

TITLE 3: TAXATION
CHAPTER 2: GROSS RECEIPTS TAXES
PART 115: EXEMPTION - COMPENSATING TAX - PERSONAL EFFECTS

3.2.115.1 ISSUING AGENCY: Taxation and Revenue Department, Joseph M. Montoya Building, 1100 South St. Francis Drive, P.O. Box 630, Santa Fe NM 87504-0630
[11/15/96; 3.2.115.1 NMAC - Rn, 3 NMAC 2.27.1, 5/15/01]

3.2.115.2 SCOPE: This part applies to all persons engaging in business in New Mexico and to individuals.
[11/15/96; 3.2.115.2 NMAC - Rn, 3 NMAC 2.27.2, 5/15/01]

3.2.115.3 STATUTORY AUTHORITY: Section 9-11-6.2 NMSA 1978.
[11/15/96; 3.2.115.3 NMAC - Rn, 3 NMAC 2.27.3, 5/15/01]

3.2.115.4 DURATION: Permanent.
[11/15/96; 3.2.115.4 NMAC - Rn, 3 NMAC 2.27.4, 5/15/01]

3.2.115.5 EFFECTIVE DATE: 11/15/96, unless a later date is cited at the end of a section, in which case the later date is the effective date.
[11/15/96; 3.2.115.5 NMAC - Rn, 3 NMAC 2.27.5 & A, 5/15/01]

3.2.115.6 OBJECTIVE: The objective of this part is to interpret, exemplify, implement and enforce the provisions of the Gross Receipts and Compensating Tax Act.
[11/15/96; 3.2.115.6 NMAC - Rn, 3 NMAC 2.27.6, 5/15/01]

3.2.115.7 DEFINITIONS: [Reserved.]
[11/15/96; 3.2.115.7 NMAC - Rn, 3 NMAC 2.27.7, 5/15/01]

3.2.115.8 BUSINESS USE OF PROPERTY:

A. The provisions of Section 7-9-27 NMSA 1978 do not apply to property used in connection with the engaging in business in New Mexico. The use of property for business purposes in New Mexico is not exempt from the imposition of the compensating tax.

B. The following examples illustrate the application of Section 7-9-27 NMSA 1978.

(1) Example 1: A, a Colorado corporation, drills oil wells on contract. A moves a rig out of Colorado into New Mexico and sets it up at the well site. A maintains that no compensating tax is due on the value of the rig since A will only be in the state until the one contract is completed. A must report compensating tax measured by the value of the rig. The rig has been brought into New Mexico for business use. If A had leased the rig from a lessor in Colorado, and a substantial portion of the lessor's receipts were derived from leasing, no compensating tax would be imposed on A. However, the receipts of the lessor would be subject to the gross receipts tax.

(2) Example 2: X, a nonresident, obtains a nonresident hunting license for New Mexico. X brings guns and camping gear to New Mexico for the hunt. The use of this equipment is exempt from the compensating tax.
[9/29/67, 12/5/69, 3/9/72, 11/20/72, 3/20/74, 7/26/76, 6/18/79, 4/7/82, 5/4/84, 4/2/86, 11/26/90, 11/15/96; 3.2.115.8 NMAC - Rn, 3 NMAC 2.27.8 & A, 5/15/01]

HISTORY OF 3.2.115 NMAC:

Pre-NMAC History:

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

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

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

BOR 74-2, Regulations in Effect and Pertaining to the New Mexico Gross Receipts and Compensating Tax Act, 12/15/73, filed 3/20/74.

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

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

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 4/7/82.

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 5/4/84.

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 4/2/86.

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 11/26/90.

History of Repealed Material: [RESERVED]

NMAC History:

3 NMAC 2.27, Exemption - Compensating Tax - Personal Effects, filed 11/4/96.

3.2.115 NMAC, Exemption - Compensating Tax - Personal Effects, filed 4/30/2001.