to federal taxable income from FID-1, page 2, line 4 (federal net operating loss and non-New Mexico municipal bond interest).

Line 3. Deductions from federal income. Enter deductions from federal taxable income from FID-1, page 2, line 9 (New Mexico net operating loss, interest income from U.S. government obligations, net capital gains deduction, and deduction for income set aside for future distribution from an estate or a trust to a nonresident individual).

Line 5. Tax. Using the tax rate table on page 9 of these instructions, calculate and enter the tax on the income reported on line 4. Enter the tax computed on line 5.

Line 6. New Mexico percentage. An estate or trust which has income from both within and outside New Mexico should complete and file FID-B, Schedules 1 and 2. Enter the New Mexico percentage from line 16 of the FID-B Schedule 1.

Line Instructions to Complete the FID-1

2025 Tax Rate Table				
Line 5. Worksheet to be used for determining the amount of tax to be entered.				
If the amount on line 4 is:				
over	but not over	tax shall be	plus	of the excess over
\$ 0	\$ 5,500	\$ 0	1.5 %	\$ 0
\$ 5,500	\$ 16,500	\$ 82.50	3.2 %	\$ 5,500
\$ 16,500	\$ 33,500	\$ 434.50	4.3 %	\$ 16,500
\$ 33,500	\$ 66,500	\$ 1,165.50	4.7 %	\$ 33,500
\$ 66,500	\$210,000	\$2,716.50	4.9 %	\$ 66,500
\$210,000	--	\$9,748	5.9 %	\$210,000

LINE 8. WORKSHEET FOR COMPUTING TAX ON LUMP-SUM DISTRIBUTIONS

If you computed tax on lump-sum distributions, retain this worksheet for your records

1. New Mexico taxable income from line 4 of the FID-1 return. 1. _____
2. Amount of lump-sum income reported for purposes of 10-year tax option or capital gains election on federal Form 4972. 2. _____
3. **Multiply** line 2 by 0.20 and enter the total 3. _____
4. **Add** lines 1 and 3..... 4. _____
5. Enter the tax from the tax rate tables for the amount on line 4 of this worksheet. 5. _____
6. Enter the tax from the tax rate tables for the amount on line 1 of this worksheet..... 6. _____
7. **Subtract** line 6 from line 5 and enter the difference 7. _____
8. **Multiply** the amount on line 7 by 5. (This is the additional averaged tax due on the lump-sum income.) 8. _____
9. If a New Mexico percentage is computed on line 16, Schedule FID-B, multiply that percentage by the amount on line 8 of this worksheet and enter here. If line 16, FID-B is zero or no New Mexico percentage is computed, enter the amount from line 8 on this worksheet. Also enter this amount on line 8, FID-1 return. 9. _____

Attach federal Form 4972 to the FID-1 return.

Line Instructions to Complete the FID-1

Line 7. New Mexico income tax. Multiply line 5 by the percentage on line 6. If FID-B is not required, enter the amount from line 5.

Line 8. Tax on lump-sum distributions. If the estate or trust is a resident New Mexico estate or trust which received a lump-sum distribution and used the federal special 10-year averaging tax option on federal Form 4972, it must complete the worksheet on page 9 to compute the New Mexico averaged additional tax.

Line 10. Credit for taxes paid to another state(s). A resident New Mexico estate or trust that must pay tax to another state on income that is also taxable in New Mexico may take a credit against New Mexico tax for tax paid to the other state.

The credit is for tax that another state imposes on any portion of income that by law is included in New Mexico net income. Do not include tax withheld when calculating the allowable credit. If the specific item of income is not subject to taxation in both states, no credit is available.

The credit may not be more than:

- The New Mexico tax liability due on the return,
- The tax paid to the other state, and
- The amount of New Mexico income tax liability computed on that portion of income that is taxed in both states.

Complete the worksheet on page 11 and attach a copy of the worksheet and the income tax return from the other state to the FID-1 return. Do this for each state for which you wish to claim a credit.

"State" includes the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and states and provinces of foreign countries. Do not include in the calculation of the credit those income taxes paid to any municipality, county or other political subdivision of a state or to any central government of a foreign country. "State" does not include central governments.

Line 11. Total tax credits applied against the income tax liability on line 9. If you may claim any of the tax credits listed next, complete Schedule FID-CR and attach the applicable form(s), statements or other required back-up. Enter the sum of the credits claimed and applied against tax due from Schedule FID-CR, line A. The supporting documentation required to claim any of the tax credits is described in the section "Line Instructions to Complete the FID-CR" beginning on page 21 of these instructions. The required documentation must accompany the return, or the claim for the credit will not be allowed.

To calculate the amount that may be claimed for any tax year, refer to the claim form or supporting instructions for the tax credit. The sum of credits claimed on Schedule FID-CR may not exceed the income tax claimed on FID-1, line 9 less the

amount in line 10.

An estate or trust with income subject to New Mexico income tax may be eligible for the following income tax credits:

- Advanced Energy Equipment Tax Credit,
- Advanced Energy Tax Credit (Repealed July 1, 2023),
- Affordable Housing Tax Credit,
- Agricultural Biomass Income Tax Credit,
- Angel Investment Credit,
- Clean Car Tax Credit,
- Clean Car Charging Unit Tax Credit,
- Film Production Tax Credit,
- Foster Youth Employment Tax Credit (Repealed July 1, 2025),
- Geothermal Electricity Generation Tax Credit,
- Geothermal Ground-Coupled Heat Pump Tax Credit,
- Home Fire Recovery Income Tax Credit,
- Job Mentorship Tax Credit (Repealed July 1, 2025),
- Land Conservation Incentives Credit,
- New Film Production Tax Credit,
- New Mexico Film Partner New Film Production Tax Credit,
- New Solar Market Development Tax Credit,
- Preservation of Cultural Property Credit,
- Renewable Energy Production Tax Credit,
- Rural Job Tax Credit,
- Rural Health Care Practitioners Tax Credit,
- Solar Market Development Tax Credit (Repealed July 1, 2025),
- Sustainable Building Tax Credit (Repealed July 1, 2025),
- 2015 Sustainable Building Tax Credit (Repealed December 31, 2024),
- 2021 Sustainable Building Tax Credit, and
- Technology Jobs and Research and Development (Additional) Tax Credit,

Any refundable portion of credits claimed on the FID-CR may be reported on line 34 of the FID-1 return.

For more information on business related credits, see Publication FYI-106, *Claiming Business-Related Tax Credits for Individuals and Businesses*. FYI-106 is available on the Department's internet home page at www.tax.newmexico.gov. Click on "Forms and Publications" then select the "Publications" folder.

Line 12. Net New Mexico income tax. Add lines 10 and 11, then subtract the total from line 9. **Net New Mexico income tax cannot be less than zero.**

Calculation of withholding tax and composite income tax. When a fiduciary makes distributions to beneficiaries, the fiduciary may withhold taxes for those beneficiaries in anticipation of the beneficiaries' tax liabilities. **A fiduciary must report and remit New Mexico withholding tax for each**

Worksheet for Computation of Allowable Credit for Taxes Paid to Other States by New Mexico Residents

NOTE: Complete a separate worksheet for each state that imposed tax on income also taxed in New Mexico.

Name of other state _____	<u>Column 1</u> From the New Mexico return	<u>Column 2</u> From the other state's return
1. Enter amount of tax due to the state on the return.....	1. _____	1. _____
2. Enter taxable income on which you calculated the tax on line 1. If applicable, enter the state's taxable income after applying the state's allocation and apportionment percentage. For New Mexico, this is from FID-1, line 4 (New Mexico Taxable Income) multiplied by the New Mexico percentage, if any, on FID-1, line 6.....	2. _____	2. _____
3. DIVIDE line 1 by line 2. This is the average effective tax rate on the state's income. Calculate to four decimal places (e.g., 0.0416).....	3. _____	3. _____
4. From each state's return, enter the portion of income subject to tax in both states, but not more than the amount on line 2. Note: The amount in column 1 will be the same as the amount in column 2.....	4. _____	4. _____
5. MULTIPLY line 3 by line 4.....	5. _____	5. _____
6. Enter the lesser of line 5, column 1 and line 5, column 2, but not more than the amount in Column 1, line 1 This is the credit allowed for tax paid to the other state.....	6. _____	

Enter the amount from line 6 of this worksheet on the FID-1 return, line 10. If you claim a credit for tax paid to multiple states, sum the amounts on line 6 from the worksheets you completed for each state, and enter the amount on the FID-1 return, line 10.

Important: If you are claiming credit for taxes paid to another state on FID-1, line 10, you must attach:

- a worksheet for each state
- a copy of the other states Income Tax Return

Line Instructions to Complete the FID-1

non-resident beneficiary, unless there exists an exception corresponding to a reason code on page 37.

If a beneficiary is not a New Mexico resident and would not otherwise file a New Mexico income tax return a **composite tax** may be paid by the fiduciary on behalf of the beneficiary. Finally, where allowable, the fiduciary may choose to pay **fiduciary tax** on distributions to beneficiaries required to pay income tax, instead of withholding or composite income tax. Credit for tax paid by the entity can then be claimed on the beneficiaries' income tax returns in proportion to the distributions each received.

SECTION 2. COMPUTATION OF WITHHOLDING TAX

Line 13. Total allocable net income. Sum of distributions to beneficiaries, regardless of whether withholding is required or elected. This is the sum of all FID-D and FID-D Supplemental lines 7.

Line 14. Distributions to beneficiaries on which the fiduciary has elected to pay withholding tax. Enter the portion of distributed net income that the fiduciary has determined is subject to withholding tax, including any additional amounts that the entity has decided to withhold on for owners. For more information on what income distributed to owners is required to have New Mexico income tax withheld, see the introduction to the FID-D instructions.

Line 15. Withholding tax rate.
The withholding tax rate is 5.9%.

Line 16. Amount of withholding tax on distributions to beneficiaries. Multiply the amount on line 14 by the percentage on line 15 and enter it here. **This amount cannot be negative.**

Line 17. Total withholding tax passed directly to beneficiaries. This is the amount of withholding tax that was withheld from a payment made to this fiduciary or an owner of this fiduciary, which payment was passed directly on to an owner or owners of this fiduciary. This line allows the fiduciary to subtract any withholding tax that was already paid by another entity. **NOTE:** Line 17 withholding tax passed around fiduciary directly to beneficiaries cannot exceed Line 16 withholding tax passed to the fiduciary.

If a beneficiary has had tax withheld from the oil and gas proceeds or the allocable net income received from another PTE, this fiduciary may pass the credit for the tax withheld to this fiduciaries's beneficiaries by issuing each beneficiary a 1099-Misc, a pro forma 1099-Misc or a New Mexico Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*. Do not include on this line any tax that was or is to be withheld and paid by the fiduciary which files this return. However, the fiduciary must include this withholding tax passed directly to owners on Line 27. Amount from lines 25 and 26 passed to beneficiaries and reported on FID-D.

Line 18. Total amount of withholding tax. Subtract line 17 from line 16.

SECTION 3. COMPUTATION OF COMPOSITE INCOME TAX

Line 19. Distributions the fiduciary has determined will be subject to composite income tax for electing beneficiaries. The portion of allocable net income (from line 13) distributed to beneficiaries who have elected to have the fiduciary file a composite income tax return.

Line 20. Composite income tax rate. The composite income tax rate is 5.9%.

Line 21. Amount of composite income tax on distributions to beneficiaries. Multiply the amount on line 19 by the percentage on line 20 and enter it here.

Line 22. Total New Mexico Tax.
Add together lines 12, 18, and 21.

SECTION 4. PAYMENTS AND WITHHOLDING

Line 23. Total Payments. Enter the total amount of payments made for 2025. These payments are submitted to the Department with a FID-ES, FID-EXT, a FID-PV payment voucher applied from a prior year. Please check the appropriate box that corresponds to the reported payments. The payments may also be made electronically through the Department's website.

Line 24. New Mexico income tax withheld not included on lines 25 and 26. Excluding the tax withheld from oil and gas proceeds or pass-through entity income reported on line 25 or 26, enter the total of all other New Mexico income tax withheld as shown on your annual withholding statements Form(s) W-2, 1099-R, or 1099-Misc. Include a copy of the forms with your FID-1 return.

Line 25. New Mexico income tax withheld from oil and gas proceeds. Enter the total of all New Mexico income tax withheld from oil and gas proceeds received as shown on your annual withholding statements, 1099-Misc, or Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*. Be sure to include a copy of the forms with your FID-1 return.

An entity, including a grantor trust, that has had tax withheld cannot pass a withholding statement directly to any other taxpayer. Generally, the beneficiary must file and report the tax withheld on its New Mexico income tax return. However, if the beneficiary is also a remitter, the tax withheld on the oil and gas proceeds may be passed to the remitees by issuing the remitees an annual withholding statement, Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, or a *pro forma* 1099-Misc. The remitees may then claim the withholding on their income tax return.

Line 26. New Mexico income tax withheld from a pass-

Line Instructions to Complete the FID-1

through entity. Enter the total of all New Mexico income tax withheld on pass-through entity allocable net income as shown on Forms 1099-Misc or Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*. Be sure to include a copy of the forms with your FID-1 return.

In order for the tax withheld to be passed to the owner, the pass-through entity must also issue the owner an annual withholding statement, Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding* or a *pro forma* 1099-Misc. A fiduciary who is an owner of that pass-through entity may then claim the withholding on their income tax return.

Line 27. Amount from lines 25 and 26 passed to beneficiaries and reported on FID-D. Enter the amount of tax withheld from lines 25 and 26, which was subsequently passed on to the beneficiaries of the estate or trust. The fiduciary reports withholding that is passed to beneficiaries by issuing them Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, Form 1099-Misc or a *pro-forma* Form 1099-Misc. The beneficiaries may then take credit for the withholding on their corporate or personal income tax return. When a fiduciary passes tax withheld to its beneficiaries, the income tax withheld is also reported on Schedule FID-D.

Line 28. Total payments and tax withheld. Subtract line 27 from the sum of lines 23 through 26.

SECTION 5. TAX DUE OR OVERPAYMENT

Line 29. Tax Due. If line 22 is more than line 28, enter the tax due.

Line 30. Penalty. Add penalty if you file late and owe tax, or you do not pay the tax on or before the date the return is due. Calculate penalty by multiplying the unpaid amount on line 29 by 2% then by the number of months or partial months for which the payment is late, not to exceed 20% of the tax due.

Line 31. Interest. Add interest if the amount of tax due on line 29 was not paid by the original due date, even if an extension of time to file was obtained.

Interest is computed on a daily basis at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC). The IRC rate changes quarterly. The IRC rate for each quarter is announced by the Internal Revenue Service in the last month of the previous quarter.

The annual and daily interest rate for each quarter will be posted on our website. Follow these steps to find the current and historic rates:

1. Go to www.tax.newmexico.gov.
2. In the black navigation bar at the top, click **INDIVIDUALS**.
3. Under **FILE YOUR TAXES** select **Penalty & Interest**

Calculate interest at the daily interest rate for the quarter of the unpaid amount for each day the payment is late. The formula for calculating daily interest is:

$$\text{Tax due} \times \text{the daily interest rate for the quarter} \times \text{number of days late} = \text{interest due.}$$

Important: Once your principal tax liability is paid, interest and penalty stops accruing.

Line 32. Total amount due. Add tax, penalty and interest, lines 29-31, to calculate the total amount due.

Lines 33 through 33b. Overpayment If line 28 is more than line 22, you have an overpayment. Enter the difference on line 33. Your overpayment can be:

- Applied to your 2026 tax liability (enter on line 33a), or
- Refunded to you (enter on line 33b), or
- A combination of these.

Line 34. Total portion of tax credits to be refunded. Enter the sum of approved refundable credits claimed on Schedule FID-CR, line B. The supporting documentation required to claim any of the tax credits is described in the section "Line Instructions to Complete the FID-CR" beginning on page 21 of these instructions. The required documentation must accompany the return, or the claim for the credit will not be allowed.

Line 35. Total refund of overpaid tax and refundable credit due to you. Enter the sum of lines 33b and 34. This is the total refund of overpaid tax and refundable credit due to you.

FID-1 (page 2)

ADDITIONS TO FEDERAL INCOME FOR FIDUCIARY (NON-DISTRIBUTED SHARES):

Line 1. Federal net operating loss carryover. Enter that portion of the federal net operating loss deduction claimed on the federal return which has not been distributed to beneficiaries.

Line 2. Non-New Mexico municipal bond interest. You may exclude only federally tax-exempt interest or dividend income from municipal obligations from the State of New Mexico, its agencies, institutions, instrumentalities or political subdivisions, or income from the obligations of the Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa or Northern Mariana Islands. Enter that portion of municipal bond income from sources other than those listed above which has not been distributed to beneficiaries.

Line 3. Amount of tax paid by a pass-through entity on distributed net income. Enter the amount of tax paid by a pass-through entity on distributed net income.

Line Instructions to Complete the FID-1

Line 4. Total additions. Add lines 1-3, then enter here and on FID-1 page 1, line 2.

DEDUCTIONS FROM FEDERAL INCOME FOR FIDUCIARY (NON-DISTRIBUTED SHARES):

Line 5. New Mexico net operating loss. Enter the New Mexico net operating loss (NOL) carryover that may be applied to the liability on your FID-1 return. Use New Mexico Form RPD-41375, *Net Operating Loss Schedule For Fiduciary Income Tax*, to compute your New Mexico net operating loss and carryforward. Attach Form RPD-41375 to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also shows how the loss for each tax year for which it was carried forward, was used, including 2025.

Unlike a federal net operating loss carryforward, a New Mexico net operating loss incurred cannot be carried back and if incurred on or after January 1, 2013, may be carried forward for 19 years or until the total amount of the loss carryover has been used, whichever occurs first. For a net operating loss that was incurred in tax years beginning before January 1, 2013, a New Mexico net operating loss may be carried forward for only five years. Refer to regulation 3.3.1.13(E) NMAC 1978, if the net operating loss was incurred in a tax year beginning prior to January 1, 1991.

You cannot apply a New Mexico net operating loss carryforward until the following tax year -- provided you have filed a timely return -- or until the first tax year that begins after the date you file a return establishing the loss.

To compute the carryforward amount from a New Mexico net operating loss recognized in a previous year, add together the federal net operating loss as defined by Section 172(c) of the Internal Revenue Service for the tax year of the loss and any interest received on U.S. Government obligations less related expenses and reported on the New Mexico tax return for the tax year of the loss. Subtract out any loss used in prior tax years.

Line 6. Interest income from U.S. government obligations. Interest on obligations of the United States may be deducted only if the interest was included in federal taxable income reported on FID-1, page 1, line 1.

Line 7. Net Capital Gains Deduction. You may deduct all or a portion of your net capital gains deduction reported and claimed on your federal tax return. Net capital gains do not include short term capital gains.

You may deduct **the greater of:**

- 100% of your net capital gains deduction, not to exceed \$2,500; **or**
- 40% of up to \$1,000,000 of your net capital gains income from the sale of a business that is allocated or apportioned to New Mexico pursuant to Section 7-2-11 NMSA

1978.

Line 8. Deduction for certain expenses related to a New Mexico licensed cannabis business. Enter the amount equal to any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed by Section 280E of the Internal Revenue Code, as that section may be amended or renumbered.

Line 9. Total Deductions.

Add lines 5, 6, 7, and 8. Enter this amount here and on FID-1, page 1, line 3.

See also "Withholding for Non-Resident Beneficiaries of a Pass-Through Entity" on page 3 of these instructions.

Do not complete or attach Schedule FID-B if the estate or trust does not have income from activities both within and outside New Mexico. However, if you file FID-B, continue with the instructions on page 15.

Refund Express

If you request an amount to be refunded to you on line 40, you may wish to have your tax refund direct deposited into your bank account through Refund Express. To choose Refund Express, complete the "Refund Express" portion on page 2 of the FID-1 return. All fields are required. Complete the bank routing number and the account number. You **must** indicate the type of account and you must answer "No" to question 4. Failure to complete all fields correctly will cause your Refund Express request to be denied, and the Department will mail you a paper check. The Department will mail you a paper check if your bank does not accept your Refund Express information.

NOTE: See the instructions for the film production tax credit claim form for information regarding choosing refund express for the refundable portion of the film production tax credit on line 34. **Refund Express is available for deposits to the taxpayer's account only.** Taxpayers may not request the funds to be deposited into the account of another payee. The Department is not responsible for the misapplication of a direct deposit refund that is caused by the error, negligence or malfeasance on the part of the taxpayer.

Important Changes Affecting Refund Express - Direct Deposit

A direct deposit of your refund, "Refund Express", may not be made to a bank account located at a financial institution outside the territorial jurisdiction of the United States. In order to comply with new federal banking rules, anyone wishing to have their refund directly deposited into their account must answer an additional question when completing the Refund Express portion of their return. If you do not answer the question, your refund will be mailed to you in the form of a paper check. If you answer the question incorrectly, your refund may be delayed, rejected or frozen by the National Automated

Line Instructions to Complete the FID-1

Clearing House Association (NACHA) or the Office of Foreign Assets Control (OFAC). The question will ask whether the refund will go to or through an account located outside the United States. The question also warns you that if the answer is "yes", you should not choose the Refund Express method of delivering your refund. Your options are to use a different bank account or to leave the Refund Express portion of your return blank and a paper check will be mailed to the address on the return.

A financial institution is located within the territorial jurisdiction of the United States if it is located:

- within the United States;
- on a United States military base; or
- in American Samoa, Guam, the Northern Mariana Islands, Puerto Rico or the U.S. Virgin Islands.

REMINDER: The Department will mail you a paper check if your bank does not accept your Refund Express information.

Why Use Refund Express?

- Avoid delays that may occur in mailing a check. Refund Express does not guarantee that you will receive your refund earlier, however — only that when the refund is approved, it will reach the bank more quickly.
- Payment is more secure.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

What is the Routing Number?

The routing number is for bank identification and **must be nine digits**. If the first two digits are not 01 through 12 or 21 through 32, the system will reject the direct deposit and you will receive a check. On the sample below, the routing number is 211500151.

Your check may state that it is payable through a bank different from the financial institution where you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing

number to enter on this line.

Entering Your Account Number

Your account number can be up to 17 characters. Include hyphens, but omit spaces and special symbols. Enter the number from left to right. Leave unused boxes blank. On the sample check below, the account number is 2015551517. **Do not** include the check number.

You **must** indicate whether the account is a checking or a savings account by entering an "X" in the appropriate box.

Caution: Verify that the information you enter is correct and that your financial institution will accept a direct deposit made payable to the name on the FID-1 return. **NOTE:** The Department is not responsible if a financial institution refuses a direct deposit.

SIGNATURE. The return must be signed and dated by a fiduciary or officer representing the fiduciary. Complete all information, including a phone number and e-mail address.

Any person, other than an employee of the fiduciary, preparing the return for compensation must also sign and date the return. A preparer other than an employee of the entity must enter the paid preparer's identifying information in the section, "*Paid preparer's use only*", next to the taxpayer's signature. Enter the preparer's New Mexico Business Tax Identification Number (NMBTIN), if the preparer has one, and the Federal Employer Identification Number (FEIN), if applicable. All paid preparers must enter their Preparer's Taxpayer Identification Number (PTIN).

An improperly signed or unsigned return will be considered invalid for filing purposes, and penalty and interest may be assessed.

FID-B

COMPUTATION OF NEW MEXICO PERCENTAGE AND BUSINESS INCOME APPORTIONMENT FORMULA

FID-B should be used by fiduciaries who are filing returns for trusts or estates having income from activities both within and outside New Mexico.

NAME OF ESTATE OR TRUST
123 Main Street
Anyplace, NM 87000

PAY TO THE ORDER OF _____ \$ _____

ANYPLACE BANK
Anyplace, NM 87000

Routing Number **Account Number**

For **A211500151A(2015551517)C 1540**

1540
15-000000000

Do not include the check number

SAMPLE

Line Instructions to Complete the FID-B

For purposes of these instructions, an **estate** is **DOMICILED IN NEW MEXICO** if the decedent was domiciled in New Mexico. A **trust** is **DOMICILED IN NEW MEXICO** if the trustee is domiciled in New Mexico or if the principal place from which the trust is managed or administered is in New Mexico.

FID-B, SCHEDULE 1 FOR COLUMNS 1-4, LINES 1-7

You must complete columns 1 through 4 as instructed or the amounts in columns 3 and 4 may be denied. We do not accept alpha characters, i.e. "None", "See Statement", or "See Attachment" on any schedules. Schedules with alpha characters will be rejected and will cause the return to be rejected.

Column 1, Gross: Amounts entered in this column are the same as those from federal Form 1041, except for line 2, which include amounts reported on lines 2 and 3 of FID-1.

Column 2, Less Related Expenses/Distributions: Amounts entered in this column include deductions and exclusions from federal Form 1041 that apply to the specific types of income reported in column 1 on lines 1-7. Subtract these deductions from the type of income (lines 1-7) to which they apply. Related expenses in column 2 must include distributions to beneficiaries. If the deduction cannot be applied to a specific type of income, enter it on line 11, "Other deductions".

EXAMPLES:

- Taxes on rental property are deducted from rents and royalties, line 4.
- State income taxes, fiduciary fees, attorney fees and accountant fees are included as other deductions, line 11.
- Charitable deductions arising from a specific type of income such as capital gains are subtracted from profit or loss from the sale or exchange of assets, line 5. If it is a charitable deduction arising from general income, it is subtracted on line 11.
- Income distribution deductions should be subtracted from either dividends, interest or profit or loss from the sale or exchange of assets (capital gains) according to the allocations on federal Form 1041, Schedule K-1. Other taxable income distributions on Schedule K-1 are included in the deductions on line 11. Amounts for depreciation and depletion from Schedule K-1 are subtracted from the type of income to which they apply, lines 3-7.
- Dividend and interest exclusions are subtracted from gross dividends, line 1, and gross interest, line 2.

Column 3, Net: The net amounts in this column equal column 1 less column 2.

Column 4, Allocation to New Mexico: Use this column to allocate net income to New Mexico according to the following line instructions. **The amount in column 4 cannot be greater than the amount in column 3.**

FORM FID-B, SCHEDULE 1

NOTE: If you have a net operating loss or net operating loss carryforward, attach a separate statement identifying the name and operating location of the business or property creating the loss, and a complete copy of your federal tax return.

Lines 1 and 2. Dividends and Interest. Dividend and interest income is allocated in column 4 to New Mexico if the estate or trust is domiciled in New Mexico.

NOTE: *Column 4, Allocation to New Mexico* cannot exceed the amount in *Column 3, Net*.

Line 3. Income From Other Fiduciaries, S Corporations, Partnerships and Limited Liability Entities: An estate or trust receiving income from another estate, trust, or other pass-through entity that allocated and apportioned its New Mexico income must obtain copies of all allocation and apportionment schedules. The income from these sources must be allocated and apportioned in the same way each estate, trust, or other pass-through entity allocated and apportioned its income. Enter the amount of income allocated or apportioned in column 4.

Example: X, a New Mexico trust, reports \$4,000 of net income as its distributed share from a partnership. Since the partnership allocated and apportioned 50% of its taxable income to New Mexico, the fiduciary will allocate 50% of the \$4,000 amount, or \$2,000, to New Mexico in column 4.

Line 4. Rents and Royalties. Allocate to New Mexico in column 4 the following rent and royalty income:

- from real property in New Mexico,
- from tangible personal property located or used in New Mexico, or
- from intangibles used in New Mexico.
- This cannot be a negative number.

Trusts or estates that are domiciled in New Mexico and receive income from real property, tangible personal property or intangibles located or used in New Mexico (including rents and royalties from oil and gas interests) must allocate that income to New Mexico in column 4. Intangibles are copyrights, patents, franchises, trademarks and licenses.

In addition to the above, trusts or estates domiciled in New Mexico must allocate income from intangible and tangible personal property used in another state if the estate or trust is not subject to tax in the other state.

A patent is used in New Mexico to the extent it is employed in production, fabrication, manufacturing or other processing in New Mexico or when a patented product is produced in New Mexico.

Line Instructions to Complete the FID-B

A copyright is used in New Mexico when the printing or other production is accomplished in New Mexico.

If the fiduciary's records do not reflect the extent to which tangible personal property is used within New Mexico, use the following calculation:

Compute the percentage of time the property was located in New Mexico during the tax year by dividing the number of days the property was physically located in New Mexico during the rental or royalty period by the total number of days the property was physically located everywhere during the rental or royalty period.

Multiply the net rents or royalties received for the taxable year by the percentage calculated above. The result is the amount of rental or royalty income allocable to New Mexico.

If the physical location of the tangible personal property during the rental or royalty period is unknown or unascertainable, enter the amount of rental or royalty income from property delivered to a lessee in New Mexico.

NOTE: Column 4, Allocation to New Mexico cannot exceed the amount in Column 3, Net.

Line 5. Profit or Loss From the Sale or Exchange of Assets. Allocate to New Mexico in column 4 profits or losses from the sale or exchange of:

- Real property in New Mexico,
- Tangible personal property located in New Mexico at the time it was sold,
- Tangible personal property if the estate or trust is domiciled in New Mexico and the gain was not taxable in the state where the tangible personal property was located,
- Intangible personal property if the estate or trust is domiciled in New Mexico.

Line 6. Net Business and Farm Income. An estate or trust reporting business and farm income earned solely within New Mexico enters in column 4 the entire amount of net income from column 3. If the business and farm income is from activities within and outside New Mexico, **complete lines 1-5 on FID-B, Schedule 2 to determine the percentage of income apportionable to New Mexico.**

Calculate the business and farm income apportioned to New Mexico by multiplying the amount of net business and farm income in column 3, line 6, by the average percent from line 5 of FID-B, Schedule 2.

Separate Accounting Method for Business Income. The separate accounting method may **not** be used by any business. Businesses beginning before January 1, 1991 who elected the separate accounting method were required to elect another method for taxable years beginning on or after

January 1, 1995.

Line 7. Other Income. All income from sources other than those already described is allocated to New Mexico in column 4 if the estate or trust is domiciled in New Mexico. Attach a schedule of other income.

If the estate or trust is not domiciled in New Mexico, other income is allocated to New Mexico when it is from transacting business in, into or from New Mexico or when income is received from property in New Mexico or as compensation for services in New Mexico.

Line 8a. Calculate Allocation Percentage for Deduction. Divide line 8 column 4 by line 8 column 3. To complete column 4 for lines 9-11, multiply the amounts in column 3, lines 9, 10 and 11 by the resulting fraction to determine the portion of each deduction applicable to New Mexico income.

Line 9. Deduction for Exemption. Enter on line 9, column 3 the exemption amount from federal Form 1041. To complete column 4, multiply line 8a by line 9, column 3.

Line 10. Deduction for Distributions. Enter on line 10, column 3 any deductions for distributions which were not entered on lines 1 through 7 above. To complete column 4, multiply line 8a by line 10, column 3.

Line 11. Other Deductions. Enter on line 11, column 3 any deductions claimed on the federal Form 1041 which were not entered in column 2 of lines 1 through 7 above. (Refer to the Schedule FID-B general instructions on page 15, for column 2 instructions.) Attach a schedule of other deductions. To complete column 4, multiply line 8a by line 11, column 3.

Line 13. Taxable Income of the Estate or Trust. Subtract line 12 from line 8 to arrive at the estate's or trust's taxable income. The amount in column 3 should equal the sum of the taxable income of the fiduciary reported on federal Form 1041 plus the additions to federal income for fiduciary, from FID-1, page 2, line 3.

Line 14. Income From Lump Sum Distributions. Enter in column 1, the ordinary income reported on federal Form 4972, *Tax on Lump Sum Distributions*. Enter in column 2, from federal Form 4972, the federal taxable portion of any lump sum distribution you earned the right to receive while a New Mexico resident.

Line 16. New Mexico Percentage. Divide line 15, column 4 by line 15, column 3. This is the New Mexico percentage of net income. Enter here and on line 6 of the FID-1 return. The percentage cannot be less than zero. If you are allocating or apportioning losses out of New Mexico, the percentage may not exceed 100%.

Line Instructions to Complete the FID-B

FID-B, SCHEDULE 2

Who Must Complete This Worksheet

If you have business or farm income on line 6, column 3 from both inside and outside New Mexico, complete the worksheet on FID-B, page 2. When you submit your return, attach both the FID-B pages 1 and 2.

Generally, the amount of business and farm income apportioned to New Mexico is determined by multiplying the net amount shown on line 6, column 3 of FID-B Schedule 1, by the following fraction if all factors are present:

$$\frac{\text{property factor} + \text{payroll factor} + \text{sales factor}}{3}$$

* Round each percentage to four decimal places (example: 26.6270%)

Three-Factor Apportionment Formula

New Mexico uses an evenly weighted three-factor apportionment formula. The three factors are property, payroll, and sales. The three-factor formula is for all taxpayers except for the following exclusions:

- **Exclusion 1.** Qualifying manufacturers who elect to use the special manufacturers apportionment formula, **or**
- **Exclusion 2.** A taxpayer whose principal business activity in New Mexico is a headquarters operation and who elects to use the single weighted sales factor apportionment formula, **or**
- **Exclusion 3.** Allowed or required to eliminate one or more factors because the three-factor formula does not fairly represent the extent of their business activity in New Mexico.

Each exclusion is described next as **Exclusions 1, 2 and 3.**

Exclusion 1

Electing Manufacturers Apportionment Formula

Taxpayers whose principal activity is manufacturing may elect to use a special apportionment formula. For taxable years beginning on or after January 1, 2014, the election allows taxpayers to apportion the business income to New Mexico using a single weighted calculation by dividing total sales within New Mexico by total everywhere sales.

On or after January 1, 2020, if eighty percent or more of the New Mexico numerators of the property and payroll factors for a filing group, or for a taxpayer that is not a member of a filing group, are employed in manufacturing or operating a computer processing facility, the filing group or the taxpayer may elect to have business income apportioned to this state by

multiplying the income by the sales factor for the taxable year.

The statutory authority for this elective method is in Section 7-4-10(B) NMSA 1978.

Definition of Manufacturing

"Manufacturing" means combining or processing components or materials to increase their value for sale in the ordinary course of business, but does not include:

- a. construction;
- b. farming;
- c. power generation; provided that for taxable years beginning prior to January 1, 2025, "manufacturing" includes electricity generation at a facility that does not require location approval and a certificate of convenience and necessity prior to commencing construction or operation of the facility pursuant to the Public Utility Act;
- d. processing natural resources, including hydrocarbons; or
- e. processing or preparation of meals for immediate consumption.

How to Make the Election: To elect to use the manufacturers apportionment formula, you must notify the Department in writing no later than the filing date of the first return to which your election applies.

Submit your notification to make your election or to terminate your election to Taxation and Revenue Department, CIT Unit, P.O. Box 630, Santa Fe, NM 87504-0630. For assistance, call (505) 827-0825 or toll free: (866) 809-2335, option 4 e-mail: CIT.TaxReturnHelp@tax.nm.gov.

Election Period: If the election is made for taxable years beginning prior to January 1, 2020, it applies to the taxable year in which the election is made and to each taxable year thereafter for three years, or until the taxable year ending prior to January 1, 2020, whichever is earlier.

Elections made for a taxable year beginning on or after January 1, 2020, apply to the taxable year in which the election is made and to each taxable year thereafter until the taxpayer notifies the Department, in writing, that the election is terminated, except that the taxpayer shall not terminate the election until the method of apportioning business income has been used by the taxpayer for at least three consecutive taxable years, including a total of at least thirty-six calendar months.

Exclusion 2

Electing Headquarters Operation Apportionment Formula

Taxpayers whose principal business activity in New Mexico is a headquarters operation may elect to use a single weighted sales factor apportionment formula. For tax years beginning on or after January 1, 2014, the election allows taxpayers to apportion the business income to New Mexico using a single weighted calculation by dividing total sales within New Mexico by total everywhere sales.

Line Instructions to Complete the FID-B

On or after January 1, 2020, if a filing group, or a taxpayer that is not a member of a filing group, has a headquarters operation in New Mexico, the filing group or the taxpayer may elect to have business income apportioned to this state by multiplying the income by the sales factor for the taxable year.

Definition of Headquarters

"Headquarters operation" means:

1. the center of operations of a business:
 - a. where corporate staff employees are physically employed;
 - b. where centralized functions are performed, including administrative, planning, managerial, human resources, purchasing, information technology and accounting, but not including a call center;
 - c. the function and purpose of which is to manage and direct most aspects and regional headquarters if the national headquarters is subordinate only to the ownership of the business or its representatives and the regional headquarters is subordinate to the national headquarters; **or**
2. the center of operations of a business:
 - a. the function and purpose of which is to manage and direct most aspects of one or more centralized functions; and
 - b. from which final authority over one or more centralized functions is issued.

How to Make the Election: To elect to use the headquarters operation apportionment formula, you must notify the Department in writing no later than the filing date of the first return to which your election applies.

Submit your notification to make your election or to terminate your election to Taxation and Revenue Department, CIT Unit, P.O. Box 630, Santa Fe, NM 87504-0630. For assistance, call (505) 827-0825 or toll free: (866) 809-2335 (select option 1, then option 5), or email CIT.TaxReturnHelp@tax.nm.gov.

Election Period: If the election is made for taxable years beginning prior to January 1, 2020, it applies to the taxable year in which the election is made and to each taxable year thereafter for three years, or until the taxable year ending prior to January 1, 2020, whichever is earlier.

Elections made for a taxable year beginning on or after January 1, 2020, apply to the taxable year in which the election is made and to each taxable year thereafter until the taxpayer notifies the Department, in writing, that the election is terminated, except that the taxpayer shall not terminate the election until the method of apportioning business income has been used by the taxpayer for at least three consecutive taxable years, including a total of at least thirty-six calendar months.

To Calculate the Line 5 Apportionment Percentage

1. Complete the property factor and payroll factor information in column 1 and column 2. Although an election for a single weighted formula has been made, this information is still necessary. The percentage factors for property and payroll are not included in the calculation of the Average New Mexico Percentage.
2. Enter gross receipts in line 3a, columns 1 and 2.
3. On line 3, calculate the sales factor percentage by dividing 3a, column 2 by column 1, and then by multiplying by 100.
4. In line 4, copy the amount in line 3.
5. In line 4a, enter 1.
6. In line 5, copy the amount in line 3.

Exclusion 3

Eliminating one or more factors.

If the allocation and apportionment provisions of the Uniform Division of Income for Tax Purposes Act do not fairly represent the extent of your business activity in New Mexico, you may, without prior approval, make an election for, or the Department may require, the exclusion of any one or more insignificant factors. A factor is considered insignificant if column 1 (the denominator) is less than 3% of net income.

PROPERTY FACTOR

This factor is a percentage determined as follows:

Divide the average value of the real and tangible personal property owned or rented and used in New Mexico for the production of business or farm income during the tax period **by** the average value of all real and tangible personal property owned or rented everywhere and used everywhere for the production of business or farm income during the tax period.

Average Value in New Mexico

Average Value Everywhere

Property shall be valued according to the following rules:

- Property owned during the tax period is valued at its original cost.
- Property rented from others and used for business or farm purposes is valued at eight (8) times the net annual rental rate. The net annual rate is the annual rent paid less any annual rent received from subleases of the same property.
- The average value of property is determined by adding the total value of property held by the taxpayer at the beginning of the tax period to the total value of property held at the end of the tax period and dividing by two.
- A fiduciary may be required to compute an average value on a monthly basis if the Department determines that a monthly average is necessary to correctly reflect the average value of the property.

PAYROLL FACTOR

This factor is a percentage determined as follows:

Divide the total amount paid as compensation to employees in

Line Instructions to Complete the FID-B

New Mexico during the tax period **by** the total amount paid as compensation to employees everywhere during the tax period.

Total Compensation Paid in New Mexico

Total Compensation Paid Everywhere

Compensation was paid in New Mexico if any one of these conditions is present:

- The employee's service was performed entirely inside New Mexico, **or**
- The employee's service was performed both inside and outside New Mexico, but the service performed outside New Mexico was incidental to the service performed inside New Mexico, **or**
- Some of the employee's service was performed in New Mexico, **and** New Mexico was the base of operations or the place from which the service was directed or controlled, **or**
 - The employee who received payment for performing the service was a resident of New Mexico during the taxable period, whether or **not** the service was performed within a state other than New Mexico which was the base of operations or the state from which the service was directed or controlled.

SALES FACTOR

This factor is a percentage determined as follows:

Divide the total sales in New Mexico during the tax period (excluding non-business income) **by** the total sales everywhere during the tax period (excluding non-business income).

Total Sales in New Mexico

Total Sales Everywhere

"Sales" means all gross receipts from transactions and activities in the regular course of business.

"Gross receipts" means all income from transactions and activities in the regular course of business including income from licensing intangible personal property.

Sales of tangible personal property are New Mexico sales if either of the following is true. The property is:

- Delivered or shipped to a purchaser other than the U.S. government within New Mexico regardless of the Free on Board (FOB) point or other conditions of the sale, **or**
- Shipped from an office, store, warehouse, factory, **or** other place of storage in New Mexico, **and**
 - The purchaser was the U.S. government, **or**
 - The taxpayer:
 - is not taxable in the state of the purchaser, **and**
 - did not make an election for apportionment of business income pursuant to Subsection B or C of Section 7-4-10 NMSA 1978

Sales other than sales of tangible personal property are

New Mexico sales if any of the following are true:

- In the case of sales, rental, lease or license of real property, if and to the extent the real property is located in this state;
- In the case of rental, lease or license of tangible personal property, if and to the extent the tangible personal property is located in this state;
- In the case of sale of a service, if and to the extent the service is delivered to a location in this state, and
- In the case of sale, rental, lease or license of intangible property, if and to the extent the intangible property is used in this state.
- Special rule: Gross receipts for the performance of personal services are attributable to this state to the extent such services are performed in this state.

Line Instructions to Complete the FID-CR

FID-CR

Use Schedule FID-CR to claim any of the business-related tax credits listed in these instructions that may be taken against New Mexico income tax reported on the FID-1 return. For a complete description of the credits, see Publication FYI-106, *Claiming Business-Related Tax Credits for Individuals and Businesses*.

The FID-CR is divided into several sections. The first section lists the business-related tax credits by credit type code. These tax credits are divided into (1) the non-refundable business-related tax credits to be applied against tax due, and (2) the refundable business related-tax credits that may be applied both against tax due and as a credit to be refundable.

The next section is divided into columns A-D:

- The credit type code in column A. You must complete this field;
- The credit approval number, if applicable. It may not be available for all credits, and for some credits the credit approval number is not required. If your business credit does not have a credit approval number as described in the next section, *Tax Credit Types*, leave the credit approval number field blank;
- The amount to be applied to the tax liability on the return; and
- Any amount of the credit that may be refunded to you.

If you are claiming multiple credits for the same credit type, list each credit separately. For example: Taxpayer X has received investment vouchers 123456-1 and 123456-2 for two separate affordable housing tax credits. X's return shows a liability of \$80 before applying any tax credits. X wants to use the remaining \$50 from available carry forward on voucher 123456-1, and \$30 from voucher 123456-2. On line 1, X enters A01 in the credit type code column, enters 123456-1 in the credit approval number column, and \$50 in the amount claimed column. The fourth column is left blank because the affordable housing tax credit cannot be refunded. On line 2, X enters A01 in the credit type code column, enters 123456-2 in the credit approval number column, and \$30 in the amount claimed column. A separate entry is made for each credit.

You must report the first 5 credits on Schedule FID-CR. If you are claiming more than 5 credits to be applied to your tax liability or to be refunded, complete and attach the Supplemental Schedule FID-CR. Attach the supplemental to the Schedule FID-CR, reporting the additional credits.

To calculate the amount that may be claimed, refer to the claim form or supporting instructions for the credit. The sum of tax credits applied to the tax due on the return FID-CR, line A, may not exceed the income tax claimed on the FID-1 return (line 9 minus line 10).

If you are claiming more than 5 credits to be applied to your tax liability or to be refunded, lines A and B of the Schedule FID-CR must include the sum of all credits reported on both the Schedule FID-CR and the supplemental to the Schedule FID-CR.

Enter the sum of column C (Amount Claimed Applied to Tax Due) on line A, Schedule FID-CR.

Enter the sum of column D (Amount of Credit to Refund) on line B, Schedule FID-CR.

Transfer the totals to the FID-1 return as follows:

- Transfer the total credits to be applied to the liability due from Schedule FID-CR, line A, to line 11 of the FID-1 return.
- Transfer the tax credits to be refunded from Schedule FID-CR, line B, to line 24 of the FID return.

Be sure to attach the appropriate backup documentation to support the credit taken and attach Schedule FID-CR and FID-CR Supplemental (if you had more than 5 credits) to your FID-1, *New Mexico Fiduciary Income Tax Return*.

TAX CREDIT TYPES

A description of each type of credit follows, and includes the following information, as applicable:

- Whether the credit is refundable;
- Whether the credit may be carried forward, and for how long;
- How to apply for the credit;
- How to claim the credit.

Affordable Housing Tax Credit (A01)

Beginning January 1, 2006, the Mortgage Finance Authority (MFA) issues 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, provided the MFA is notified of the transfer and a voucher has been re-issued to the transferee. "Affordable housing" covers land acquisition, construction, building acquisition, remodeling, improvement, rehabilitation, conversion or weatherization for single-family residences approved by MFA and multi-family residential housing located in a county of fewer than 100,000 persons.

MFA may issue an investment voucher to a person who has made an investment of land, buildings, materials, cash or services for an affordable housing project approved by MFA or for a trust fund administered by MFA. After receiving the vouchers from MFA, the taxpayer may apply the credit against gross receipts, compensating, withholding, personal income, fiduciary income or corporate income tax liabilities and carry unused credits forward for five years. The credit may not be refunded.

To claim the credit, complete and attach Form RPD-41301,

Line Instructions to Complete the FID-CR

Affordable Housing Tax Credit Claim Form, to your FID-1 along with Schedule FID-CR. Attach a copy of the investment vouchers for which you are claiming a credit.

In the **Credit Approval Number** box, enter the number assigned by MFA on the investment voucher. If transferred enter the new credit number assigned by MFA.

Angel Investment Credit (A02)

You may claim a credit for 25% of the qualifying investment, not to exceed \$62,500, per investment round, in a high-technology or manufacturing business if all of the following are true:

- You are a taxpayer who files a New Mexico personal income tax return.
- You are not a dependent of another individual.
- You are an accredited investor under IRS rules who makes a qualified investment.

Accredited investors may claim the angel investment credit for qualified investments in no more than five qualified businesses per tax year. A credit is not allowed for any investment made before January 1, 2007 or after December 31, 2030.

Carry Forward for Five Years

If your certificate was issued in 2015 or after, you can carry forward unused credits for five consecutive years. For credits issued 2014 and prior, you can carry forward unused credits for three consecutive years. The credit is not refundable.

How To Apply For This Credit

To apply for this credit, follow these steps to get a certificate of eligibility.

1. Complete Form TRD-41404, *Angel Investment Credit Application*. Note: TRD-41404 can be filed electronically using the departments TAP website: <https://tap.state.nm.us>
2. Complete all applicable fields on this form. Incomplete forms can delay the review and approval process.
3. Submit all required documents to the Department.

How To Claim This Credit

To claim the credit, follow these steps:

1. Complete Form RPD-41320, *Angel Investment Credit Claim Form*, and Schedule FID-CR.
2. Attach the following to your FID-1:
 - RPD-41320
 - FID-CR
 - Copy of the certificate of eligibility from the Department
3. Submit your FID-1 and all attachments.

In the **Credit Approval Number** box, enter the certificate number from the certificate of eligibility issued to you by the

Department.

Advanced Energy Tax Credit (A04)

(Repealed Effective July 1, 2023)

A qualified electricity generating facility located in New Mexico may be eligible to apply for and claim the advanced energy tax credit (advanced energy income tax credit, advanced energy corporate income tax credit and the advanced energy combined reporting tax credit).

The amount of the credit is 6% of the eligible generation plant costs. The aggregate amount of tax credit that may be claimed with respect to a qualified generating facility is limited to \$60,000,000.

Once the certificate of eligibility is issued by the New Mexico Environment Department (NMENV), obtain approval from TRD by submitting a completed Form RPD-41333, *Advanced Energy Tax Credit Application*, a certificate of eligibility, and other information TRD requires to determine the amount of tax credit allowed. The application must be submitted within one year following the end of the calendar year in which the eligible generation plant costs are incurred.

The right to claim the credit may be allocated to other taxpayers who are interest owners in the qualified electric generating facility. The *Notice of Allocation of Right to Claim Advanced Energy Tax Credits* is required to be attached to RPD-41333 to allocate the credit to interest owners.

Once approved, you may claim this credit by completing Form RPD-41334, *Advanced Energy Tax Credit Claim Form*, and attaching it to your FID-1 with Schedule FID-CR. This credit may not be refunded but you may carry unused credit forward for up to ten years.

In the **Credit Approval Number** box, enter the number issued by the Taxation and Revenue Department. The credit approval number is identified on your credit approval letter. If your approval letter does not show a credit approval number, leave this box blank.

Agricultural Biomass Tax Credit (A05)

A credit is available for a taxpayer who owns a dairy or feedlot and who files a personal, fiduciary, or corporate income tax return for a taxable year beginning on or after January 1, 2011 and ending prior to January 1, 2030.

TRD may allow a credit equal to \$5 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.

To qualify for this credit, you must first obtain a certificate of

Line Instructions to Complete the FID-CR

eligibility from the Energy, Minerals and Natural Resources Department (EMNRD). Once the certificate of eligibility is issued by EMNRD, obtain approval from the Taxation and Revenue Department by submitting a completed Form RPD-41362, *Agricultural Biomass Income Tax Credit Approval*, and the certificate of eligibility to the Department. The Department will approve the credit and return the approved form to the owner or holder.

Once approved, you may claim this credit by completing Form RPD-41361, *Agricultural Biomass Income Tax Credit Claim Form*, and attaching it to your FID-1 with Schedule FID-CR. Excess credit may not be refunded but may be carried forward for a maximum of four consecutive tax years following the year the Department approved the credit.

In the **Credit Approval Number** box, enter the credit number assigned by the Department on Form RPD-41362, *Agricultural Biomass Tax Credit Approval*. If the tax credit was transferred to you, enter the new credit number from Form RPD-41363, *Notice of Transfer of Agricultural Biomass Tax Credit*.

Advanced Energy Equipment Tax Credit (A07)

A taxpayer who makes qualified expenditures for a qualified manufacturing facility located in New Mexico and who files an individual New Mexico income tax return for a taxable year beginning on or after January 1, 2025, and prior to January 1, 2033, may claim the tax credit.

How To Apply For This Credit

Prior to incurring a qualified expenditure, the taxpayer shall apply for preliminary certification of eligibility for the tax credit from the Energy, Minerals and Natural Resources Department (EMNRD) with consultation with the Economic Development Department (EDD). Within twelve months of commencement of production of an any advanced energy equipment product, the taxpayer shall seek final certification from EMNRD before claiming this credit. To apply for the credit, contact EMNRD at (505) 476-3310, or visit their web site <https://www.emnrd.nm.gov>. To consult with EDD about qualifying potential expenditures being used to produce in whole or in part advanced energy products, contact EDD by visiting their website <https://edd.newmexico.gov/>.

Carry Forward for 5 Years

Any amount of credit that exceeds the taxpayer's income tax liabilities may be carried forward for five consecutive taxable years. The advanced energy equipment tax credit is non-refundable.

Sold, Exchange, or Transfers

A certificate of eligibility for the tax credit may be sold, exchanged, or otherwise transferred to another taxpayer in increments of not less than \$1,000,000. A certificate of eligibility less than \$1,000,000 must be transferred in entirety. The Taxation and Revenue Department shall be notified of

the sale, exchange, or transfer within ten days.

How To Claim This Credit

A taxpayer with advanced energy equipment credit final certification must claim the credit within one year of receiving final certification from EMNRD. The taxpayer claims the amount certified against their income tax liabilities.

When you receive the final certification from EMNRD, follow these steps to claim the credit:

1. Complete TRD-41429, Advanced Energy Equipment Tax Credit Claim Form.
2. Complete FID-CR. In the Column B, enter the certificate number shown on the certificate of eligibility EMNRD issued to you.
3. Attach the following to your FID-1:
 - TRD-41429
 - FID-CR
 - A copy of the final certification from EMNRD
4. Submit your FID-1 and all attachments.

IMPORTANT: To claim this credit, you must have a final certificate from EMNRD issued to you.

Allocation to Owners

A taxpayer may allocate the right to claim the tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit.

Clean Car Tax Credit (C03)

The clean car tax credit may be claimed by a taxpayer who files a New Mexico Personal Income Tax, Fiduciary Income Tax, Corporate Income Tax, or Sub-Chapter S Corporate Income and Franchise Tax return for a tax year beginning on or after January 1, 2024, and has purchased or entered into a new lease for a minimum of at least three years a qualified electric vehicle, plug-in hybrid electric vehicle, or fuel cell vehicle on or after May 15, 2024, but before January 1, 2030.

How To Apply For This Credit

The taxpayer must apply for a certification of eligibility with the Energy, Minerals and Natural Resources Department (EMNRD) before claiming this credit. To apply for the credit, contact the Energy Conservation and Management Division of EMNRD at (505) 476-3310, or visit their web site <https://www.emnrd.nm.gov>. Applications for certification of the tax credit shall be made no later than one year from the date on which the vehicle is purchased or the lease is entered into.

Credits Sold, Exchange, or Transferred

When a holder or owner sells, exchanges, or transfers a clean

Line Instructions to Complete the FID-CR

car tax credit form TRD-41420, *Notice of Transfer of Clean Car Tax Credit*, must be used to notify the Department of a transfer of an approved clean car tax credit. The Department issues the new holder an approval for the credit transfer, a new credit number, and instructions for applying the credit to tax due. This credit must be transferred in full. If the credit has been partially claimed, it can no longer be transferred.

How To Claim This Credit

After you receive the certificate of eligibility, you can claim the credit against personal income tax due by following these steps:

Complete Form TRD-41419, *Clean Car Tax Credit Claim Form*.

Complete FID-CR. In the Credit Approval Number box, enter the certificate number EMNRD issued to you.

Attach the following to your FID-1:

- TRD-41419
- FID-CR
- Copy of certificate of eligibility from EMNRD

Submit your FID-1 and all attachments.

Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the Clean Car Tax Credit that would have been claimed on a joint return.

Any credit claimed that is over the taxpayer's liability shall be refunded. The credit can be sold, exchanged, or transferred to another taxpayer for the full value of the credit. The credit shall be claimed within three taxable years of the end of the year in which EMNRD certifies the credit.

Allocation to Owners

A taxpayer may allocate the right to claim the tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit.

Clean Car Charging Unit Tax Credit (C04)

The clean car charging unit tax credit may be claimed by a taxpayer who files a New Mexico Personal Income Tax, Fiduciary Income Tax, Corporate Income Tax, or Sub-Chapter S Corporate Income and Franchise Tax return for a tax year beginning on or after January 1, 2024 and has purchased and installed an electric vehicle charging unit or fuel cell charging unit in New Mexico on or after May 15, 2024, but before January 1, 2030.

How To Apply For This Credit

The taxpayer must apply for a certification of eligibility with the Energy, Minerals and Natural Resources Department

(EMNRD) before claiming this credit. To apply for the credit, contact the Energy Conservation and Management Division of EMNRD at (505) 476-3310, or visit their web site <https://www.emnrd.nm.gov>. A taxpayer that claims the 2021 sustainable building tax credit for expenses of purchasing or installing an electric vehicle charging unit or fuel cell charging unit cannot claim the clean car charging unit tax credit.

How To Claim This Credit

After you receive the certificate of eligibility, you can claim the credit by following these steps:

1. Complete Form TRD-41421, *Clean Car Charging Unit Tax Credit Claim Form*.

2. Complete FID-CR. In the Credit Approval Number box, enter the certificate of eligibility number issued by EMNRD.

3. Attach the following to your FID-1:

- TRD-41421
- FID-CR
- Copy of certificate of eligibility from EMNRD

4. Submit your FID-1 and all attachments.

Married individuals filing separate returns for a taxable year for which they could have filed a joint return may each claim only one-half of the clean car tax credit that would have been claimed on a joint return.

Any credit claimed that is over the taxpayer's liability shall be refunded. The credit shall be claimed within three taxable years of the end of the year in which EMNRD certifies the credit.

Allocation to Owners

A taxpayer may allocate the right to claim the tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit.

Film Production Tax Credit (F01)

For film companies that commence principal photography prior to January 1, 2016, a credit is available in an amount equal to 25% of direct production and direct postproduction expenditures made in New Mexico that are subject to taxation and directly attributable to the production of a film or commercial audiovisual product. An additional 5% credit is allowed for certain direct production expenditures made for qualifying productions. Excluded from the credit are costs for which the film production company has already executed a nontaxable transaction certificate under Section 7-9-86 NMSA 1978.

To obtain approval for the credit, first apply to the New Mexico Film Office of the Economic Development Department (EDD). When it receives approval from EDD, the film production

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company may apply for Taxation and Revenue Department approval of the credit. See the *Application for Film Production Tax Credit*, Form RPD-41229.

Once approved, you may claim the credit by filing your personal, fiduciary or corporate income tax return. To claim the credit against tax due on your FID return. Complete Schedule FID-CR and attach it to your FID-1 return. Also attach Form RPD-41228, *Film Production Tax Credit Claim Form*.

NOTE: If you are an owner or affiliate of the film production company that was approved for the credit, do not enter more than that portion of approved credit that was distributed to you at the time the film production company received Department approval for the credit. If you are not sure what your distributed amount is, contact the film production company.

NOTE: The amount of film production tax credit you may claim against your tax due on this return and the amount that you may receive as a refund are subject to certain limitations governing the payment of film production tax credit claims. See the instructions for the film production tax credit claim form for details regarding these limitations and how your claim may be impacted.

In the **Credit Approval Number** box, enter the credit approval number issued by the Taxation and Revenue Department. The credit approval number is identified on your credit approval letter. If your approval letter does not show a credit approval number, leave this box blank.

Foster Youth Employment Corporate Income Tax Credit (F02)

(Repealed July 1, 2025)

For tax years beginning on or after January 1, 2018, a taxpayer who employs a qualified foster youth for at least 20 hours per week in New Mexico is eligible for a credit against the taxpayer's personal or corporate income tax liability for up to \$1,000 for wages paid to each qualified foster youth. If the foster youth's qualified period of employment is less than a full year, the credit for that year is reduced based on the ratio of the qualified period of employment over the full tax year of the employer.

Requirements

The following are the requirements for this credit:

- An employer may not receive the credit for any individual qualified foster youth for more than one calendar year from the date of hire.
- Only one employer may receive the credit for a qualified foster youth during a tax year.
- The qualified foster youth was aged fourteen or older within seven years prior to the taxable year for which the tax credit is claimed and was in the legal custody of either the Children, Youth and Families Department (CYFD)

pursuant to the Children's Code or in the legal custody of a New Mexico Indian Nation, Tribe or Pueblo, or the United States (US) Department of the Interior Bureau of Indian Affairs (BIA) Division of Human Services.

- The foster youth employment tax credit is only allowed for the employment of a foster youth who was not previously employed by the taxpayer prior to the taxable year for which the credit is claimed.

Carry Forward for Three Years

Excess credit is not refundable, but you may carry it forward for up to three years. This credit cannot be transferred to another taxpayer, but it can be allocated based on a taxpayer's ownership interest in a business.

Before Applying for This Credit

The qualified youth will have to contact the Children, Youth, and Families Department's (CYFD) Family and Youth Services Bureau at (505) 827-8400 or the other agency which had legal custody of the qualified youth. That government agency, department, or bureau will have to send a letter or certificate to the qualified youth that includes their name, date of birth, and the date custody began.

How To Apply For This Credit

To apply for the credit, follow these steps:

1. For each eligible foster youth you employed in the tax year, complete RPD-41388, *Certification of Eligibility for the Foster Youth Employment Tax Credit*.
2. On RPD-41389, *Application for Foster Youth Employment Tax Credit*, show the number of certifications and enter the other required information to establish that you retain the status of an eligible employer.
3. Complete all other sections of RPD-41389.
4. Submit the following to the Department:
 - RPD-41389
 - An RPD-41388 for each eligible foster youth you employed during the tax year.

How To Claim This Credit

When you receive approval from the Department, follow these steps to claim the credit:

1. Complete RPD-41390, *Foster Youth Employment Tax Credit Claim Form*.
2. Complete FID-CR, including these columns:
 - Column A. Enter F02.
 - Column B. Enter the credit approval number shown on the approved RPD-41389, Foster Youth Employment Tax Credit Application.
 - Column C. Enter the amount of the credit you want to apply to the tax liability.
3. Attach the following to the FID-1:

Line Instructions to Complete the FID-CR

- RPD-41390
- FID-CR

4. Submit the FID-1 and all attachments to the Department.

New Film Production Tax Credit (F03)

For film companies that commence principal photography on or after July 1, 2019, a credit is available in an amount equal to 25% of direct production and direct postproduction expenditures made in New Mexico that are subject to taxation and directly attributable to the production of a film or commercial audiovisual product. An additional 5% credit is allowed for certain direct production expenditures made for qualifying productions or for standalone pilots intended for series television. In addition, a 10% credit may also be allowed for production expenditures in areas at least 60 miles from the City Hall of the county seat for Bernalillo or Santa Fe counties. Excluded from the credit are costs for which the film production company has already executed a nontaxable transaction certificate under Section 7-9-86 NMSA 1978.

NOTE: If you are a New Mexico film partner, refer to F04 New Mexico film partner new film production tax credit to claim your credit.

How To Apply For This Credit

To obtain approval for the credit, first apply to the New Mexico Film Office, a division of the EDD. After the film production company receives approval from EDD, the company must apply to the Department to get Department approval of the credit. See Form RPD-41391, *Application for New Film Production Tax Credit*.

When you are approved, you may claim the credit by filing your personal or corporate income tax return.

How To Claim This Credit

You can claim the credit by following these steps:

1. Complete Form RPD-41228, *Film-Related Tax Credit Claim Form*.
2. Complete FID-CR. In the **Credit Approval Number** box, enter the credit approval number that the Department issued. The number is identified on your credit approval letter. If the letter does not show a credit approval number, leave this box blank.
3. Attach the following to your FID-1:
 - RPD-41228
 - FID-CR
4. Submit your FID-1 and all attachments

New Mexico Film Partner New Film Production Tax Credit (F04)

This credit applies to film production companies that are defined as New Mexico film partners that have made a com-

mitment to produce films or commercial audiovisual products in New Mexico and have purchased or executed a 10 year contract to lease a qualified production facility. Limitations to certification of a claim in excess of the aggregate amount of claims provided by the Film Production Tax Credit Act does not apply to the certification of a budget for a New Mexico film partner

New Mexico film partners that commence principal photography on or after July 1, 2019, a credit is available in an amount equal to 25% of direct production and direct postproduction expenditures made in New Mexico that are subject to taxation and directly attributable to the production of a film or commercial audiovisual product. An additional 5% credit is allowed for certain direct production expenditures made for qualifying productions or for standalone pilots intended for series television. In addition, a 10% credit may also be allowed for production expenditures in areas at least 60 miles from the City Hall of the county seat for Bernalillo or Santa Fe counties.

Excluded from the credit are costs for which the film production company has already executed a nontaxable transaction certificate under Section 7-9-86 NMSA 1978.

How To Apply For This Credit

To obtain approval for the credit, first apply to the New Mexico Film Office, a division of the EDD. After the film production company receives approval from EDD, the company must apply to the Department to get Department approval of the credit. See Form RPD-41391, *Application for New Film Production Tax Credit*.

When you are approved, you may claim the credit by filing your personal or corporate income tax return.

How To Claim This Credit

You can claim the credit by following these steps:

1. Complete Form RPD-41228, *Film-Related Tax Credit Claim Form*.
2. Complete FID-CR. In the **Credit Approval Number** box, enter the credit approval number that the Department issued. The number is identified on your credit approval letter. If the letter does not show a credit approval number, leave this box blank.
3. Attach the following to your FID-1:
 - RPD-41228
 - FID-CR
4. Submit your FID-1 and all attachments

Geothermal Ground-Coupled Heat Pump Tax Credit (G01)

A credit is available for a taxpayer who has purchased and installed a geothermal ground-coupled heat pump after January 1, 2010, but before December 31, 2020. To qualify for the tax credit, the taxpayer must install the pump in a residence,

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business or agricultural enterprise in New Mexico owned by that taxpayer or by a partnership or other business association of which the taxpayer is a member. The credit, which may not exceed \$9,000, is available for up to 30% of the purchase and installation costs. This credit may not be refunded, but unused credit may be carried forward for a maximum of ten consecutive years following the tax year for which the credit was approved.

To qualify for this credit, you must first obtain a certificate of eligibility from the New Mexico Energy, Minerals and Natural Resources Department. To claim this credit against any corporate income tax due, complete and attach RPD-41346, *Geothermal Ground-Coupled Heat Pump Tax Credit Claim Form*, to your FID-1 with Schedule FID-CR. Attach a copy of the certificate which you are claiming credit.

In the **Credit Approval Number** box, enter the certificate number shown on the credit approval document issued to you by EMNRD.

Geothermal Ground-Coupled Heat Pump Income Tax Credit (2024) (G03)

The geothermal ground-coupled heat pump income tax credit may be claimed by a taxpayer who files a New Mexico personal or fiduciary income tax return for a tax year beginning on or after January 1, 2024, and has purchased and installed a geothermal ground-coupled heat pump after May 15, 2024, but before December 31, 2034, in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer, or owned by a partnership or other business association of which the taxpayer is a member. The credit, which may not exceed \$9,000, is available for up to 30% of the purchase and installation costs.

This Credit Is Refundable

The credit is applied to the taxpayer's tax liability in the tax year it is claimed. The remaining amount is refunded to the taxpayer.

How To Apply For This Credit

To qualify for this credit, you must first obtain a certificate of eligibility from EMNRD. The tax credit is allowed only for geothermal ground-coupled heat pumps that are installed by a nationally accredited ground source heat pump installer certified by EMNRD. EMNRD may allow a maximum annual aggregate of \$4,000,000 in geothermal ground-coupled heat pump income tax credits. Applications for the credit are considered in the order received by EMNRD.

How To Claim This Credit

The taxpayer must attach to the return a completed TRD-41426 and a copy of the letter from EMNRD certifying the geothermal ground-coupled heat pump and approving the taxpayer for the credit.

1. Complete Form TRD-41426, Geothermal Ground-Cou-

pled Heat Pump Income Tax Credit Claim Form (2024).

2. Complete FID-CR. In the Credit Approval Number box, enter the certificate number EMNRD issued to you.
3. Attach the following to your FID-1:
 - TRD-41426
 - FID-CR
 - Copy of certificate of eligibility from EMNRD

Allocation to Owners

A taxpayer may allocate the right to claim the tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit.

Geothermal Electricity Generation Tax credit (G05)

The geothermal electricity generation tax credit may be claimed by a taxpayer who holds an interest in a geothermal electricity generation facility in which electricity was generated in New Mexico on or after January 1, 2025, but before January 1, 2032.

The amount of a tax credit allowed shall be an amount equal to one and one-half cents (\$0.015) per kilowatthour of electricity generated in New Mexico in a taxable year by the geothermal electricity generation facility in which the taxpayer holds an interest. The total annual aggregate amount of credits that may be certified for geothermal electricity generation income tax credits and geothermal electricity generation corporate income tax credits in any calendar year is five million dollars (\$5,000,000). Completed applications shall be considered in the order received. Applications for certification received after this limitation has been met in a calendar year shall not be approved for that calendar year, but shall be considered for certification in the following calendar year.

Carry Forward for 3 Years

This credit is not refundable, but you can carry forward unused credit for a maximum of 3 consecutive years.

How To Apply For This Credit

The taxpayer must apply for a certification of eligibility with the Energy, Minerals and Natural Resources Department (EMNRD) before claiming this credit. To apply for the credit, contact the Energy Conservation and Management Division of EMNRD at (505) 476-3310, or visit their web site <https://www.emnrd.nm.gov>.

How To Claim This Credit

The taxpayer must attach to the return a completed TRD-41428 and a copy of the letter from EMNRD certifying the purchase and approving the taxpayer for the credit.

1. Complete Form TRD-41428, Geothermal Electricity

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Generation Tax Credit Claim Form.

2. Complete FID-CR. In Column B, enter the certificate number EMNRD issued to you.
3. Attach the following to the FID-1 return:
 - TRD-41428
 - FID-CR
 - Copy of certificate of eligibility from EMNRD
4. Submit the FID return and all attachments.

Allocation to owners

A taxpayer may allocate the right to claim the tax credit in proportion to the taxpayer's ownership interest if the taxpayer owns an interest in a business entity that is taxed for federal income tax purposes as a partnership or limited liability company and that business entity has met all of the requirements to be eligible for the credit. The total credit claimed by all members of the partnership or limited liability company shall not exceed the allowable credit.

Home Fire Recovery Income Tax Credit (H02)

A personal income tax filer whose home was destroyed by a wildfire in calendar years 2021 through 2023, may contact the Construction Industries Division of the Regulation and Licensing Department (RLD) to apply for credit when home rebuilding expenses are incurred after May 15, 2024 and before January 1, 2030. RLD may award credit equal to qualified home expenditures up to \$50,000 per home.

An application for certification of eligibility for the credit shall include:

1. Proof that the taxpayer's prior home was destroyed by wildfire in calendar years 2021-2023;
2. Proof that taxpayer incurred expenditures for the construction of a home on the same property of the taxpayer's prior, wildfire-destroyed home;
3. A sworn statement by the taxpayer and the builder or manufacturer of the home that the
4. Construction of the home has been completed and stating the date of its completion; and
5. Any additional information the Division may require to determine eligibility for the tax credit.

For the purposes of this credit, a "home" means a dwelling designed for long-term habitation in which the taxpayer resides for a majority of the year, and is constructed permanently on a taxpayer's property or is a manufactured or modular home in accordance with (7-2-18.35(J) NMSA 1978).

Carry Forward for 3 Years

Unused credit is not refundable, but you may carry it forward for up to three consecutive years after it is originally claimed.

How To Apply For This Credit

The taxpayer must apply for a certification of eligibility with the Construction Industries Division of the Regulation and Licensing Department (RLD) before claiming this credit. To

apply for the credit visit their web site <https://www.rld.nm.gov/construction-industries/>. An application for certification of the tax credit shall be made no later than twelve months after the calendar year in which construction of the home is completed.

How To Claim This Credit

You must claim the credit against personal income tax due within twelve months of being issued the certificate of eligibility, and by following these steps:

1. Complete Form TRD-41422, Home Fire Recovery Income Tax Credit Claim Form.
2. Complete Schedule FID-CR. In FID-CR, Column B, Credit Approval Number, enter the certificate number from the certificate of eligibility issued by RLD.
3. Attach the following to your FID-1:
 - TRD-41422
 - FID-CR
 - Copy of certificate of eligibility from RLD
4. Submit your FID-1 and all attachments.

Job Mentorship Tax Credit (J01)

(Repealed July 1, 2025)

A taxpayer owning a New Mexico business may claim a Job Mentorship Tax Credit for employing qualified students who take part in a career preparation education program. The credit equals 50% of gross wages paid to a maximum of ten qualified students. The business must employ the students for up to 320 hours each during the tax year. A taxpayer may not claim a credit for one qualified individual for more than three tax years. The maximum credit for one tax year is \$12,000.

Obtain a Form RPD-41280, *Job Mentorship Tax Credit Certificate*, from the secondary school operating the career preparation education program for each qualified student you employ. To claim this credit against fiduciary income tax, complete Form RPD-41281, *Job Mentorship Tax Credit Claim Form*, and attach it to your FID-1 with Schedule FID-CR. Also, attach a Form RPD-41280, *Job Mentorship Tax Credit Certificate*, for each qualified student employed during the tax year. This credit may not be refunded but you may carry unused credit forward for three consecutive years.

A partnership or other business association of which the taxpayer is a member may claim a credit in proportion to the taxpayer's interest in the partnership or association.

Leave the **Credit Approval Number** box blank. A credit approval number is not required to claim this credit.

Land Conservation Incentives Credit (L01)

Individuals or corporations who donate land, or interest in land, to private or public conservation agencies for conservation purposes may claim a credit from personal, fiduciary, or corporate income tax, equal to 50% of the fair market value of the land transferred up to \$100,000 for donations made prior

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to January 1, 2008, and \$250,000 for donations made on or after January 1, 2008. Additionally for a donation made on or after January 1, 2008, the credit may be sold, exchanged or transferred in increments of \$10,000 or more.

To apply for this credit contact the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) who certifies 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 to the Taxation and Revenue Department with a copy of the certificate of eligibility.

Once approval is received from the Taxation and Revenue Department, claim this credit by completing Form RPD-41282, *Land Conservation Incentives Credit Claim Form*, and attach it to your FID-1 with Schedule FID-CR. Also, attach the letter received from EMNRD certifying treatment as a qualified donation. Unused credit may not be refunded but may be carried forward for up to 20 consecutive years following the year in which the qualified donation occurred.

In the **Credit Approval Number** box, enter the credit number assigned by the Taxation and Revenue Department on Form RPD-41335, *Land Conservation Incentives Credit Application*. If the credit was transferred, enter the new credit number from Form RPD-41336, *Notice of Transfer of Land Conservation Incentives Tax Credit*.

Preservation of Cultural Property Credit (P01)

The credit for preservation of cultural property is 50% of the costs of a project for the restoration, rehabilitation or preservation of cultural property listed on the official New Mexico Register of Cultural Properties, not to exceed \$25,000. Beginning in 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 will be allowed.

The Cultural Properties Review Committee must approve the project plan before the restoration begins and certify that the completed project conforms to the plan.

To claim this credit against any fiduciary income tax due, complete Form CIT-4, *New Mexico Preservation of Cultural Property Credit*, and attach it to your FID-1 along with a copy of the Part 2 approval from the New Mexico Cultural Properties Review Committee and the approval from the New Mexico Arts and Cultural Districts Coordinator, if applicable. An amount exceeding the tax liability can not be refunded, but may be carried forward for four consecutive years.

In the **Credit Approval Number** box, enter the log number shown on the project approval document issued to you by the Historic Preservation Division.

Rural Job Tax Credit (R01)

A Rural Job Tax Credit is available for employers in rural areas of New Mexico who qualify for Job Training Incentive Program (JTIP) assistance. Eligible employers may earn the rural job tax credit for each qualifying job created after July 1, 2000. The employer must certify the wages paid to each eligible employee. See Form RPD-41247, *Certificate of Eligibility for the Rural Job Tax Credit*. Pre-approval is required.

Calculate the Rural Job Tax Credit at 6.25% of the first \$16,000 in wages paid for each qualifying job for no more than four qualifying periods in a Tier 1 area, and no more than two qualifying periods in a Tier 2 area. A rural area excludes Albuquerque, Corrales, Farmington, Las Cruces, Los Alamos County, Los Ranchos, Rio Rancho, Santa Fe, and Tijeras, and a ten-mile zone around these municipalities. Tier 2 areas are limited to Alamogordo, Carlsbad, Clovis, Gallup, Hobbs, and Roswell. Tier 1 is any rural area not part of a Tier 2 area. A qualifying period is 12 months.

The holder of the Rural Job Tax Credit document may apply all or part of the credit against the holder's combined state gross receipts, compensating and withholding taxes, or personal, fiduciary, or corporate income tax.

To learn more about JTIP assistance, visit the New Mexico Economic Development Department website at <https://edd.newmexico.gov/> or call (505) 827-0300 or (800) 374-3061.

To apply for this credit, complete Form RPD-41238, *Application for Rural Job Tax Credit*, attach a notarized completed Form RPD-41247, *Certificate of Eligibility for the Rural Job Tax Credit*, for each qualified job you claim in the eligible period, and send it to the address on the form.

Once approval is received from the Taxation and Revenue Department, complete Form RPD-41243, *Rural Job Tax Credit Claim Form*, and submit it with your FID-1 along with Schedule FID-CR. An amount exceeding the tax liability can not be refunded, but may be carried forward for three years from the date the credit is issued.

In the **Credit Approval Number** box, enter the credit approval number issued to you by the Taxation and Revenue Department. The credit approval number is identified on your credit approval letter. If your approval letter does not show a credit approval number, leave this box blank.

Rural Health Care Practitioners Tax Credit (R02)

Beginning January 1, 2007, a taxpayer for whom **all** of the following are true may be eligible to claim the rural health care practitioners tax credit against a personal or fiduciary income tax liability:

- You file a New Mexico personal or fiduciary income tax return.
- You are not a dependent of another individual.

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- You are an eligible health care practitioner.
- You have provided health care services in New Mexico in a rural health care under-served area.

The following are the maximum amounts allowed for the credit you can claim, depending on profession:

- \$5,000 for eligible physicians, osteopathic physicians, dentists, psychologists, podiatric physicians, and optometrists who qualify
- \$3,000 for dental hygienists, physician assistants, certified registered nurse anesthetists, certified nurse practitioners, clinical nurse specialists, registered nurses, midwives, licensed clinical social workers, licensed independent social workers, professional mental health counselors, professional clinical mental health counselors, marriage and family therapists, professional art therapists, alcohol and drug abuse counselors, and physical therapists who qualify.

Hours Required to Qualify

An eligible health care practitioner must have provided health care at a practice site located in an approved rural health care under served area during a taxable year for at least:

- 1,584 hours to qualify for the full credit amount
- 792 hours, but less than 1,584 hours, to qualify for one-half the full credit amount.

Carry Forward for Three Years

If the amount of the credit you claim exceeds your tax liability for the taxable year for which you are claiming the credit, you can carry forward the excess for three consecutive tax years. This credit is not refundable.

How To Apply For This Credit

Before an eligible health care practitioner may claim the rural health care practitioner tax credit, the practitioner must apply to DOH for a certificate of eligibility for the credit. When DOH approves a practitioner, DOH issues a certificate to the qualified eligible health care practitioner.

Lists of Locations Approved by DOH

DOH compiles and annually revises lists of approved rural practice locations. These revisions reflect any changes in the need for health practitioners throughout the state.

Separate lists are available for different categories of health care practitioners. The lists are compiled with the input of a program advisory group that includes representatives from several health professions.

How To Claim This Credit

After you receive the certificate of eligibility from DOH, you can claim the credit by following these steps:

1. Complete Form RPD-41326, *Rural Health Care Practitioner Tax Credit Claim Form*.
2. Complete FID-CR. In the **Credit Approval Number** box, enter the credit approval number issued to you by DOH.
3. Attach the following to your FID-1:
 - RPD-41326
 - FID-CR
 - Copy of the certificate of eligibility received from DOH
4. Submit your FID-1 and all attachments.

For More Information

For a copy of location lists and for more information about certification of eligibility, contact DOH at (505) 841-5849 or visit their website at <https://www.nmhealth.org/>. The physical address of DOH is 300 San Mateo NE, Suite 900, Albuquerque, NM 87108.

Renewable Energy Production Tax Credit (R03)

Personal income and corporate income taxpayers receive credit for producing electricity by solar light or heat, wind, or biomass for an eligibility period of 10 consecutive years beginning on the date the qualified energy generator begins producing electricity.

Deduct, Refund, or Carry Forward for Five Years

This refundable credit is not currently available to apply for but you may deduct an existing credit from your fiduciary income tax liability for which you are claiming the credit.

If the amount of the tax credit exceeds your personal income tax liability for the tax year, one of the following is possible:

- If the tax credit was issued with respect to a qualified energy generator that first produced electricity using a qualified energy resource on or after October 1, 2007, the state refunds the excess to you.

Or

- You may carry forward the excess credit for five years.

How To Claim This Credit

When you receive approval from EMNRD, follow these steps to claim the credit:

1. Complete Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*.
2. Complete FID-CR. In the **Credit Approval Number** box, enter the last day of the tax year when the electricity was produced for which you are claiming a credit or a carryforward.
3. Attach the following to your FID-1:
 - RPD-41227
 - Certificate of eligibility from EMNRD
 - Allocation Notice approved by EMNRD, if applicable

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- FID-CR
- A copy of the letter from EMNRD certifying treatment as a qualified donation

4. Submit your PIT-1 and all attachments.

Solar Market Development Tax Credit (S01)

(Repealed July 1, 2025)

A taxpayer who has received certification from EMNRD for the purchase and installation of a qualified photovoltaic or solar thermal system in a residence, business, or agricultural enterprise in New Mexico owned by that taxpayer may claim the credit. The photovoltaic or solar thermal system must be purchased and installed after January 1, 2006, but before **December 31, 2016**.

NOTE: The solar market development tax credit is reported on Schedule FID-CR, as credit type code S01. The renewable energy tax credit is reported on Schedule FID-CR, as credit type code R03. These credits are not the same credit.

Carry Forward for 10 Years

This non-refundable credit is not currently available to apply for but you can carry an existing credit forward for the maximum of 10 consecutive years from the first eligible year in which the certificate from EMNRD was issued.

How To Claim This Credit

When you receive approval from EMNRD, follow these steps to claim the credit:

1. Complete Form RPD-41317, *Solar Market Development Income Tax Credit Claim Form*.
2. Complete FID-CR. In the **Credit Approval Number** box, enter the certificate number shown on the certificate of eligibility EMNRD issued to you.
3. Attach the following to your FID-1:
 - RPD-41317
 - FID-CR
 - A copy of the letter from EMNRD certifying the project
4. Submit your FID-1 and all attachments.

IMPORTANT: To claim this credit, you must have a certificate from EMNRD issued to you before December 31, 2016.

Sustainable Building Tax Credit (S02)

(Repeal July 1, 2025)

A taxpayer with qualified construction or renovations made after January 1, 2017 but ending on or before December 31, 2026, should contact the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) to certify your eligibility to claim the New Sustainable Building Tax Credit.

Carry Forward for 7 Years

This non-refundable credit is not currently available to apply

for but you can carry an existing credit forward for the maximum of 7 consecutive years from the first eligible year that the credit was approved to be claimed by the Department.

How To Claim This Credit

When you receive approval from the Department, follow these steps to claim the credit:

1. Complete Form RPD-41329, *Sustainable Building Tax Credit Claim Form*
2. Complete FID-CR. In the **Credit Approval Number** box, enter the credit number assigned by the Department on Form RPD-41327, *Sustainable Building Tax Credit Approval*. If the credit was transferred to you, enter the new credit number assigned on Form RPD-41342, *Notice of Transfer of Sustainable Building Tax Credit*.
3. Attach the following to your FID-1:
 - RPD-41329
 - FID-CR
 - Copies of the letter of eligibility
4. Submit your FID-1 and all attachments.

2015 Sustainable Building Tax Credit (S03)

(Repealed July 1, 2025)

A credit is available for construction in New Mexico of a sustainable building, for renovation of an existing building in New Mexico into a sustainable building, or for permanent installation of manufactured housing that is a sustainable building, regardless of where the housing is manufactured. You may claim the credit for tax years from January 1, 2017 through December 31, 2024.

The credit is available for residential and commercial buildings after the construction, installation, or renovation of the sustainable building is complete. To qualify for the tax credit, the building must have achieved a silver or higher certification level in the Leadership in Energy and Environmental Design (LEED) green building rating system or the Build Green NM rating system.

Carry Forward for Seven Years

This credit is not refundable, but you can carry the credit forward for seven years from the first eligible year that the credit is approved to be claimed by the Department.

How To Apply For This Credit

To apply for this credit, follow these steps:

1. Contact the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) to certify your eligibility.
2. After you receive the certificate of eligibility from EMNRD, promptly complete Form RPD-41382, *2015 Sustainable Building Tax Credit Approval*.
3. Submit RPD-41382 and a copy of the certificate of eligibility

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to the Department.

How To Claim This Credit

When you receive approval from the Department, follow these steps to claim the credit:

1. Complete Form RPD-41383, *2015 Sustainable Building Tax Credit Claim Form*
2. Complete FID-CR. In the **Credit Approval Number** box, enter the credit number assigned by the Department on Form RPD-41382, *2015 Sustainable Building Tax Credit Approval*. If the credit was transferred to you, enter the new credit number assigned on Form RPD-41384, *Notice of Transfer of 2015 Sustainable Building Tax Credit*.
3. Attach the following to your FID-1:
 - RPD-41383
 - FID-CR
 - Copies of the letter of eligibility
4. Submit your FID-1 and all attachments.

New Solar Market Development Tax Credit (S04)

A taxpayer who has purchases and installs a qualified photovoltaic or solar thermal system in a residence, business, or agricultural enterprise in New Mexico owned by that taxpayer or, **after May, 15 2024**, by a federally recognized Indian nation, tribe or pueblo and held in leasehold by that taxpayer may claim the credit. The photovoltaic or solar thermal system must be purchased and installed **on or after March 1, 2020, but before December 31, 2031**. The credit can be claimed on a personal or fiduciary income tax return beginning on or after January 1, 2020.

How To Apply For This Credit

The taxpayer must apply for a certification of eligibility with the Energy, Minerals and Natural Resources Department (EMNRD) before claiming this credit. To apply for the credit, contact the Energy Conservation and Management Division of EMNRD at (505) 476-3310, or visit their web site <https://www.emnrd.nm.gov>

NOTE: The solar market development tax credit is reported on Schedule FID-CR, as credit type code S04. The renewable energy tax credit is reported on Schedule FID-CR, as credit type code R03. These credits are not the same credit.

Carry Forward for 5 Years

For taxpayer who claimed this credit on their 2020 and 2021 returns only. You can carry an existing credit forward for the maximum of 5 consecutive years from the first eligible year in which the certificate from EMNRD was issued. **Note:** This credit is non-refundable for taxpayers who claimed the credit prior to January 1, 2022.

Refundable Credit

For taxpayer who claim the credit on or after January 1, 2022,

the portion of the new solar market development tax credit that exceeds the taxpayer's tax liability shall be refunded to the taxpayer.

Sold, Exchange, or Transfers

Effective January 1, 2022 (HB-163 (2022)) a certificate of eligibility for a new solar market development tax credit may be sold, exchanged, or otherwise transferred to another taxpayer for the full value of the credit. The Taxation and Revenue Department shall be notified of the sale, exchange, or transfer within ten days.

How To Claim This Credit

When you receive the certificate of eligibility from EMNRD, follow these steps to claim the credit:

1. Complete TRD-41406, *New Solar Market Development Income Tax Credit Claim Form*.
2. Complete FID-CR. In the **Credit Approval Number** box, enter the certificate number shown on the certificate of eligibility EMNRD issued to you.
3. Attach the following to your FID-1:
 - TRD-41406
 - FID-CR
 - A copy of the certificate of eligibility from EMNRD
4. Submit your FID-1 and all attachments.

Any credit claimed that is over the taxpayer's liability shall be refunded. The credit can be sold, exchanged, or transferred to another taxpayer for the full value of the credit. The credit shall be claimed within three taxable years of the end of the year in which EMNRD certifies the credit.

IMPORTANT: To claim this credit, you must have a certificate from EMNRD issued to you on or after March 1, 2020, and before December 31, 2031.

2021 Sustainable Building Tax Credit (S05)

A 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, regardless of where the housing is manufactured, that is a sustainable building or the installation of energy-conserving products to existing buildings in New Mexico. You may claim the credit for tax years prior to January 1, 2030.

If the certification level for a sustainable residential building is awarded on or after January 1, 2021, EMNRD may issue a certificate of eligibility to a building owner who is:

- The owner of the sustainable residential building at the time the certification level for the building is awarded, **or**
- The subsequent purchaser of a sustainable residential building with respect to which no tax credit has been previously claimed.

The credit is available to the building owner of residential and commercial buildings, after the construction, installation,

Line Instructions to Complete the FID-CR

or renovation of the sustainable building is complete. To be eligible, the building owner must obtain a Certificate of Eligibility issued by the Energy, Minerals and Natural Resources Department (EMNRD). To claim the credit, the taxpayer must submit Taxation and Revenue Department required forms and Certificate of Eligibility with the taxpayer's income tax return.

Carry Forward for Seven Years

If the sum of all 2021 Sustainable Building Tax Credits that can be claimed in a tax year for a taxpayer, exceeds the taxpayer's income tax liability for that tax year, the excess may be carried forward for a period of up to seven years.

Refundable Credit

This credit is considered non-refundable. However, if the taxpayer is a low-income taxpayer, the excess shall be refunded to the taxpayer.

"Low-income taxpayer" means a taxpayer with an annual household adjusted gross income equal to or less than two hundred percent of the federal poverty level (200% of the FPL or less) guidelines published by the United States department of health and human services.

How To Apply For This Credit

To apply for this credit, follow these steps:

1. Contact EMNRD to certify eligibility.
2. After EMNRD approves the credit they will issue the taxpayer a Certificate of Eligibility.

How To Claim This Credit

Follow these steps to claim the credit:

1. Complete TRD-41252, *2021 Sustainable Building Tax Credit Claim Form*.
2. Complete FID-CR, including these columns:
 - Column A. Enter S05.
 - Column B. Enter the credit number assigned by the Department on Certificate of Eligibility. If the credit was transferred to you, enter the new credit number assigned on Form TRD-41253, 2021 Sustainable Building Tax Credit Notice of Transfer.
 - Column C. Enter the amount of the credit you want to apply to the tax liability.
 - Column D. If you are eligible for a refund, enter the amount to refund.
3. Attach the following to the FID-1:
 - TRD-41252
 - FID-CR
 - A copy of the Certificate of Eligibility or Notice of Transfer
4. Submit the FID-1 and all attachments to the Department.

For More Information

To learn more, visit <https://www.emnrd.nm.gov> or call (505) 476-3200.

Technology Jobs And Research And Development Tax Credit (T02)

This credit is 5% of qualified expenditures for conducting research and development. An additional 5% credit is available if the taxpayer increases its annual payroll by at least \$75,000 for every \$1 million in qualified expenditures it claims in a tax year. The basic and additional credits double for businesses in rural areas. To be eligible, qualified expenditures must be made on or after January 1, 2016.

The taxpayer must make the eligible expenditures for research and development at a qualified facility. For more information on qualified expenditures, see the instructions for Form RPD-41385, *Application for Technology Jobs and Research and Development Tax Credit*.

The holder of the Technology Jobs and Research and Development Tax Credit document may apply all or part of "basic" credits against the holder's combined state compensating, withholding, and gross receipts tax, less any local option gross receipts tax. "Basic" credit may be not be refunded but may be carried forward for three years from the date of the original claim.

If you have earned "additional" credits, you may claim that amount against personal or corporate income taxes. If the taxpayer is a qualified research and development small business, a portion of the "additional" credit can be refunded, based on the taxpayer's total qualified expenditures made in a tax year. Any credit not claimed against the taxpayer's income tax or corporate income tax due, or refunded, may be carried forward for three years from date of the original claim.

NOTE: Taxpayers who claim the research and development small business tax credit are ineligible to claim the investment tax credit or the technology jobs and research and development tax credit for the same reporting period.

How To Apply For This Credit

To apply for the basic and additional credit, do the following:

1. Complete Form RPD-41385.
2. Send it along with your expenditure and payroll increase documentation to the address on RPD-41385.

How To Claim This Credit

After you receive approval from the Department, you may claim the credit by following these steps:

1. Complete Form RPD-41386, *Technology Jobs and Research and Development Tax Credit Claim Form*.
2. Complete Schedule FID-CR.
 - **Column A.** Enter T02.
 - **Column B.** Credit Approval Number box, enter the

Line Instructions to Complete the FID-CR

credit approval number the Department issued to you. The number is identified on your credit approval letter. If the letter does not show a credit approval number, leave this box blank.

- **Column C.** Amount Claimed Applied To Tax Due box, indicate the amount of the credit you want to apply to your liability.
- **Column D,** indicate the amount of the credit to be re-funded, if eligible.

3. Attach the following to your FID-1:

- RPD-41386
- FID-CR

4. Submit RPD-41386 and FID-CR along with your FID-1.

Line Instructions to Complete the FID-D

FID-D

Detail of Beneficiary Withholding, and Composite Tax.

WHO MUST FILE: In a given year, an estate or trust that distributes New Mexico allocable net income taxable to its beneficiaries is a Pass-Through Entity (PTE) subject to withholding tax pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act (Sections 7-3A-1 through 7-3A-9 NMSA 1978). As a PTE, the estate or trust is required to withhold from the non-resident beneficiary's share of taxable New Mexico net income.

On Schedule FID-D the estate or trust must:

- report each beneficiary's share of net income allocable to New Mexico.
- remit the New Mexico tax withheld for each non-resident beneficiary.

The estate or trust must report the details for all recipients to whom it distributes taxable New Mexico net income. If the distributed income is not taxable to the recipient, as in the case of some grantor trusts, including living trusts, the distributed income is not included on the FID-D schedule.

The PTE must indicate **no** on line 5 and fill in a reason code on line 6 on the FID-D, if the PTE entered into an agreement with the beneficiary that the beneficiary files and pays the tax due on the beneficiary's share of allocable net income of the PTE.

WHEN TO FILE: FID-D, *for Fiduciary Income Tax Returns*, is due on or before the due date of the entity's federal return for the tax year. If the due date of the return falls on a Saturday, Sunday or state or national legal holiday, the return is timely if the postmark bears the date of the next business day.

HOW TO FILE: If an estate or trust that has 51 or more beneficiaries who receive New Mexico taxable net income, the estate or trust is required to file the FID-1 along with Schedule FID-D on TAP at <https://tap.state.nm.us> or through tax preparation software. The Department will reject a FID-1 filed in paper format when an estate or trust is required to file online.

The web application allows you to complete the owners information on an Excel template and import the file. Click

"Frequently Asked Questions" on the TAP homepage and select the Templates tab.

Bulk filing allows the filer to upload multiple returns and payments via an XML file into TAP for processing. Bulk filing is primarily used by tax preparers who are filing multiple returns and payments for their clients. Click "Frequently Asked Questions" on the TAP homepage and select the Bulk tab.

File With Paper

If an estate or trust has 50 or fewer New Mexico payees, the estate or trust may file the FID-1 using a paper form. When filing using the paper FID-D, attach the schedule to the FID-1 form, and mail to the address on page 1 of these instructions.

An estate or trust that is required to file online may request Department approval to file by paper if it is unable to file online because a hardship exists. The estate or trust may request approval by filing Form RPD-41350, *E-File Exception Request Form*. The request must be received by the Department **at least 30 days before** the taxpayer's electronic report is due.

HOW TO PAY: Make a payment towards tax due on TAP. On the TAP homepage, click Make a Payment, Business then select Fiduciary Income Tax.

You may pay by check or money order using payment vouchers. Use Form FID-PV to make your payment. Use Form FID-EXT when making an extension payment to avoid accrual of interest. Mail the payment and the payment voucher to the address on the voucher.

REFUNDS: If requesting a refund due to an overpayment of tax withheld, you also must file Form RPD-41373, *Application for Refund of Tax Withheld From Pass-through Entities*. Note: The Department may require that both the estate's or trust's income tax return and its FID-D be filed before a refund can be verified.

Other Reporting Requirements. Estates and trusts are also required to provide sufficient information to allow beneficiaries to comply with the provisions of the Income Tax Act and the Corporate Income and Franchise Tax Act, with respect to the beneficiary's share of the taxable net New Mexico income.

An estate or trust uses federal Forms 1099-Misc, *pro forma* 1099-Misc, or Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, to report to the beneficiaries the allocable net income and the New Mexico tax withheld. These forms must be provided to the beneficiary by February 15th of the year following the year for which the statement is made. The estate or trust is not required to submit these forms to the Department.

The fiduciary must also furnish each beneficiary with a statement detailing the amount of distributed income allocable or apportionable to New Mexico for each type of income

Line Instructions to Complete the FID-D

shown on Federal Schedule K-1. In addition, this statement is expected to show the amount of each beneficiary's share of interest from obligations of the U.S. government and federally tax-exempt interest distributed from the estate or trust, and the portion of such items allocable to New Mexico.

Verification of Income Tax Information. The Department is required to compare the tax information received from the estate or trust with the records of the beneficiaries who file returns with New Mexico. If the Department determines that a beneficiary is not paying the proper tax on net income, the Department may request that the estate or trust show reasonable cause for not withholding. See table **T2. Reason Codes: Withholding Not Required** for a complete list of exceptions on page 39 of these instructions.

If the Department determines that a non-resident beneficiary is not paying New Mexico income tax on the allocable net income of the estate or trust, the Department will notify the estate or trust that the estate or trust must withhold from future net income of the owner. If an estate or trust and non-resident owner entered into an agreement, using Form **RPD-41353**, pursuant to Section 7-3A-3(G) NMSA 1978, the agreement must be revoked and the estate or trust will be held responsible for future tax required to be withheld from the beneficiary.

LINE INSTRUCTIONS FID-D and FID-D Supplemental

Line 1a. Beneficiary SSN/ITIN/FEIN. This information is required.

Line 1b. ID Provided. Check the box to indicate which ID type was provided on line 1a, SSN/ITIN or FEIN.

Line 2. Beneficiary Name. Provide the beneficiary's first, middle, and last name.

Line 3a. Beneficiary Address (Number and Street). This field allows for two row entry, please provide full address.

Line 3b. City. Enter in the City for the address provided on 3a.

Line 3c. State. Enter in the State for the address provided on 3a.

Line 3d. ZIP Code/ Postal Code. Enter in the ZIP code and, if applicable, the Postal code for the address provided on 3a.

Line 3e. Mark if outside of the US/Country Code. If outside of the US check the box and provide the two character country code in the space allowed. You can find the country codes listed on the IRS website: <https://www.irs.gov/e-file-providers/foreign-country-code-listing-for-modernized-e-file>.

Line 4. Residency Status. Provide the beneficiary's New

Mexico resident status.

- N- Non-resident
- R- Resident

Line 5. Withholding required.

- **Y** for **Yes**, withholding required, skip line 6.
- **N** for **No**, withholding not required. If **No**, line 6 is required. Withholding is not required if the Fiduciary is filing a composite return for the beneficiary. See table **T2. Reason Codes: Withholding Not Required**, on page 39, for reasonable causes for not withholding.

Line 6. Reason Code. Enter the **Reason Code** in the box to identify the reasonable cause for not withholding. New Mexico regulations recognize the following reasonable causes for not withholding. See table **T2. Reason Codes: Withholding Not Required**, on page 39.

Approval Required for Other Reasonable Causes

If you believe the PTE has a valid reason for not withholding from a beneficiary, other than the reasons listed on page 37, the Secretary's approval of your reason before filing gives the PTE the right not to withhold. A request requires detailed information to support an alternative reasonable cause for not withholding.

To request the Secretary's approval, submit a written request to:

New Mexico Taxation and Revenue Department
Corporate Income Tax Unit
P.O. Box 630
Santa Fe, NM 87504-0630

Line 7. Beneficiary share of allocable net income. Enter the beneficiary's share of the fiduciary's allocable net income. The total of all lines 7 for all schedules should equal the amount reported on FID-1, page 1, lines 13, **Total allocable net income**.

Line 8. Beneficiary share of withholding tax. Enter the beneficiary's share of withholding tax. This is equal to the beneficiary's share of withholding tax the fiduciary paid and reported to the beneficiary.

IMPORTANT: If a fiduciary requests a refund of overpayment of tax withheld on its New Mexico income tax return, do not include the refund amount.

NOTE: When determining the amount of tax to withhold for each owner, see **Adjustments To The Amount Withheld** at the end of these instructions.

Line 9. Amount of Beneficiary Composite Tax. Amount of composite tax the fiduciary has paid for the non-resident beneficiary. The total of all line 9 amounts for all FID-D

Line Instructions to Complete the FID-D

schedules should equal the amount on the FID-1, page 1, line 21, **Total amount of composite income tax**.

ADJUSTMENTS TO THE AMOUNT WITHHELD

A fiduciary may make the following adjustments to the amount withheld:

- You may reduce, but not below zero, the amount of tax withheld from the beneficiary's net income by the amount required to withhold for oil and gas proceeds.
- If a fiduciary deducted and withheld an amount, pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act, from the net income of a beneficiary that is also a PTE, the beneficiary-PTE may take credit for that amount in determining the amount the beneficiary-PTE must withhold and deduct.

More About RPD-41353

RPD-41353 is required documentation showing the PTE and non-resident owner entered into an agreement that the non-resident owner agrees to pay New Mexico tax on the owner's share of the PTE's allocable net income. All PTEs except personal services businesses may enter into this agreement with its owners. Keep RPD-41353 in your files with the PTE's

other records. Unless you receive a Department request that requires you to furnish a true and correct copy of this agreement, do not submit RPD-41353 to the Department.

DEFINITIONS

Distributed net income of a pass-through entity shall equal the amount of net income of the pass-through entity allocated and apportioned to New Mexico pursuant to the Uniform Division of Income for Tax Purposes Act, less allocations of net income from that amount to:

- (1) the United States, this state or a political subdivision of either;
- (2) a federally recognized Indian nation, tribe or pueblo located wholly or partially in New Mexico, or any political subdivision thereof;
- (3) an organization that has been granted exemption from the federal income tax by the United States commissioner of internal revenue as an organization described in Section 501(c)(3) of the Internal Revenue Code; or
- (4) a corporate partner that would properly include the income in the partner's New Mexico tax return as part

Pass-Through Entity Withholding Tax Rate Table

If your report period begins on or after:	The effective rate is:
Jan. 1, 2011	4.9%
Jan. 1, 2021	5.9%

Line Instructions to Complete the FID-D

of the partner's unitary business income.

Net Income means, for any PTE, the income reported to an owner, by the PTE for federal income tax purposes, including ordinary business income or loss, net rental income or loss, guaranteed payments to a partner of a partnership, dividends, royalties and capital gain or loss, less associated deductions, plus interest earned on a state or local bond, less interest earned on a bond issued by the State of New Mexico or its political subdivisions, less income from obligations of the United States less expenses incurred to earn that income.

Owner means a partner in a partnership not taxed as a corporation for federal income tax purposes for the tax year, a shareholder of an S corporation or of a corporation other than an S corporation that is not taxed as a corporation for federal income tax purposes for the tax year, a member of a limited liability company, or any similar person holding an ownership interest in any pass-through entity. Owner also means a performing artist to whom payments are due from a personal services business.

Pass-through entity means a personal services business or any other business association other than any one of the following:

- A sole proprietorship
- An estate or trust that does not distribute income to beneficiaries
- A corporation, limited liability company, partnership or other entity not a sole proprietorship taxed as a corporation for federal income tax purposes for the tax year
- A partnership that is organized as an investment partnership in which the partner's income is derived solely from interest, dividends and sales of securities
- A single member limited liability company that is treated as a disregarded entity for federal income tax purposes
- A publicly traded partnership as defined in Subsection (b) of Section 7704 of the Internal Revenue Code

Partnership means a combination of persons, including a partnership, joint venture, common trust fund, association, pool or working agreement, or any other combination of persons treated as a partnership for federal income tax purposes.

Personal services business means a business organization that receives payments for the services of a performing artist for purposes of the film production tax credit.

Instructions to Complete the FID-D, Line 6

T2. Reason Codes: Withholding Not Required	
Reason Codes	Explanation
Code 1	Documentation is on file showing that the beneficiary maintains its place of business or residence in New Mexico and any of the following is true: • The owner's address on Form 1099-MISC, pro forma 1099-MISC, or RPD-41359, <i>Annual Statement of Pass-Through Entity Withholding</i>, is a New Mexico address. • An individual has a signed RPD-41354, <i>Declaration of Principal Place of Business or Residence in New Mexico</i>, on file that declares the individual is a resident of New Mexico and the physical location of the individual's abode is in New Mexico. • A corporation has a signed RPD-41354, <i>Declaration of Principal Place of Business or Residence in New Mexico</i>, on file that declares the corporation's principal place of business is in New Mexico. NOTE: Keep RPD-41354 in your files with the PTE's other records. Unless you receive a Department request that requires you to furnish a true and correct copy of this agreement, do not submit RPD-41354 to the Department. • A corporation incorporated in New Mexico has on file Articles of Incorporation and sufficient portions of those papers demonstrate incorporation in New Mexico, or information from the Secretary of State, Corporation Bureau website indicates the corporation is a New Mexico corporation in good standing and shows its address.
Code 2	Documentation is on file showing that the PTE and owner executed the tax agreement RPD-41353, in which the beneficiary agreed to report and pay the amount to the Department on behalf of the fiduciary. If the fiduciary has on file a signed RPD-41353, <i>Owner's or Remittee's Agreement to Pay Withholding on Behalf of a Pass-through Entity or Remitter</i>, use this code. The owner satisfies the terms of the agreement by filing a New Mexico income tax return and paying the tax due. If the Department notifies the fiduciary that the beneficiary failed to remit the required payment, the RPD-41353 agreement is no longer acceptable by the Department as reasonable cause for failure to withhold. The fiduciary is not responsible for withholding on the net income earned in periods that ended before the Department's notification.
Code 3	Documentation shows the U.S. Commissioner of Internal Revenue granted the owner exemption from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition to this documentation, on file is a copy of the owner's Form W-9 or a copy of the IRS determination letter. IMPORTANT: If the income constitutes unrelated income, the obligation to deduct and withhold from payments applies to these organizations.
Code 4	Documentation is on file showing the owner is the U.S., New Mexico, or any agency, instrumentality, or political subdivision.
Code 5	Documentation is on file showing the owner is a federally-recognized Indian nation, tribe, or pueblo or any agency, instrumentality, or political subdivision thereof.
Code 6	Documentation is on file showing the PTE's inability to make payment of withholding from net income for the tax year due to non-availability of cash, or due to contracts and other binding written covenants with unrelated third parties. However, if the PTE made cash payment(s) to any owner during the tax year, the PTE is liable for payment of the withholding amount due up to the extent of those cash payment(s).
Code 7	The PTE made a timely election for federal income tax purposes that changes the net income of a PTE in a prior quarter.
Code 8	For tax years 2014 through 2018, the PTE elected pursuant to Section 26 U.S.C. 108(i) to defer income from the discharge of indebtedness in conjunction with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument for the period 2014 through 2018, and the entity has insufficient cash to remit the withholding amount due on the deferred income reported in the year.
Code 9	The owner is an insurance company, reciprocal, or interinsurance exchange that pays a premium tax to New Mexico and falls under the provisions of Section 59A-6-6 NMSA 1978.
Code 10	The amount to withhold from an owner's allocable share of the net income in any calendar year is less than \$100.
Code 11	A composite income tax return is being filed on the owner's behalf under Section 7-3-14 NMSA 1978

Completing Vouchers and Payments

Fiduciary Income Tax Vouchers

WHO MUST MAKE ESTIMATED PAYMENTS?

Certain trusts and estates who are required to file a New Mexico fiduciary income tax return under the Income Tax Act are required to pay estimated income tax through either withholding or estimated tax payments. **A penalty is imposed for underpayment or nonpayment of estimated tax.**

Exception: Any trust subject to the tax imposed by Section 511 of the Internal Revenue Code or that is a private foundation **IS NOT** required to make estimated payments. With respect to any tax year ending before the date two years after the date of the decedent's death, **NO** estimated payments are required of the estate of the decedent or of any trust all of which was treated under Subpart E of Part I of Subchapter J of Chapter 1 of the Internal Revenue Code as owned by the decedent and to which the residue of the decedent's estate will pass under the decedent's will.

No penalty for underpayment of estimated income tax is due if:

- you are a first-year resident estate or trust;
- your tax for the current year less any amounts withheld is less than \$1,000*;
- the tax liability for the tax year is less than \$1,000, or
- you are a full-year New Mexico resident estate or trust whose previous tax year was a tax year of 12 months, and you owed zero tax for the preceding tax year.

*For tax years beginning on or after January 1, 2012, the penalty for underpayment of estimated tax is not applied if the difference between the tax for the current year, less amounts withheld, is under \$1,000. The threshold for prior year returns was \$500.

An equal amount of the tax withheld shall be considered as paid on each installment due date unless the taxpayer established the dates on which all amounts were actually withheld. This provision may be applied separately to wage and pension withholding and any other amounts withheld under the Withholding Tax Act.

HOW MUCH ESTIMATED TAX SHOULD BE PAID?

To calculate how much estimated tax should be paid, you must first determine the "**required annual payment**" or the total amount of estimated tax to be paid during the tax year. Once you have determined the required annual payment, then determine the amount and timing for each estimated installment tax payment.

What is the required annual payment? The required annual payment is the lesser of:

1. 90% of the tax shown on the current year return (or the tax for the year, if no return is filed), or

2. 100% of the tax shown on the prior year return, provided a return was filed and the prior year was a full 12-month year.

WHAT IS THE AMOUNT OF THE ESTIMATED INSTALLMENT PAYMENTS AND WHEN ARE THEY DUE?

Generally, four equal installments of the "required annual payment" are due on or before the 15th day of the fourth, sixth, and ninth months of the tax year and the first month following the tax year. For calendar year taxpayers those dates are:

- April 15
- June 15
- September 15
- January 15

If any due date for making an estimated payment falls on a Saturday, Sunday, state or national legal holiday, the estimated payment is filed timely if the postmark bears the date of the next business day. Delivery through a private delivery service is considered timely if the date recorded or marked by the private delivery service is on or before the required mailing date.

SPECIAL RULES APPLY TO CERTAIN TRUSTS OR ESTATES.

There are exceptions to the general rules for determining the timing and amount of each estimated installment payment and for determining receipt of estimated payments. Each exception is described below under *Alternative Methods* for calculation of estimated income tax. Trusts and estates electing to calculate the underpayment penalty using one of these alternative methods must complete question E at the top page 1, FID-1. You need to complete this line **only** if you have elected to use an alternative method for computing estimated tax due. Also see the instructions for completing question E.

ALTERNATIVE METHODS for calculation of estimated income tax.

Annualized income. Trusts and estates with seasonal income can use a modified annualization method to determine the amount and timing of their estimated payments. If a taxpayer does not have annualized income based on actual income received through March 31 sufficient to cause a required payment, then no payment is required. The test dates for subsequent payments are May 31, August 31 and December 31. Based on actual income received, if an estate or trust is not required to make a payment for a specific period, the estate or trust may have to make up later in the year for not paying the earlier installment.

Farm and Ranch income. The law provides a special rule, identical to the federal rule, for a estate or trust when at least two-thirds of gross income is from farming or ranching in the

Completing Vouchers and Payments

prior year. A estate or trust that meets the gross income test may:

- make one estimated payment in the amount of the "required annual payment" on or before January 15 of the year following the tax year of the return, or
- file and pay in full on or before March 1 of the year following the tax year of the return.

Trusts or estates who wish to compute estimated installment payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year. The New Mexico income tax deducted and withheld by an employer is a payment of estimated tax. An equal amount of the tax withheld shall be considered as paid on each installment due date unless the taxpayer establishes the date on which all amounts were actually withheld. This provision may be applied separately to wage and pension withholding and other amounts withheld under the Withholding Tax Act.

HOW DO I CALCULATE PENALTY FOR UNDERPAYMENT OR NON-PAYMENT OF ESTIMATED TAX?

Once you have determined the timing and amount of each estimated installment payment, calculate your underpayment. Underpayment or nonpayment of estimated tax is subject to penalty on the difference between the estimated tax payment made and the amount of estimated tax computed to be due. Penalty accumulates from the due date of the estimated tax payment until the earlier of:

1. the date the payment is made, or
2. the 15th day of the fourth month following the close of the tax year.

New Mexico calculates penalty on underpayment of estimated tax at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC), computed on a daily basis.

Calculate interest at the daily interest rate for the quarter of the unpaid amount for each day the payment is late. The annual and daily interest rate for each quarter is posted on the Department website at www.tax.newmexico.gov. In the black navigation bar at the top, click **INDIVIDUALS**. Under **FILE YOUR TAXES**, select **Penalty & Interest Rates**.

The formula for computing interest is:

$$\text{Tax due} \times \text{the daily interest rate for the quarter} \\ \times \text{number of days late} = \text{interest due.}$$

No penalty will be imposed on the fourth estimated payment if the taxpayer files a return and pays the full amount due on or before January 31 following the close of the tax year.

If the balance due is \$1,000 or more, the Department first determines if the required annual payment was made. If it was, no penalty is assessed. If it was not, the Department will calculate the underpayment penalty and issue an assessment. The amount of the assessment can be protested and additional information provided if you believe the assessment is in error.

COMPLETING THE FID-ES FORM.

Please type or print all entries in blue or black ink. Do not use pencil. Enter the tax year end for which you are making the estimated payment, e.g. 12/31/2026. Please mark the appropriate box for the period to which the estimated payment applies. If the estate or trust is a fiscal year filer, mark the box for the appropriate comparable period. For example, if the trust has a September 30 year end, the first estimated payment is due on the fifteenth day of the fourth month or January 15. The comparable payment date for a calendar year estate or trust is 1st quarter, April 15. Mark that box. Enter the identifying information for the estate or trust where indicated. Enter the amount of payment remitted with the FID-ES payment voucher.

MAKING PAYMENT BY CHECK OR MONEY ORDER

You must complete a FID-ES payment voucher and mail it along with your check or money order to:

New Mexico Taxation and Revenue Department
Attn: 2026 FID-ES
P.O. Box 25127
Santa Fe, NM 87504-5127

Please write the federal identification number of the estate or trust and "2026 FID-ES" on the check or money order made payable to New Mexico Taxation and Revenue Department. Please do not mail cash. Please **DO NOT** combine a payment of estimated tax with any other payment.

NOTE: When printing a payment voucher from the Internet, the printer setting "Page Scaling" should be set to 'none' to prevent resizing. The payment vouchers are processed through high-speed scanners. Do not cut the bottom portion of the voucher except where indicated--**cut on the dotted line only**. If your payment voucher has a scanline printed on it, do not write in the area around the scanline. A scanline is located within the bottom 1 -1/2 inch of the voucher.

MAKING PAYMENT ON THE INTERNET

You can pay online through Taxpayer Access Point (TAP) at <https://tap.state.nm.us>. Under **GENERAL TASKS**, click **Make a Payment** and then **Business**. From the **Account Type** drop-down, select **Fiduciary Income Tax**. You may pay via electronic check at no charge. You may also pay via credit card; a convenience fee is applied for credit card payments.

New Mexico Taxpayer Bill of Rights

Most tax transactions happen without incident. In an imperfect world, however, occasional disagreements occur through misunderstanding, mathematical error, missed deadlines, misplaced papers, high volume of transactions and many other situations.

Over the years the Legislature and the Department have established ways to handle difficulties according to the provisions of the state tax code. Following are some of your rights. Should you wish to consult the law itself, you will find it in Sections 7-1-4.1 through 7-1-4.3 NMSA 1978:

- The right to available public information and prompt and courteous tax assistance;
- The right to representation and advice by counsel or other qualified representatives at any time during your interactions with the department according to provisions of Section 7-1-24 NMSA 1978, or with the Administrative Hearings Office in accordance with the provisions of the Administrative Hearings Office Act;
- The right to have audits, inspections of records and meetings conducted at a reasonable time and place according to Section 7-1-11 NMSA 1978;
- The right to simple, non-technical information explaining procedures, remedies and rights during audit, protest and collection proceedings under the Tax Administration Act;
- The right to receive an explanation of audit results and the basis for audits, assessments or denials of refunds that identify tax, interest or penalty due;
- The right to seek review through formal or informal proceedings of findings or unfavorable decisions arising from determinations during audit or protest procedures according to Section 7-1-24 NMSA 1978 and the Administrative Hearings Office Act;
- The right to have your tax information kept confidential unless otherwise specified by law in Sections 7-1-8.1 through 7-1-8.10 NMSA 1978;
- The right to an abatement of an assessment of taxes incorrectly, erroneously or illegally made (Section 7-1-28 NMSA 1978) and a right to seek a compromise of an asserted tax liability. When the Secretary of Taxation and Revenue in good faith doubts that you owe us what we claim you owe, you also have the right to seek a compromise if one exists in your particular case (Section 7-1-20 NMSA 1978);
- The right to clear information of the consequences if a tax assessment is not paid, secured, protested or otherwise provided for according to Section 7-1-16 NMSA 1978. If you become a delinquent taxpayer, upon notice of delinquency you have the right to timely notice of collection actions that require sale or seizure of your property under the Tax Administration Act, and

- The right to pay your tax obligations by installment payment agreements according to the provisions of Section 7-1-21 NMSA 1978.

Confidentiality Provisions:

Statutes regulating the confidentiality of your taxes continue to be strict. The Legislature included language in Section 7-1-8 NMSA 1978 requiring the Department to answer questions about whether a taxpayer is registered to do business in this state or is registered for other tax programs, but it does not allow employees to reveal whether you have filed a return.

A hearing officer's written ruling on questions of evidence or procedure according to the provisions of the Administrative Hearings Office Act may be made public, but not the name and identification number of the taxpayer requesting the ruling.

Now included in public record are the monthly gasoline tax reports of numbers of gallons of gasoline and ethanol-blended fuels received and deducted, and the tax paid by each filer or payer of the tax. Identities of rack operators, importers, blenders, suppliers or distributors and the number of gallons of gasoline and other fuels are public record. The Department may make known to the Gaming Control Board the tax returns of license applicants and their affiliates.

Audit Provisions:

We must provide you with written, dated notice that an audit is about to begin on a specific date, and the notice must tell you which tax programs and reporting periods will be covered. We must issue a second notice, which states any outstanding records or books of account requested and not yet received, between 60 and 180 days after the audit begins.

If you do not produce the records within 90 days, the department can issue an assessment of tax on the basis of the information as it stands. If you need additional time, you must submit a specific request in writing.

Interest on outstanding liabilities accrues if the department does not issue an assessment within 180 days of the notice of outstanding records or books, or within 90 days after time has expired under your request for additional time; however, you are entitled to an abatement of interest for the period of time after you have complied with department requests and the department has not acted on the audit.

Administrative Hearing Procedures:

A hearing officer may not engage or participate in any way in the enforcement or formulation of general tax policy other than to conduct hearings. You may request the Chief Hearing Officer of the Administrative Hearings Office determine if a hearing officer has engaged or participated in the enforce-

New Mexico Taxpayer Bill of Rights

ment or formulation of tax policy and if the hearing officer's activities have affected his or her impartiality.

The Chief Hearing Officer may designate another hearing officer for the matter. Hearing officers may not communicate unilaterally about a matter you have protested while that matter is still pending. The chief hearing officer may appoint another hearing officer if that occurs.

You may request a written ruling on any contested question of evidence in matters in which you have filed a pending written protest. You also may request that two or more protests on related issues be combined and heard jointly, and the hearing officer shall grant the request unless it creates an unreasonable burden on the department.

Credit Claims:

The Department has 120 days from the filing date to approve or deny a statutory tax credit. If it does not act, the credit is approved. For more information see Section 7-1-29.2 NMSA 1978.

Awarding of Costs and Fees:

If you prevail in an administrative or court proceeding brought by you or against you after July 1, 2003, under the Tax Administration Act, you may be entitled to a judgment or a settlement for reasonable administrative costs connected to the action.

Penalty:

The department may not assess penalty against you if you fail to pay tax when due because of a mistake of law made in good faith and on reasonable grounds.

If the Secretary determines that it is unfair to hold a spouse or former spouse liable for payment of unpaid taxes, the Secretary may decline to take action against the spouse or former spouse of the person who actually owes the tax. In extreme cases of delinquency under Section 7-1-53 NMSA 1978 the Department may enjoin a taxpayer from continuing in business after a hearing and until the delinquency is cleared.