
Due Dates

Corporate income and franchise tax is due on or before the due date of the federal corporate income tax return for the taxable year.

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.

- Forms Covered in These Instructions
 - CIT-1, *NM Corporate Income and Franchise Tax Return*
 - CIT-A, *NM Apportioned Income for Multistate Corporations*
 - CIT-B, *NM Allocation of Non-Business Income*
 - CIT-C, *NM Foreign Dividend Deduction*
 - Form CIT-PV, Regular Tax Payment Voucher
 - Form CIT-ES, Estimated Tax Payment Voucher
 - Form CIT-EXT, Extension Tax Payment Voucher
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FYI-350

Publication FYI-350, *Corporate Income Tax and Corporate Franchise Tax*, details various aspects of the New Mexico corporate income and franchise tax program. For a copy, click www.tax.newmexico.gov/forms-publications/.

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 www.tax.newmexico.gov/forms-publications/

FYI-106

Publication FYI-106, *Claiming Business-Related Tax Credits for Individuals and Businesses*, provides information about the various non-refundable and refundable tax credits to claim on CIT-CR. Go to www.tax.newmexico.gov/forms-publications/.

E-File and E-Pay Services

You can use Taxpayer Access Point (TAP) or third-party software through Federal/State filing to e-file tax returns.

Using TAP

E-file the 2025 CIT-1, *New Mexico Corporate Income and Franchise Tax Return*, and make payments using TAP.

Using Federal/State Filing

E-file the following business income tax returns through the Federal/State filing program using third-party software:

- Corporate Income and Franchise Tax
 - Sub-Chapter S Corporate Income and Franchise Tax
 - Pass-Through Entity Information Report
-
-

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 CIT-1 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.

◆ 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 CIT-1, page 1.

◆ Download forms and publications.

For the latest and prior year forms and publications, go to 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

10500 Copper Ave, Suite C
Albuquerque, NM 87123

Farmington

3501 E. Main Street, Suite N
Farmington, NM 87402

Las Cruces

2540 S. El Paseo, Building #2
Las Cruces, NM 88001

Roswell

400 North Pennsylvania, Suite 200
Roswell, NM 88201

Santa Fe

Manuel Lujan Senior Building
1200 South St. Francis Drive
Santa Fe, NM 87505

Call Center: 1-866-285-2996

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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 Department only accepts 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.

Due Dates

The due dates of the CIT-1 return for the taxable year conform to the due dates instituted at the federal level. See the next table.

C Corporation Filing Period	Due Date
Calendar year Federal Form 1120	April 15, 2026
Fiscal year end other than December 31 or June 30	15th day of 4th month after year end
June 30 fiscal year Federal Form 1120	September 15, 2026

Timely Returns

A CIT-1 and payment are timely if the United States Postal Service 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.

General Instructions

Who is Required to File CIT-1 Return

Every corporation and every unitary group of corporations with income from activities or sources in New Mexico and required to file a federal Form 1120, *U.S. Corporation Income Tax Return* or equivalent return, must file a CIT-1, *New Mexico Corporate Income and Franchise Tax Return* to the New Mexico Taxation and Revenue Department (the Department). This includes:

- All corporations organized under the laws of the State of New Mexico, whether they have New Mexico income or not
- Out-of-state corporations that derive income from business transactions, property, or employment in New Mexico whether individually or through part of a unitary group
- Corporations, exempt from federal income tax under the Internal Revenue Code (IRC), that have unrelated business income
- All other business entities that are required or elect to file a federal Form 1120, including partnerships and limited liability companies (LLCs) treated as corporations by the Internal Revenue Service (IRS)

Exceptions

The following are exempt and not required to file a CIT-1 return:

- Insurance companies and reciprocal or interinsurance exchanges that pay a premium tax to New Mexico
- Rural electric cooperatives established under the Rural Electric Cooperative Act, Section 62-15-28 NMSA 1978

Who is Required to Pay Franchise Tax

All corporations engaging in business in New Mexico and every domestic or foreign corporation having or exercising its corporate franchise in this state, **whether actively engaged in business or not**, must file a CIT-1, either separately or as part of a filing group, and pay the \$50 franchise tax, even if no income tax is due. This includes disregarded corporations doing business in New Mexico and the following:

- Corporations with unrelated business income that are exempt from federal income tax, such as homeowner's associations and 501(c)(3) organizations
- All corporations that are members of a filing group
NOTE: If this return is for a filing group, make sure the

total on line 23 equals the amount on CIT-1, page 1, line 1, column 4.

- Limited liability companies that are required or elect to file as a corporation for federal income tax purposes and exercise its franchise in New Mexico
- **Corporations with no nexus in New Mexico pursuant to P.L. 86-272 (not immune from paying franchise tax)**

Exceptions

The following entities are exempt and not required to file a New Mexico Corporate Income and Franchise Tax Return:

- Corporations exempt from federal income tax under the IRC that have no unrelated business income
- Insurance companies and reciprocal or interinsurance exchanges that pay a premium tax to New Mexico
- Rural electric cooperatives established under the Rural Electric Cooperative Act

Which Return to File

Fiscal-year and short-year filers use the CIT-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 CIT-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 table at the bottom of the page.

E-File Mandate

The corporate income tax return is under a 100% e-file mandate. Details can be located on our website <https://www.tax.newmexico.gov/forms-publications/>.

If the corporation is unable to file electronically because a hardship exists, the corporation may request Department approval to file by paper. The corporation 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 corporation's electronic report is due.

Assembling the Return

For faster processing, please submit forms in the following top to bottom order:

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

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- CIT-1, pages 1 and 2
- For all multistate filers:
 - CIT-A
 - CIT-B
 - CIT-C
 - CIT-S
 - RPD-41379
 - CIT-CR, tax credits and required attachments
- Federal Form 1120, pages 1 through 6 only *

* If the return is for a filing group that files on a worldwide combined or water's edge basis, attach a pro forma 1120 that includes all of the members and combines their items of income and deductions following the IRC and federal consolidated filing rules, unless otherwise indicated. If the filing group files on a consolidated basis, the group must be the same as the federal consolidated group. If the return is for a corporation that is part of a unitary group but is not properly included in the unitary group, that corporation must file a separate return to report any tax due to New Mexico and should attach a pro-forma 1120 showing items of income and deductions following the IRC on a separate entity basis.

NOTE: If you include with the CIT-1 a pro forma federal return, write **pro forma** across the top of the federal return. If you include a copy of a state form as backup for an amended return, write **Do Not Process** across the top of the return.

IMPORTANT: If any required forms or attachments are missing, the New Mexico return is not complete and the Department will reject the return.

Fully completed means a return that complies with all the instructions for the return and contains all attachments required by those instructions.

Other Documents That May Be Required

This section describes the other forms and statements that may be required.

RPD-41096, Extension of Time to File

If a copy of the automatic or approved federal extension form accompanies the CIT-1 when you file, the Department accepts the extended time the Internal Revenue Service (IRS) granted and you do not need to file a New Mexico extension.

If the corporation or filing group has not received a federal extension and needs an extension of time to file CIT-1, or if the corporation or filing group needs additional time to file CIT-1 beyond the federal extension date, request an extension from the Department. New Mexico requires the request by letter or by filing RPD-41096, Extension of Time to File, on

or before the due date of the return.

Annual Withholding Statements

If you report amounts withheld on CIT-1, lines 28 or 29, include a copy of all annual information returns and withholding statements issued to the corporation that show income and New Mexico income tax withheld. These are annual information returns and statements:

- RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*
- RPD-41359, *Annual Statement of Pass-Through Entity Withholding*
- Form 1099-MISC, 1099-NEC, or equivalent

IMPORTANT: To receive proper credit for withholding, you must attach all annual statements to the CIT-1. A Schedule K-1 or its equivalent is not acceptable evidence of New Mexico income tax withheld.

RPD-41379, 2025 New Mexico Corporate Income Tax Net Operating Loss Carryforward Worksheet

If the return is for a corporation or filing group that has a net operating loss deduction, include RPD-41379, *2025 New Mexico Corporate Income Tax Net Operating Loss Carryforward Worksheet* with the CIT-1. On these forms, you will show:

- Each year the net operating was generated, any adjustments to the amount of the loss, how much of the net operating loss carryover was applied to prior years and when, and the amount of apportioned net operating loss carryover remaining

RPD-41287, 2025 Calculation of Penalty and Interest on Underpayment of Estimated Tax

If the corporation has seasonal or annualized income and wants to reduce penalty and interest on underpayment of estimated tax, complete and file RPD-41287, *2025 Calculation of Penalty and Interest on Underpayment of Estimated Tax*.

Schedule CIT-CR, New Mexico Tax Credit Schedule

To claim any non-refundable or refundable credits, complete and file Schedule CIT-CR with any required backup documents. For information about credits, see FYI-106, *Claiming Business-Related Tax Credits for Individuals and Businesses*. To find FYI-106, go to www.tax.newmexico.gov/forms-publications/.

Amended Returns

To amend a CIT-1 return, follow these steps:

1. Complete the CIT-1 return for the year amended. Self-generated schedules or other documents will not be accepted in lieu of a completed and accurate return.

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2. Check the "Amended" box **and** indicate the **Type (Required)** of amended return. If applicable, provide the **Final Determination Date**.
3. Attach all schedules previously filed with the original return.
4. If you want the Department to compute penalty and interest, leave CIT-1, page 2, lines 32 and 33 blank.
5. If additional tax is due, include payment for the full amount and, unless you left lines 32 and 33 blank in step 4, include interest calculated from the date the original return was due and any applicable penalty.

NOTE: Do not attach a copy of the originally filed CIT-1 as backup for the amended return.

For more detailed information related to Amended Returns see line instructions for **4a** and **4b**.

Payment Guidelines and Information

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

When to Use a Payment Voucher

Use a payment voucher when you send a payment by mail. In the envelope, please include a check or money order with the payment voucher.

Vouchers that Work in Our System

To make sure the Department can properly process the payment voucher, follow these rules:

- Use the original voucher, not a photocopy.
- Cut on the dotted line for correct sizing.
- If the voucher has a scanline, do not write on or near it.

NOTE: For details about completing CIT-PV, CIT-ES, and CIT-EXT vouchers, see **Completing Vouchers And Payments** near the end of these instructions.

Paying Taxes

You can use the following to make payments:

- Check or money order
- Electronic check
- Credit card

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

Corporations Required to Make Estimated Payments

A corporation or filing group is required to pay estimated

corporate income tax payments if all the following are true:

- The corporation or filing group is subject to corporate income tax.
- The tax after applicable credits is \$5,000 or more in the current tax year.

When to Make an Extension Payment

Make an extension payment when you receive either a federal automatic extension or a New Mexico extension. An extension payment towards the tax liability avoids accrual of interest.

IMPORTANT: An extension of time to file the CIT-1 prevents penalty from being assessed during the periods of the extension but does not extend the time to pay. If tax is due, interest continues to accrue. See the next section for details.

What Makes a Payment on Time

Tax payments are timely if the envelope's postmark bears a date on or before the due date. If the due date is on a Saturday or a Sunday, or on a state or national legal holiday, the payment 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 service is on or before the due date.

Interest and Penalties

This section gives you general instructions and information about interest and penalties.

Interest On Taxes Underpaid Or Not Paid And IRC Rates

Interest accrues on tax, including estimated tax, underpaid or not paid on or before the due date of the CIT-1, even if you receive an extension of time to file. Interest is a charge for the use of money and by law cannot be waived.

Interest is calculated on a daily basis at the rate established for individual income tax purposes by the IRC. The IRC rate, which changes quarterly, is announced by the IRS in the last month of the previous quarter. The annual and daily interest rates for each quarter are posted on our website at <https://www.tax.newmexico.gov/individuals/file-your-taxes-overview/penalty-interest-rates/>.

Negligence Penalty for Late Filing or Late Payment

The Department imposes a penalty when a return is not filed or paid timely. The penalty is 2% of the tax due for each month, or partial month, from the date the return was due, not to exceed 20% of tax due. The penalty does not apply if the entity has an extension of time to file and the tax is paid by the extended due date.

Underpayment Penalty and Interest for Estimated Tax

The penalty is 2% of the tax due for each month, or partial month, from the date the return was due. Interest is calculated

General Instructions

on a daily basis at the rate established for individual income tax purposes by the IRC.

NOTE: For more information about estimated tax calculations, in the **Completing Vouchers and Payments** section near the end of these instructions, go to **CIT-ES** and see **Calculating a Quarterly Estimated Payment**.

When Penalty and Interest Stop Accruing

After the principal tax liability is paid, penalty and interest stop accruing.

Penalty on a Check Not Paid

A check not paid by the financial institution on which it is drawn does not constitute payment. The Department assesses the corporation a minimum penalty of \$20 in addition to other applicable penalties and interest.

A Refund and Possible Interest on the Refund

If the return shows an overpayment and you requested a refund of all or part of the overpayment, please allow at least 12 weeks for processing before contacting the Department. Processing time varies according to when you file the return.

You may be entitled to interest on an overpayment under certain conditions. The interest rate is the same charged for underpayments.

The Department shall pay no interest in any of these situations:

- If the interest is less than \$1.00
- If the refund is approved within 55 days of the date of the claim for refund for current tax year
- If the refund is approved within 120 days of the date of the claim for refund for prior tax years
- If the Department cannot process the CIT-1 due to missing information
- If the interest is for a refund of any credits claimed on the CIT-CR

To process a CIT-1, the return must be fully completed. This means the return complies with all instructions for the return and contains all attachments required by those instructions. The Department pays any refund interest due when a return is complete.

NOTE: For a list of required forms, see **Assembling The Return** earlier in these instructions.

Collection of Debts from a Refund

If the corporation owes other taxes to the Department, we keep all or part of an overpayment. The Department applies the amount due to the liability and notifies you.

If the corporation owes amounts due under the Unemployment Compensation Law or the Workers' Compensation

Administration Act, the law under the Intercept Act also requires the Department to transfer all or part of an overpayment to those accounts. The Department refunds any amount over the liability and debt.

After You File the Return

The return may be subject to further review, verification, or correction any time after you file the return. New Mexico, pursuant to reciprocal information exchange agreements, exchanges information with the IRS, other state agencies, and taxing authorities in other states.

Occasionally, calculation errors in a tax return delay processing or result in adjustments to a refund or the amount you owe. If the Department adjusts the tax return or issues an assessment of additional tax, the Department provides you a description of your rights as a taxpayer.

If you disagree with any adjustment the Department makes, follow the procedures in Publication FYI-406, *Your Rights Under the Tax Law*. FYI-406 describes how to dispute the Department's adjustment or assessment through either the claim-for-refund procedure or the protest procedure.

You can get a copy of Publication FYI-406 at www.tax.newmexico.gov/forms-publications/.

Line Instructions to Complete the CIT-1 Return and Schedules

CIT-1, Page 1

Line 1a through Line 6d (Required)

Type or print the information at the top of the CIT-1 return as described here. Be aware that, unless you indicate otherwise, the corporation named will be deemed to be designated to act as the principle corporation for purposes of receiving refunds of tax paid, make elections on behalf of, or perform other actions for the filing group. Lines 1a through 5a are required to be filled out, or will result in improper return and be rejected.

Line 1a. The registered name of the taxpayer. If a single corporation, the corporation's registered name. If a filing group, the designated member of the filing group.

Line 2a. Number and street name of the corporation's mailing address.

Line 3a. City, state, and postal or ZIP code of the corporation's mailing address. Verify that the entire mailing address is correct.

Line 3b. If the corporation's address is a foreign address,

enter the country's full name. Follow the country's practice to enter the foreign province and/or state.

Box 4a. If this is an original return, mark box **4a**.

Box 4b. If this is an amended return, mark box 4b and continue to lines 4b.(i) and 4b.(ii) for **Type (Required)** and **Date** below.

If you check the amended box, you must complete the **Type** and **Date** lines, if they are applicable, for your amendment reason. See table **T1. Amended Reasons** below for more information.

Line 4b.(i) Type. (Required) Review table **T1. Amended Reasons** below and determine which Amended Reason fits your tax situation. Carry the two-digit *Type Code* to 4b.(i) on page 1 of your return.

Line 4b.(ii) 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.

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: <ul style="list-style-type: none"> • A schedule showing the application of the capital loss for each carryback and carryover year • A copy of federal Form 1139 or 1120X 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. <ul style="list-style-type: none"> • 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, mis-reported 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.

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NOTE: A complete amended return indicating **Amended-FAR** is sufficient to meet the requirement of filing a Federal Adjustment Report (FAR) with the New Mexico Taxation and Revenue Department under Section 7-1-13 NMSA 1978.

NOTE: For more information about amended returns, see **Amended Returns** in the **General Instructions** section.

Line 5a. The corporation's FEIN is required.

IMPORTANT: The Department cannot process a return without the FEIN. Failure to provide the FEIN will result in a rejection of the return.

Line 5b. This is the identification number the New Mexico Secretary of State issued to the corporation when the corporation formed or registered to do business in New Mexico.

Line 6a and 6b. Fiscal year or short-year filers enter tax year start and end dates (the dates the corporation's books open and close for the tax year) from their federal return.

Line 6c. If the due date was extended, enter the date and include a copy of the extension with the CIT-1.

Line 6d. Enter the best contact phone number for the corporation.

Line A through Line J (Required)

Complete all information in Lines A through J, and mark all relevant boxes.

Line A and A1. The state where and the date when the corporation was incorporated.

Line B. Date the corporation began business in New Mexico.

Line B1. The state where the corporation's commercial domicile is located.

Line C. Name and New Mexico address of a domestic corporation or individual resident responsible for receiving all official documents on the corporation's behalf during normal business hours, and forwarding them to the corporation.

Line D. (Required) The corporation's 5-digit or 6-digit NAICS code. This is the North America Industry Classification System business activity code reported for New Mexico and federal filing purposes. If you do not know the NAICS code, see the instructions for federal returns at <https://www.irs.gov>.

Line D1. The NAICS category for the principal business activity associated with the NAICS code.

Line E and E1. A unitary group doing business in New Mexico must file a worldwide combined group return unless the group properly makes an election to file on a water's edge or consolidated group basis. See below. Any member of the unitary group that is not part of the water's edge or consolidated filing group must file a separate return. If this is the return for a unitary group (worldwide, water's edge, or consolidated), mark **YES**. If you do not meet the definition of a unitary group, mark **NO**.

Definition of a unitary group.

A unitary group is a group of two or more corporations, including captive real estate investment trusts, that are related through **common ownership** and are economically interdependent with one another as demonstrated by centralized management, functional integration, and economies of scale.

Not included in a unitary group are S corporations, insurance companies subject to the provisions of the New Mexico Insurance Code or insurance companies that would be subject to the insurance code if the company engaged in business in the state, or real estate investment trusts that are not captive real estate investment trusts.

Definition of common ownership.

"Common ownership" means the direct or indirect control or ownership of more than 50% of the outstanding voting stock, ownership of which is determined pursuant to Section 1563 of the Internal Revenue Code, as that section may be amended or renumbered, of:

- (1) a parent-subsidiary controlled group as defined in Section 1563 of the Internal Revenue Code, except that 50% shall be substituted for 80%;
- (2) a brother-sister controlled group as defined in Section 1563 of the Internal Revenue Code; or
- (3) three or more corporations each of which is a member of a group of corporations described in Paragraph (1) or (2) of this subsection, and one of which is:
 - (a) a common parent corporation included in a group of corporations described in Paragraph (1) of this subsection; and
 - (b) included in a group of corporations described in Paragraph (2) of this subsection;

A unitary group of corporations must file a return properly reporting and paying tax on the worldwide apportioned income of the unitary group unless the group properly elects to report and pay tax on taxable income as a **water's-edge** or **consolidated group**. Indicate which type of filing group the return is for by marking the box on **Line E1**. If the corporation is a member of a unitary group but is not included in the filing group, it is not relieved of tax that it may owe on a separate entity basis and must file a separate return. Such a corporation

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should check the box for **Member of a Unitary Group Filing Separately** and indicate the name of its parent corporation.

- A worldwide combined group means all members of a unitary group, except members that are exempt from corporate income tax pursuant to Section 7-2A-4 NMSA 1978, irrespective of the country in which the corporations are incorporated or conduct business activity.
- A water's-edge group means all corporations that are part of a unitary group, except for corporations that are exempt from corporate income tax pursuant to Section 7-2A-4 NMSA 1978, and corporations, wherever organized or incorporated, that have less than 20% of their property, payroll, and sales sourced to locations within the United States, following the sourcing rules of the Uniform Division of Income for Tax Purposes Act., Sec. 7-4-1 NMSA 1978.
- A consolidated group means the group of entities properly filing a federal consolidated return under the Internal Revenue Code for the taxable year. Corporations electing to file a consolidated return must file on that same basis for federal income tax purposes.

NOTE: Once a unitary group has properly made an election to file as a water's-edge or consolidated group, the members of that filing group shall file a return on that basis for at least seven consecutive years unless the secretary grants permission otherwise. Members of the unitary group that are not part of the filing group shall file returns and pay tax on a separate corporate basis. Corporations that are part of a unitary group filing a return are jointly and severally liable for the tax imposed pursuant to the Corporate Income and Franchise Tax Act on taxable income.

For more information about New Mexico filing requirements, see Publication FYI-350, *Corporate Income and Corporate Franchise Tax*. To get a copy, click www.tax.newmexico.gov/forms-publications/.

Line F boxes and F1. New Mexico requires corporations to use the same accounting method for New Mexico and federal corporate income tax purposes.

Mark one of these boxes to show the method of accounting:

- **Cash**
- **Accrual**
- **Other**, such as **completed contract** and **percentage of completion**. If you mark this box, enter the accounting method in **F1**.

Line G boxes and G1. Is this the final return? If no, go to line H. Otherwise, mark one of these boxes to show the causative action and in **G1**, enter the date of the action:

- **Dissolved**
- **Merged or reorganized**
- **Withdrawn**

Line H boxes. Mark **YES** or **NO** to answer the question about any change in the taxpayer's federal income tax liability in any year due to one of the following:

- IRS audit
- Filing of amended federal return not yet reported to New Mexico

If you mark **YES**, submit to the Department a copy of the amended federal return or RAR, if applicable.

Line I and Columns 1 through 4. If the return is for a filing group, enter the information for each corporation in the filing group. If there are more than three members of the filing group, complete CIT-S to add additional corporations. If not a filing group, go to line J.

- **Column 1:** The corporation's name
- **Column 2:** The corporation's FEIN
- **Column 3:** Amount of payments to apply to this return (This column's total equals CIT-1, page, 2, line 27.)
- **Column 4:** Enter \$50 for each corporation that pays franchise tax or leave blank (This column's total equals CIT-1, page, 2, line 23.)

Line J. Is the legal status of the entity filing the return a corporation? If yes, continue to line L. Otherwise, enter the legal type of entity, such as **LLC** and **partnership**. For example, a New Mexico partnership that elects to or is required to file federal Form 1120 enters **partnership** here.

Refund Express

If you want a refund of overpaid tax and any refundable credit (CIT-1, page 2, line 39) direct deposited into a checking or savings account, complete the **Refund Express** section. Failure to complete all lines and boxes in this section results in the Department denying the request and mailing a paper check to you.

NOTE: The Department is not responsible if a financial institution refuses a direct deposit, or if misapplication of a direct deposit refund was caused by a taxpayer's error, negligence, or malfeasance.

Requirements for Refund Express

- Boxes 1 and 2 and check boxes 3 and 4 are complete in the **Refund Express** section of CIT-1.
- The account must be located in the territorial jurisdiction of the U.S.
- Direct deposits are only allowable to the taxpayer's account. The Department denies any request to deposit funds into another payee's account.
- The financial institution accepts direct deposits payable to the name on the CIT-1 return.

Why Use Refund Express

CIT-1, Page 1 and Page 2

CORPORATION'S NAME
123 Main Street
Anyplace, NM 87000

1540
15-000000000

SAMPLE

PAY TO THE ORDER OF _____

\$ _____

DOLLARS

ANYPLACE BANK
Anyplace, NM 87000

Routing Number Account Number

For _____

Do not include the check number

A 211500151 A 2015551517 C 1540

- Prevent any mailed check delays. **Refund Express** does not guarantee that you receive the refund sooner, but the refund reaches the bank more quickly.
- Payment is more secure.
- It is convenient. Avoid an extra trip to the bank.
- It saves tax dollars. Direct deposit costs less than a check.

Refund Express Boxes 1 and 2 and Check Boxes 3 and 4

Box 1. The routing number, for bank identification, has nine digits. If the first two digits are not 01 through 12 or 21 through 32, the system rejects the direct deposit and you receive a check. On the sample check on this page, the routing number is **211500151**.

Box 2. The account number has up to 17 characters. Include hyphens, but omit spaces and special symbols as you enter the number from left to right. Leave unused boxes blank. On the sample check, the account number is **2015551517**. Do not include the check number.

Check Box 3. Mark an **X** in the **Checking** or **Savings** box to indicate the type of account.

Check Box 4. Mark an **X** in the **YES** or **NO** box to answer whether the funds for a refund would go to or through an account located outside the U.S. Marking **NO** means the financial institution's location is within the territorial jurisdiction of the U.S., which includes any of the following:

- Within the U.S.
- On a U.S. military base
- In American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, or the U.S. Virgin Islands

What Happens for Different Answers

- If you mark an **X** in the **YES** box, you cannot use **Refund Express**. Either use a different bank account or to leave the **Refund Express** section blank to receive a paper check.
- If you do not answer the question, the Department mails the refund to you in a paper check. To comply with federal

banking rules, anyone who wants their refund directly deposited into their account must answer this question.

- If you answer the question incorrectly, the National Automated Clearing House Association (NACHA) or the Office of Foreign Assets Control (OFAC) may delay, reject, or freeze the refund.
- If the bank does not accept the **Refund Express** entries, the Department mails a check to you.

CIT-1, Page 2

Follow these instructions to complete lines and boxes 1 through 39 on CIT-1, page 2, and the signature and preparer information at the bottom of the page.

Line 1. Taxable income before NOL and special deductions. Enter the amount from federal Form 1120, line 28, or federal Form 1120-H, line 17.

Line 1a. Captive REIT deductions. If the entity is claiming a captive real estate investment trust (REIT) deduction, enter the expenses and costs directly or indirectly paid, accrued, or incurred to a captive REIT.

Captive real estate investment trust means a corporation, trust, or association taxed as an REIT pursuant to Section 857 of the IRC, the shares or beneficial interests of which are not regularly traded on an established securities market, provided that more than 50% of any class of beneficial interests or shares of the REIT are owned directly, indirectly, or constructively by the taxpayer during all or a part of the taxpayer's taxable year.

Line 1b. Exempt entity deductions. Enter the amount of any deduction, other than for premiums, for amounts paid directly or indirectly to a commonly controlled entity that is exempt from corporate income tax pursuant to Section 7-2A-4 NMSA 1978.

Line 2. Interest income from municipal bonds, excluding New Mexico bonds. Enter interest income from non-New Mexico municipal bonds and other obligations not subject

CIT-1, Page 2

to federal income tax under IRC Section 103. **Only enter a positive number.**

Line 3. Other additions to the base income of a unitary group. If a member of a unitary group, enter the total amount of any additions to base income deemed necessary to properly reflect income of the unitary group, including attribution of income or expense related to unitary assets held by related corporations that are not part of the filing group. If this return is for a corporation that is not a member of a unitary group, then this line should be blank.

Line 4. Subtotal of base income after additions. Add lines 1, 1a, 1b, 2, and 3. This entry = (line 1 taxable income + line 1a REIT deduction + line 1b exempt entity deductions + line 2 interest income from non-New Mexico municipal bonds + line 3 other additions to base income).

Line 5. Federal special deductions. Enter the federal special deductions from federal form 1120, line 29b.

Line 6. Interest from U.S. government obligations or federally-taxed New Mexico bonds. You may deduct interest or dividend income from U.S. government obligations from the taxable income only to the extent it was included in taxable income on CIT-1, line 1. Subtract expenses related to income from U.S. obligations and then enter the net amount.

Allowable Deductions

- Interest on notes issued by Federal Home Loan Bank obligations
- The part of income paid by mutual funds, unit investment trusts, and simple trusts derived from investments in U.S. obligations
- Interest income from bonds issued by the state of New Mexico or its political subdivisions to the extent it was included in federal taxable income on CIT-1, line 1.

Deductions Not Allowable

- Income from Fannie Mae, Ginnie Mae, Freddie Mac, and other U.S. guarantee entities
- Dividends issued by Federal Home Loan Bank obligations
- Income from repurchase agreements of U.S. obligations (repos)

Line 7. 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 8. Deduction for certain foreign dividends, Subpart F income, and GILTI (from CIT-C line 6). Enter from Schedule

CIT C, line 6. Include Schedule CIT-C with the CIT-1.

Line 9. Other subtractions to the base income of a unitary group. If a member of a unitary group, enter the total amount of any subtractions to base income deemed necessary to properly reflect income of the unitary group, including attribution of income or expense related to unitary assets held by related corporations that are not part of the filing group. If this return is for a corporation that is not a member of a unitary group, then this line should be blank.

Line 10. New Mexico net income. Subtract lines 5, 6, 7, 8, and 9 from 4. This entry = (line 4 subtotal of base income - line 5 federal special deductions - line 6 interest from U.S. government obligations - line 7 deduction - line 8 cannabis business expense deduction - 9 other subtractions to base income or loss).

Line 11. Net allocated income or loss. Enter the amount from CIT-B, line 8.

Line 12. Total apportionable income or loss. Subtract line 11 from line 10. Or if line 11 is a negative amount, increase line 10 by that amount. This entry = (line 10 New Mexico base income - line 11 net allocated non-business income, or + line 11 net allocated non-business loss if line 10 is negative).

Line 13. New Mexico apportionment percentage. If on CIT-A, line 5 you show a percentage for New Mexico apportioned income, enter the percentage. Otherwise, enter **100%**.

Line 14. Income or loss apportioned to New Mexico. Multiply Line 12 by the percentage on line 13 and enter the amount here.

Line 15. Net New Mexico allocated income or loss. Enter the amount from CIT-B, line 9.

Line 16. New Mexico apportioned net income or loss. Add lines 14 and 15. This entry = (line 14 income or loss apportioned to New Mexico + line 15 net New Mexico allocated income or loss).

Line 17. New Mexico net operating loss deduction not in excess of 80% of line 16. The amount on Line 17 cannot be greater than 80% of the amount on Line 16. If the corporation or filing group is not taking a NOL deduction, go to the next line. Otherwise, enter the New Mexico amount of NOL deduction to apply to the New Mexico apportioned net income.

Include RPD-41379, *2025 New Mexico Corporate Income Tax Net Operating Loss Carryforward Worksheet* with the return to show New Mexico NOL incurred and applied. On

CIT-1, Page 2

these forms, you will show:

- Each year the net operating loss occurred, any adjustments to the amount of the loss, how much of the net operating loss carryover was applied to prior years and when, and the amount of apportioned net operating loss carryover remaining

General Information on NOL deductions and Carryovers

- The New Mexico NOL deduction is the portion of the net operating loss carryover that may be deducted from the taxpayer's apportioned net income under the Internal Revenue Code as of January 1, 2018 for the taxable year in which the deduction is taken, including the 80% limitation of Section 172(a) of the Internal Revenue Code as of January 1, 2018, calculated on the basis of the taxpayer's apportioned net income.
- New Mexico conforms with the federal law regarding NOLs **before** the changes provided in the federal 2022 CARES Act. The New Mexico NOL deduction includes the 80% limitation to the deduction that may be taken from the taxpayer's apportioned net income and does not allow for the carryback of a NOL deduction to prior years.
- A New Mexico NOL may only be carried forward.
- A NOL deduction includes any "grandfathered NOL carryover," the amount of net loss properly reported to New Mexico for taxable years beginning January 1, 2013 and prior to January 1, 2020, as part of a timely filed original return, or an amended return for those taxable years filed prior to January 1, 2020, to the extent such loss can be attributed to one or more corporations that are properly included in the taxpayer's return.
- The amount of grandfathered NOL carryover must be computed by first adding back deductions taken by the corporation or corporations for royalties or interest paid to one or more related corporations, but only to the extent that such adjustment would not create a net loss for such related corporations
- The apportioned net loss reported on an original or amended tax return may be carried over in the following tax year and taken as an NOL deduction.

Line 18. Liquor license lessor deduction. Enter the amount of deduction from net income for which you qualify, not to exceed \$50,000.

To qualify, a taxpayer who is a liquor license lessor and who held the license on June 30, 2021 may claim a deduction from net income in an amount equal to the gross receipts from sales of alcoholic beverages made by each liquor license lessee in an amount, if the liquor license is a dispenser's license and sales of alcoholic beverages for consumption off premises are less than fifty percent of total alcoholic beverage sales, not to exceed fifty thousand dollars (\$50,000) for each of four taxable years prior to January 1, 2026.

Line 19. New Mexico taxable income. Subtract lines 17 and 18 from line 16. This entry = (line 16 New Mexico apportioned net income - New Mexico NOL deduction - Liquor license lessor deduction).

Line 20. Income tax calculation. 5.9% is the Corporate income tax rate. Multiply line 19 by 5.9% and enter the total.

Line 21. Total tax credits applied against the income tax liability on line 20. If you are claiming any tax credits to apply to the income tax liability, complete Schedule CIT-CR. Then enter the amount on CIT-CR, line A, the total of the credits to apply to the tax liability due.

About Tax Credits and Backup Documents

- The sum of credits claimed on CIT-CR may not exceed the income tax calculated on CIT-1, line 20.
- To calculate the amount you may claim for any tax year, follow the directions on the tax credit claim form or in the tax credit instructions.
- For the Department to consider a credit claim, you must include with the CIT-1 the required documents for each tax credit, along with applicable forms, statements, or other required backup.

To see which backup documents are required to claim a tax credit, use the CIT-CR Instructions available at www.tax.newmexico.gov/forms-publications/.

NOTE: For more information about business-related credits, see FYI-106, *Claiming Business-Related Tax Credits for Individuals and Businesses*. You can find FYI-106 at www.tax.newmexico.gov/forms-publications/.

Line 22. Net income tax. Subtract line 21 from line 20. This entry = (line 20 income tax - line 21 total tax credits). Enter zero or a larger amount.

Line 23. Franchise tax. The \$50 franchise tax is due for each tax year, including short years. You may not prorate the franchise tax based on a short-year return.

Every domestic or foreign entity taxed as a corporation must pay the \$50 franchise tax if any of the following requirements are true. The entity:

- Transacts business in, into, or from New Mexico
- Derives income from property or employment within this state
- Has or exercises its corporate franchise in New Mexico, whether engaged in active business or not
- Is an otherwise tax-exempt corporation with unrelated business income

IMPORTANT: It is your responsibility to comply with all

CIT-1, Page 2

additional filing requirements imposed by the New Mexico Secretary of State, Corporations Bureau. For information call (505) 827-3600 in Santa Fe or toll free (800) 477-3632, visit <http://www.sos.nm.gov>

Line 24. Total income and franchise tax. Add lines 22 and 23. This entry = (line 22 net income tax amount + line 23 franchise tax amount).

Line 25. Amended Returns Only. If this is an amended return, enter the total amount of all 2025 refunds received and overpayments applied to 2026.

Line 26. Subtotal. Add lines 24 and 25. This entry = (line 24 total income and franchise tax amount + line 25 refunds and overpayments).

Line 27. Total Payments. Mark one or more of these boxes to show the source of the total payments:

- **Quarterly**
- **Extension**
- **Applied from prior year**

Enter the total amount of all quarterly estimated, extension, and tax payments applied from the prior year. For amended returns, include additional tax paid on or after the due date of the return. Total on line 27 = amount on CIT-1, page 1, line I, column 3.

IMPORTANT: If any amounts on line 27 were paid using an FEIN other than the one entered at the top of CIT-1, page 1, a schedule CIT-S is required with the name and FEIN under which the payment was made. If you are filing as part of a filing group, the CIT-1, page 1, line I entries satisfy this requirement.

Line 27a. If you qualify to calculate penalty and interest on underpayment of estimated tax using method 4 and want to see if it is possible to reduce the penalty, mark this box. Include RPD-41287, *2025 Calculation of Estimated Corporate Income Tax Penalty and Interest on Underpayment*, with the CIT-1.

NOTE: Generally, taxpayers who pay penalty and interest on underpayment of estimated tax do not need to mark the box or file RPD-41287. If estimated tax is due, the Department calculates the penalty and interest on underpayment of estimated corporate income tax using the lower of methods 1, 2, or 3 and sends a bill.

For a description of the four calculation methods to estimate quarterly payments, in the **Completing Vouchers And Payments** section near the end of these instructions, go to **CIT-ES** and see **Calculating A Quarterly Estimated**

Payment.

Line 28. New Mexico income tax withheld from oil and gas proceeds. From annual withholding statements 1099-MISC and RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, enter the total of all New Mexico income tax withheld from oil and gas proceeds. Include a copy of each statement with the CIT-1.

Requirements

- Only report New Mexico tax withheld on oil and gas proceeds received by the corporation or corporate group member.
- The only withholding statements accepted by the Department are the 1099-MISC, 1099-NEC, and RPD-41285 issued to the corporation or corporate group member.

Line 29. New Mexico income tax withheld from a pass-through entity. From annual withholding statements 1099-MISC and RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, enter the total of all New Mexico income tax withheld on the net income from a PTE. Include a copy of each statement with the CIT-1.

NOTE: If RPD-41359 shows a credit for an owner's share of entity-level tax or composite income tax, claim it here.

Requirements

- Only report New Mexico tax withheld on the net income received from a PTE.
- The only withholding statements accepted by the Department are the 1099-MISC, 1099-NEC, and RPD-41359 issued to the corporation or corporate group member.

Line 30. Total payments and tax withheld. Add lines 27 through 29. This entry = (line 27 total payments + line 28 NM withholding from oil and gas + line 29 NM withholding from pass-through entities).

Line 31. Tax due. If line 26 is greater than line 30, this entry = (line 26 subtotal - line 30 total payments and tax withheld).

Line 32. Penalty. The maximum penalty is 20% of the tax due. You owe penalty if you:

- File late and owe tax.
- Do not pay the tax on or before the due date of the return.
- Do not pay the tax on or before the extended due date of the return.

Formula to Calculate Penalty

Penalty = tax due from line 31 x 2% x number of months or partial months past the due date or extended due date, for no more than 10 months.

CIT-1, Page 2

Line 33. Interest. You owe interest if you:

- Did not pay the tax due on line 30 by the original due date.

Formula to Calculate Interest

Interest = tax due from line 30 x daily interest rate for the quarter x number of days late.

Line 34. Total amount due. Add lines 31 through 33. This entry = (line 31 tax due + line 32 penalty + line 33 interest).

Line 35. Overpayment. If the amount in line 30 is greater than the amount line 26, this is the amount you overpaid. This entry = (line 30 total payments and tax withheld - line 26 subtotal).

Line 36. Amount of overpayment to apply to 2026 liability. If you want to apply some or all of an overpayment from line 35 to the 2026 liability, enter the amount to apply. Otherwise, enter zero.

Line 37. Amount of overpayment to refund. If you want to receive a refund of all or part of an overpayment, this entry = (line 35 overpayment - line 36 amount to apply to the 2026 liability).

Line 38. Total portion of tax credits to refund. Enter from Schedule CIT-CR, line B, the portion of approved tax credits the Department may refund to you.

NOTE: CIT-CR, line A shows the amount of these credits to apply to the tax due on the CIT-1. This is the same amount as on CIT-1, line 21.

About the Film Production Tax Credit

The amount of film production tax credit you may claim against tax due on this CIT-1 and the amount you may receive as a refund are subject to certain limitations governing the payment of film production tax credit claims. For details about these limitations and how they may impact the return, see the instructions for RPD-41228, *Film Production Tax Credit Claim Form*.

Line 39. Total refund of overpaid tax and refundable credit due to you. This entry = (line 37 amount of overpayment to refund + line 38 tax credit to refund).

Taxpayer's Signature (Required)

An officer of the corporation must sign and date the CIT-1. Enter the following information:

- Title [of officer]
- Contact phone number
- Taxpayer's e-mail address

Paid Preparer's Use Only (Required)

Any person, other than an employee of the corporation, who prepares the return for compensation must also sign and date the return. A preparer other than an employee of the corporation is required to enter the following:

- New Mexico Business Tax Identification Number (NMB-TIN), if the preparer has one (formally known as CRS number)
- FEIN, if applicable
- PTIN, the Preparer Tax Identification Number
- Preparer's phone number

The Department considers an improperly signed or unsigned return invalid and will reject the return. If the Department receives completed information after the due date, the Department may assess penalty and interest.

When To Use Schedule CIT-A

If income of the corporation or filing group is derived from both inside and outside New Mexico, use CIT-A to apportion the income from the regular trade or business activities.

A corporation or filing group with 100% of its activity in New Mexico does not need to complete Schedule CIT-A but should enter 100% on line 13 of the CIT-1.

Complete the Items in This Sequence

If the corporation or filing group is allocating non-business income, first complete Schedule CIT-B and then complete CIT-A. Otherwise, start with CIT-A.

NOTE: 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.

Apportionable income means income arising from transactions and activities in the regular course of a corporation's trade or business. If the acquisition, management, or disposition of the property constitutes integral parts of the corporation's regular trade or business, apportionable income includes income from both tangible and intangible property. It includes investment income related to or used in the corporation's overall business operations.

You are required to include on CIT-A the following sources of apportionable income:

- Dividend income from the investment of working capital or dividend income from an investment that is functionally connected to the corporation's trade or business.
- Interest income from the investment of working capital, interest income from capital investments used in the overall business operations, or interest income from an investment that is functionally connected to the corporation's trade or business.

CIT-A: NM Apportioned Income for Multistate Corporations

- Royalty income and fees from patents, copyrights, franchises, trademarks, and licenses developed in the regular course of the corporation's trade or business, or royalty income and fees from a product or mineral interest used in the regular course of the corporation's trade or business.
- Rental or sub-rental income from property purchased, leased, or used in the regular course of the corporation's trade or business.
- Gains or losses from the sale of assets used in the regular course of the corporation's trade or business, or assets sold that had been treated as business assets in prior years.
- If held within the regular course of the corporation's trade or business, income from a partnership or non-corporate entity.

Construction contractors, railroads, airlines, trucking companies, financial institutions, television and radio broadcasters, and publishers are subject to special apportionment rules following adopted regulations. Taxpayers electing the combined or consolidated methods of reporting must apply these apportionment rules to each qualifying entity included on the return.

Consistency in Reporting

Consistency in a corporation's reporting is required and includes:

- Classification of income as allocable or apportionable
- Valuation of property and inclusion in the property factor
- Treatment of compensation for the payroll factor
- Exclusion or inclusion of receipts in the sales factor for returns filed in all states

A corporation or filing group must disclose any change or inconsistency from prior year returns in a statement attached to the return. The statement identifies the amounts and reasons for the changes or inconsistencies.

Petition Procedure Open To Taxpayers

If the procedures for allocation and apportionment required for CIT-A and CIT-B do not fairly represent the extent of the taxpayer's business activity in New Mexico, the taxpayer may petition to use, or the Secretary of Taxation and Revenue may require taxpayers to use, another method to apportion or allocate all or part of the taxpayer's income.

Completing Schedule CIT-A

Top of CIT-A, Lines A, B, and C

Line A. Mark the **Yes** or **No** box to show if the corporation is reporting any class or type of allocated or apportioned income in this return differently from a prior taxable year.

Line B. If the corporation submitted written notification to use the **Manufacturers** or **Headquarters Operation** method of apportionment, enter the tax year ending date and the effective date of the election in **MM/DD/CCYY** format. Otherwise, leave blank.

Line C. If you completed line B, mark the **Manufacturers** or **Headquarters Operation** box. See Exclusion 1 and 2 details beginning on page 18.

REQUIREMENTS FOR PROPERTY, PAYROLL, AND SALES FACTOR SECTIONS

- **Amounts Included.** The amounts to be included in computing the property, payroll and sales factors are the amounts for the corporation or filing group, including amounts for all members of the filing group, but excluding any amounts of property, payroll, or sales that are associated directly and entirely with allocated non-business income or loss.
- **Percentages.** Calculate each percentage to four decimal places. For example, 22.5431%.
- **Lines 1, 2, and 3.** If you complete column 2, you must complete column 1, **Total Everywhere**.

IMPORTANT: If column 1 is blank or zero (0), the Department apportions 100% of the income to New Mexico.

PROPERTY FACTOR

Lines 1a, 1b, 1c, and 1d. For each line, as applicable, enter amounts in the columns for inventory, real property, personal property, and rented property.

Line 1e. In column 1, enter the total of the column amounts for lines 1a, 1b, 1c, and 1d. In column 2, enter the total of the column amounts for lines 1a, 1b, 1c, and 1d.

Line 1. Property factor. In columns 1 and 2, enter a positive number or, **if the result is a negative number, enter zero**. Calculate the percentage for this factor as follows:

$$\frac{\text{amount in column 2}}{\text{amount in column 1}} \times 100 = \text{property factor percentage}$$

In other words:

1. Divide the average value of the real and tangible personal property owned or rented and used in New Mexico during the tax year by the average value of all real and tangible personal property owned or rented everywhere and used during the tax year to produce apportionable income.
2. To find the property factor percentage, multiply the result by 100.

Valuation of Property

CIT-A: NM Apportioned Income for Multistate Corporations

Property shall be valued according to the following rules:

- Inventory shall be valued according to the valuation method used for federal income tax purposes.
- Value property owned during the tax year shall be valued at its original cost before the allowance for depreciation amount at the time of acquisition by the taxpayer and adjusted by the taxpayer and adjusted by subsequent capital additions, improvements, and partial dispositions.
- Value property rented from others shall be valued at eight times the net annual rental rate. The net annual rate is the annual rent paid less any annual rent received from subrental of the same property. If property owned by others is used by the corporation at no charge or rented by the corporation at a nominal rate, the net annual rental rate is determined on the basis of a reasonable market rental rate for the property.

Determine the average value of property by doing the following:

1. Add 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.
2. Divide the sum by two.

NOTE: If the Department determines a monthly average is necessary to correctly reflect the average value of the taxpayer's property, the Department may require the taxpayer to calculate an average value on a monthly basis.

PAYROLL FACTOR

Line 2a. In columns 1 and 2, enter the total wages, salaries, commissions, and other compensation of employees related to apportionable income.

Line 2. Payroll factor. In columns 1 and 2, enter a positive number or, if the result is a negative number, enter zero. Calculate the percentage for this factor as follows:

$$\frac{\text{amount in column 2}}{\text{amount in column 1}} \times 100 = \text{payroll factor percentage}$$

In other words:

1. Divide the total amount paid as compensation to employees in New Mexico during the tax year by the total amount paid as compensation to employees everywhere during the tax year.
2. To find the payroll factor percentage, multiply the result by 100.

Compensation means wages, salaries, commissions, and any other form of remuneration paid to employees for personal services. Only amounts paid directly to employees are includable in the payroll factor.

Employees include leased employees where the taxpayer is considered an employer for payroll tax purposes. Employees are not independent contractors to whom the taxpayer issues federal Form 1099.

Include in the payroll factor only compensation attributable to business operations subject to apportionment. Exclude from the payroll factor compensation of an employee whose primary activities relate to the production of non-business income; however, you may include this compensation as a related expense of the allocated activity.

SALES FACTOR

Line 3a. In columns 1 and 2, enter the total amounts of gross receipts.

Line 3. Sales factor. If you have a federal taxable income or loss, in column 1 enter only a positive number. Otherwise, in columns 1 and 2 enter a positive number or, if the result is a negative number, enter zero. Calculate the percentage for this factor as follows:

$$\frac{\text{amount in column 2}}{\text{amount in column 1}} \times 100 = \text{sales factor percentage}$$

In other words:

1. Divide the total gross receipts attributable to New Mexico during the tax year, excluding returns, allowances, and allocated income, by the total gross receipts attributable to New Mexico during the tax year, excluding returns, allowances, and allocated income.
2. To find the sales factor percentage, multiply the result by 100.

"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 FOB (free on board) 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

CIT-A: NM Apportioned Income for Multistate Corporations

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 4. Sum of factor percentages. Add lines 1, 2, and 3 to find the sum of factor percentages and then enter the percentage sum.

Line 4a. Count of factors. Count all the factors you used and enter the total count here.

Line 5. AVERAGE PERCENTAGE. New Mexico uses an evenly weighted three-factor formula. Taxpayers who use the three-factor formula complete lines 4, 4a, and 5 on Schedule CIT-A.

The three-factor formula is for all taxpayers except the following exclusions, described in detail later in this section:

- **Exclusion 1.** Qualifying manufacturers who elect to use the apportionment formula with a single-weighted sales factor.
- **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 formula.
- **Exclusion 3.** Taxpayers 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.

Taxpayers who elect to use the manufacturers apportionment formula or who are required to use one of the other exclusions, must follow the instructions described next.

For Help Electing an Exclusion Method

For help electing any exclusion method or if you have any questions, call (505) 827-0825 or toll free (866) 809-2335, or email CIT.TaxReturnHelp@tax.nm.gov.

Exclusion 1

Electing Manufacturers Apportionment Formula

Taxpayers whose principal activity is manufacturing may

elect to use the special apportionment formula shown on this page. For tax years beginning on or after January 1, 2014, the election allows taxpayers to apportion their 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 80% 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 Section 7-4-10B NMSA 1978.

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

- (a) construction
- (b) farming
- (c) power generation; "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; except for electricity generation at a facility other than one for which both location approval and a certificate of convenience and necessity are required prior to commencing construction or operation of the facility, pursuant to the Public Utility Act (Articles 1 through 6 and 8 through 13 of Chapter 62 NMSA1978)
- (d) processing natural resources, including hydrocarbons; or
- (e) processing or preparation of meals for immediate consumption.

Electing the Manufacturers Method

To elect to use the manufacturers apportionment formula, do the following:

1. No later than the filing date of the first return to which the election applies, notify the Department in writing.
2. Submit the notification to the Taxation and Revenue Department:
CIT Unit
P.O. Box 630
Santa Fe, NM 87504-0630
3. On Schedule CIT-A, complete lines B and C.

NOTE: To terminate the election, submit that notification to the address in step 2.

CIT-A: NM Apportioned Income for Multistate Corporations

Election Period: The election is made for taxable years beginning prior to January 1, 2020, 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, 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.

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.

Headquarters operation means (a) and all its items are true or (b) and all its items are true:

(a) the center of operations of a business:

- 1) where corporate staff employees are physically employed
- 2) where centralized functions are performed, including administrative, planning, managerial, human resources, purchasing, information technology, and accounting, but not including a call center
- 3) the function and purpose of which is to manage and direct most aspects and regional 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

(b) the center of operations of a business:

- 1) the function and purpose of which is to manage and direct most aspects of one or more centralized functions
- 2) from which final authority over one or more centralized functions is issued

Electing The Headquarters Operation Method

To elect to use the headquarters operation apportionment formula, do the following:

1. No later than the filing date of the first return to which the election applies, notify the Department in writing.
2. Submit the notification to the Taxation and Revenue Department:
CIT Unit
P.O. Box 630
Santa Fe, NM 87504-0630
3. On Schedule CIT-A, complete lines B and C.

NOTE: To terminate the election, submit that notification to the address in step 2.

Election Period: The election is made for taxable years beginning prior to January 1, 2020, 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, 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 New Mexico Percentage

Follow the next steps to calculate the headquarters operation apportionment percentage for CIT-A, line 5:

1. Complete the property factor and payroll factor information in column 1 and 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 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

CIT-A: NM Apportioned Income for Multistate Corporations

Division of Income for Tax Purposes Act do not fairly represent the extent of the business activity in New Mexico, an election may be made 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.

CIT-B: NM Allocation of Non-Business Income

When to Use Schedule CIT-B

Use CIT-B to allocate income not connected to the corporation's regular trade or business. From the gross amount of income, deduct all direct and indirect expenses related to allocated income.

The corporation's books and records determine expenses related to allocated income.

NOTE: If the corporation's books and records do not reflect proper amounts for deduction, the corporation may rely on other reasonable methods.

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.

Line 1 through Line 9

Complete line 1 through line 9 to allocate non-business income to New Mexico. For applicable lines 1 through 7, do the following:

1. In column 1, enter the gross income.
2. In column 2, enter the total of all direct and indirect expenses related to income to allocate to New Mexico.
3. For column 3, enter the difference of column 1 less column 2.
4. For details about column 4, see the instructions for the line in this section.

Line 1. Non-business dividends. If the taxpayer's commercial domicile is in New Mexico, allocate to New Mexico the total amount of dividends in column 3 by entering the column 3 amount in column 4.

Commercial domicile means the principal place from which the taxpayer's trade or business is directed or managed.

Line 2. Non-business interest. If the taxpayer's commercial domicile is in New Mexico, allocate to New Mexico the total amount of interest in column 3 by entering the column 3 amount in column 4.

Line 3. Non-business rents. From column 3, allocate to New Mexico in column 4 the following non-business net rent income:

- Income from real property in New Mexico
- If the taxpayer's commercial domicile is in New Mexico and the corporation is not organized under the laws of or taxable in the state where the property is used, income from all tangible personal property
- Income from tangible personal property used in New Mexico

Line 4. Non-business royalties. From column 3, allocate to New Mexico in column 4 the following non-business net royalty income:

- Income from intangibles (patents, copyrights, franchises, trademarks, and licenses) used in New Mexico
- If the taxpayer's commercial domicile is in New Mexico, but the income from the intangible is not taxable in the state where the intangible is used, income from intangibles

NOTE: A patent is used in New Mexico if it is used in production, fabrication, manufacturing, or other processing in New Mexico. A copyright is used in New Mexico if printing or other production occurs in New Mexico.

Line 5. Profit or loss on sale or exchange of non-business assets. From column 3, allocate to New Mexico in column 4 the net gain or loss from the sale or exchange of the following non-business income:

- Real property in New Mexico
- Tangible personal property located in New Mexico at the time it was sold
- If both the following are true, tangible personal property not located in New Mexico at the time it was sold:
 - The corporation's commercial domicile is within New Mexico.
 - The gain was not taxable in the state where the tangible personal property was located.
- If the corporation's commercial domicile is in New Mexico, intangible personal property

Line 6. Non-business partnership income. From column 3, allocate to New Mexico in column 4 non-business partnership income to the extent the partnership conducts business in this state.

Line 7. Other non-business income. From column 3, allocate to New Mexico in column 4 other non-business income. If you enter an amount in column 4, you must include a schedule to identify all other income allocated to New Mexico.

Line 8. Net allocated income. Add the amounts in column 3, lines 1 through 7, and enter the total allocated income.

Line 9. Net New Mexico allocated income. Add the amounts in column 4, lines 1 through 7, and then enter the total income to allocate to New Mexico.

CIT-C: CERTAIN FOREIGN DIVIDENDS, SUBPART F, AND GILTI

When to Use Schedule CIT-C

Use CIT-C to deduct foreign dividend gross-up amounts by completing the applicable lines.

NOTE: Corporation that are members of a filing group may elect to adjust their apportionment percentages by inclusion of the factors of their foreign-source dividend payers on CIT-A. For help with this election, call (505) 827-0825 or toll free (866) 809-2335, or email CIT.TaxReturnHelp@tax.nm.gov.

Line 1. Dividends from foreign corporations. Enter the amount from federal Form 1120, Schedule C, Line 14.

Line 2. Other inclusions from CFCs under subpart F. Enter the amount from federal Form 1120, Schedule C, Line 16c.

Line 3. Global Intangible Low-Taxed Income (GILTI). Enter

the amount from federal Form 1120, Schedule C, Line 17 net of the deduction from Line 22.

Line 4. Foreign dividend gross-up. Enter the amount from federal Form 1120, Schedule C, Line 18.

Line 5. Total New Mexico foreign dividend deduction. Add lines 1 through 4 and then enter the sum. Also enter this sum on CIT-1, page 2, line 8.

Completing Vouchers and Payments

Mailing a Voucher and Payment

Make all payments under the corporation filing the CIT-1. Complete a voucher when you mail a check or money order, and mail the voucher and payment to:

NM Taxation & Revenue Department
P.O. Box 25127
Santa Fe, NM 87504-5127

CIT-PV

When you submit a regular CIT-1 tax payment, complete and include CIT-PV, *New Mexico Corporate Income and Franchise Tax Payment Voucher*, with the payment. You can send vouchers and payments with or without the CIT-1 return.

To complete the CIT-PV, fill in the following fields:

- Name and address of corporation responsible for filing CIT-1
- **Tax Year Ended**, in MM/DD/CCYY format
- **FEIN** of corporation responsible for filing CIT-1
- **AMOUNT ENCLOSED**

To complete the check or money order, do the following:

- Make it payable to:
New Mexico Taxation & Revenue Department
- Write the **FEIN** and **2025 CIT-1** on the memo line.

CIT-ES

When you make an estimated payment, complete and include CIT-ES, *New Mexico Corporate Income and Franchise Estimated Tax Payment Voucher*, with the payment.

The **Estimated Tax Payment Chart** on this page shows when the estimated payments are due.

To complete the CIT-ES, fill in the following fields and boxes:

- Name and address of corporation responsible for filing CIT-1
- **Tax Year Ended**, in MM/DD/CCYY format for calendar year returns, enter December 31 of the year of the return, or 12/31/2025. For fiscal year returns, enter the last day of the fiscal year.
- Mark the box for the quarter (**1ST QTR**, **2ND QTR**, **3RD QTR**, or **4TH QTR**) to apply the payment
- **FEIN** of corporation responsible for filing CIT-1
- **AMOUNT ENCLOSED**

To complete the check or money order, do the following:

- Make it payable to:
New Mexico Taxation & Revenue Department
- Write the **FEIN**, **CIT-ES**, and tax year/quarter on the memo line.

Calculating a Quarterly Estimated Payment

Use the corporate income tax rate on page 13 to estimate the income tax liability. To avoid penalty and interest for underpayment of estimated tax, calculate the estimated tax using one of these methods:

- **Method 1.** 80% of the current year's estimated tax liability.
- **Method 2.** 100% of the previous year's tax liability if it was a full 12-month or a 52/53-week year.
- **Method 3.** 110% of the liability for the year immediately preceding the previous tax year if it was a full 12-month tax year or a 52/53-week year and both the following are true:
 - Return for the previous tax year has not been filed
 - Extended due date for filing the previous tax year's return has not occurred by the time the current tax year's first estimated payment is due

Estimated Tax Payment Chart

If the tax year ends in	Estimated tax payments for this tax year are due on the 15th of			
	1st Period	2nd Period	3rd Period	4th Period
December	April	June	September	December
January	May	July	October	January
February	June	August	November	February
March	July	September	December	March
April	August	October	January	April
May	September	November	February	May
June	October	December	March	June
July	November	January	April	July
August	December	February	May	August
September	January	March	June	September
October	February	April	July	October
November	March	May	August	November

Completing Vouchers and Payments

- **Method 4.** 80% of the estimated tax liability for each quarter of the current tax year, calculated period by period (not accumulative). Use this method if the income is seasonal or varied throughout the year.

NOTE: Method 4 lets you adjust required payments due for each fiscal quarter based on actual income received.

Payment Requirements for Each Method

When you use methods 1, 2, or 3, you are required to pay estimated tax in four installments, each equal to 25% of the estimated tax. When you use method 4, you are required to pay the full 80% for each quarter.

Instructions for Using Method 4

To use method 4, follow these steps:

1. Complete RPD-41287, *2025 Calculation of Estimated Corporate Income Tax Penalty and Interest on Underpayment*.
2. On CIT-1, page 2, mark box **27a** to show you qualify for and want to use the special underpayment penalty and interest calculation method.
3. Submit RPD-41287 with the CIT-1.

Penalty and Interest Assessments and Methods

The Department assesses estimated penalty and interest on the difference between the underpayment or non-payment of estimated payments and the amount of estimated tax due. The Department automatically computes estimated payments using the lower of methods 1, 2, or 3, only using method 4 when you include RPD-41287, *2025 Calculation of Estimated Corporate Income Tax Penalty and Interest on Underpayment*, and mark box **27a** on the CIT-1.

NOTE: For more information about computing penalty and

interest, see the instructions for lines 32 and 33.

Tax Act Rule and Estimated Payments

The amount of tax deducted and withheld under the Withholding Tax Act or the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act shall be deemed a payment of estimated tax.

An equal amount of withheld tax shall be deemed paid on each due date for the applicable tax year unless the taxpayer establishes the dates on which all amounts were actually withheld, in which case the amounts withheld shall be deemed payments of estimated tax on the dates on which the amounts were actually withheld.

The taxpayer may apply this rule separately to amounts withheld under the Withholding Tax Act or the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act.

CIT-EXT

When you make a CIT-1 extension payment, complete and include CIT-EXT, *New Mexico Corporate Income and Franchise Tax Extension Payment Voucher*, with the payment.

To complete the CIT-EXT, fill in the following fields:

- Name and address of corporation responsible for filing CIT-1
- **Tax Year Ended**, in **MM/DD/CCYY** format
- **FEIN** of corporation responsible for filing CIT-1
- **AMOUNT ENCLOSED**
- To complete the check or money order, do the following:
 - Make it payable to:
New Mexico Taxation & Revenue Department
 - Write the **FEIN** and **2025 CIT-EXT** on memo line.

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. If you want 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 pay-

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

New Mexico Taxpayer Bill of Rights

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.

Refund Offsets

The Secretary decides whether a refund of tax due you may be offset against your other tax liabilities, and you will receive notice that the refund will be made accordingly. You are entitled to interest until the tax liability is credited with the refund amount. Please see the paragraph above on "Audit Provisions" for interest due you if the Department does not offset a refund or credit against your other tax liabilities

within the prescribed time.

The Department may make a direct refund of overpaid taxes to the taxpayer without requiring the taxpayer to file a refund claim. The Department does not have to pay interest on credits or refunds if it applies the amount to a tax interception program, to an estimated payment, or to offset prior liabilities of the taxpayer.

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.