

TITLE 3: TAXATION
CHAPTER 2: GROSS RECEIPTS TAXES
PART 203: DEDUCTIONS

3.2.203.1 ISSUING AGENCY: Taxation and Revenue Department, Joseph M. Montoya Building, 1100 South St. Francis Drive, P.O. Box 630, Santa Fe NM 87504-0630
[11/15/1996; 3.2.203.1 NMAC - Rn, 3 NMAC 2.45.1, 5/31/2001]

3.2.203.2 SCOPE: This part applies to each person engaging in business in New Mexico.
[11/15/1996; 3.2.203.2 NMAC - Rn, 3 NMAC 2.45.2, 5/31/2001]

3.2.203.3 STATUTORY AUTHORITY: Section 9-11-6.2 NMSA 1978.
[11/15/1996; 3.2.203.3 NMAC - Rn, 3 NMAC 2.45.3, 5/31/2001]

3.2.203.4 DURATION: Permanent.
[11/15/1996; 3.2.203.4 NMAC - Rn, 3 NMAC 2.45.4, 5/31/2001]

3.2.203.5 EFFECTIVE DATE: November 15, 1996, unless a later date is cited at the end of a section, in which case the later date is the effective date.
[11/15/1996; 3.2.203.5 NMAC - Rn, 3 NMAC 2.45.5 & A, 5/31/2001]

3.2.203.6 OBJECTIVE: The objective of this part is to interpret, exemplify, implement and enforce the provisions of the Gross Receipts and Compensating Tax Act.
[11/15/1996; 3.2.203.6 NMAC - Rn, 3 NMAC 2.45.6, 5/31/2001]

3.2.203.7 DEFINITIONS: [RESERVED]
[11/15/1996; 3.2.203.7 NMAC - Rn, 3 NMAC 2.45.7, 5/31/2001]

3.2.203.8 LIMITATION ON NUMBER OF DEDUCTIONS ALLOWED:

A. The receipts from a single transaction may be deducted only once, even when two or more sections of the Gross Receipts and Compensating Tax Act allow a deduction for the receipts from that transaction.

B. Example: X appliance company sells electric ranges, refrigerators and dishwashers to Y, a home builder, who installs them in the kitchens of houses that Y is building for sale. X reports the receipts from the transaction to the department but deducts them first under Section 7-9-47 NMSA 1978, which allows a deduction for sales for resale, and then again under Section 7-9-51 NMSA 1978, which permits a deduction for sales of tangible personal property to persons engaged in the construction business. X will not be allowed to deduct the same receipts twice. Receipts, whether deductible under one or several sections (Sections 7-9-46 through 7-9-78.1 NMSA 1978 or Sections 7-9-83 through 7-9-90 NMSA 1978) may be deducted only once from gross receipts.
[12/5/1969, 3/9/1972, 11/20/1972, 3/20/1974, 7/26/1976, 6/18/1979, 4/7/1982, 5/4/1984, 4/2/1986, 11/26/1990, 11/15/1996; 3.2.203.8 NMAC - Rn, 3 NMAC 2.45.8 & A, 5/31/2001]

3.2.203.9 PERSONS WHOSE RECEIPTS ARE DEDUCTIBLE: Persons engaging in business, except those persons all of whose receipts are exempted by the provisions of Sections 7-9-13 through 7-9-42 NMSA 1978 or other law, must register and report their gross receipts to the department even if such receipts are deductible under one or more provisions of Sections 7-9-46 through 7-9-78.1 or 7-9-83 through 7-9-90 NMSA 1978.
[7/26/76, 6/18/79, 4/7/82, 5/4/84, 4/2/86, 11/26/90, 11/15/1996; 3.2.203.9 NMAC - Rn, 3 NMAC 2.45.9 & A, 5/31/2001]

3.2.203.10 DEDUCTIONS FROM GROSS RECEIPTS: The deductions provided by Sections 7-9-46 through 7-9-78.1 and 7-9-83 through 7-9-90 NMSA 1978 apply only to those receipts which are included in and defined as gross receipts pursuant to Section 7-9-3 NMSA 1978.
[10/21/1986, 11/26/1990, 11/15/1996; 3.2.203.10 NMAC - Rn, 3 NMAC 2.45.10 & A, 5/31/2001]

3.2.203.11 DEDUCTIONS OF GROSS RECEIPTS OF MARKETPLACE PROVIDERS AND MARKETPLACE SELLERS: Under Section 7-9-3.5 NMSA 1978, marketplace sellers may have gross receipts from selling, leasing or licensing property or selling services in the state and marketplace providers may have

receipts from receipts collected from selling, leasing, licensing property or selling services. The deductions provided in the Gross Receipts and Compensating Tax Act apply to the gross receipts of marketplace sellers and marketplace providers to the extent that the sale, lease or licensing of property or selling of services would be deductible.

[3.2.203.11 NMAC - N, 7/7/2021]

HISTORY OF 3.2.203 NMAC:

Pre-NMAC History:

BOR 67-2, NM Gross Receipts and Compensating Tax Regulations, September 1967, filed 9/29/1967.

BOR 69-4, Regulations in Effect and Pertaining to the New Mexico Gross Receipts and Compensating Tax Act, 12-5-1969, filed 12/5/1969.

BOR 72-4, Regulations in Effect and Pertaining to the New Mexico Gross Receipts and Compensating Tax Act, 3/9/1972, filed 3/9/1972.

BOR 74-2, Regulations in Effect and Pertaining to the New Mexico Gross Receipts and Compensating Tax Act, 12/15/1973, filed 3/20/1974.

BOR 76-1, Regulations in Effect and Pertaining to the New Mexico Gross Receipts and Compensating Tax Act, 7/26/1976, filed 7/26/1976.

R.D.79-1, Gross Receipts and Compensating Tax Act Regulations, filed 6/18/1979.

R.D. Rule No. 82, Regulations Pertaining to the Gross Receipts and Compensating Tax Act, Sections 7-9-1 to 7-9-80.1 NMSA 1978, filed 4/7/1982.

R.D. Rule No. 84, Regulations Pertaining to the Gross Receipts and Compensating Tax Act, Sections 7-9-1 to 7-9-80.1 NMSA 1978, filed 5/4/1984.

TRD Rule No. 9-86, Regulations Pertaining to the Gross Receipts and Compensating Tax Act, Sections 7-9-1 to 7-9-80.1 NMSA 1978, filed 4/2/1986.

TRD Rule GR-90, Regulations Pertaining to the Gross Receipts and Compensating Tax Act, Sections 7-9-1 to 7-9-80.1 NMSA 1978, filed 11/26/1990.

History of Repealed Material: [RESERVED]

NMAC History:

3 NMAC 2.45, Deductions, filed 11/4/1996.

3.2.203 NMAC, Deductions, filed 5/17/2001.