

**TITLE 3            TAXATION**  
**CHAPTER 2       GROSS RECEIPTS TAXES**  
**PART 117        EXEMPTION - GROSS RECEIPTS TAX - CERTAIN ORGANIZATIONS**

**3.2.117.1            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; 3.2.117.1 NMAC - Rn, 3 NMAC 2.29.1, 5/15/01]

**3.2.117.2            SCOPE:** This part applies to each person engaging in business in New Mexico and to 501(c)(3) and certain 501(c)(6) organizations.  
[11/15/96; 3.2.117.2 NMAC - Rn, 3 NMAC 2.29.2, 5/15/01]

**3.2.117.3            STATUTORY AUTHORITY:** Section 9-11-6.2 NMSA 1978.  
[11/15/96; 3.2.117.3 NMAC - Rn, 3 NMAC 2.29.3, 5/15/01]

**3.2.117.4            DURATION:** Permanent.  
[11/15/96; 3.2.117.4 NMAC - Rn, 3 NMAC 2.29.4, 5/15/01]

**3.2.117.5            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; 3.2.117.5 NMAC - Rn, 3 NMAC 2.29.5 & A, 5/15/01]

**3.2.117.6            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; 3.2.117.6 NMAC - Rn, 3 NMAC 2.29.6, 5/15/01]

**3.2.117.7            DEFINITIONS:** [Reserved.]  
[11/15/96; 3.2.117.7 NMAC - Rn, 3 NMAC 2.29.7, 5/15/01]

**3.2.117.8            RECEIPTS OF 501(c)(3) ORGANIZATIONS AFTER JULY 1, 1970:** Receipts of organizations which demonstrate to the department that they have been granted an exemption from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, Section 501(c)(3) of the U.S. Internal Revenue Code of 1954 or Section 101(6) of the U.S. Internal Revenue Code of 1939 are exempt from the gross receipts tax regardless of their source, unless the receipts are derived from an unrelated trade or business as defined in Section 513 of the Internal Revenue Code of 1986, Section 513 of the United States Internal Revenue Code of 1954 or Section 422(b) of the United States Internal Revenue Code of 1939.  
[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; 3.2.117.8 NMAC - Rn, 3 NMAC 2.29.8, 5/15/01]

**3.2.117.9            RECEIPTS OF 501(c)(6) ORGANIZATIONS AFTER JULY 1, 1988 - GENERAL RULES:**

A. For the purposes of the exemption provided by Subsection B of Section 7-9-29 NMSA 1978, a chamber of commerce, visitor bureau or convention bureau function is an activity commonly, usually or typically carried on by such an organization. Receipts of a 501(c)(6) organization from activities which are never, rarely or atypically carried on by chambers of commerce, visitor bureaus or convention bureaus are not exempt from gross receipts tax under Subsection B of Section 7-9-29 NMSA 1978, regardless of whether those receipts are exempt from federal income tax.

B. It is not necessary for the words “chamber of commerce”, “visitor bureau” or “convention bureau” to appear in the name of the 501(c)(6) organization for the exemption to apply.

C. Section 3.2.117.9 NMAC is applicable to transactions occurring on or after July 1, 1988.  
[6/28/89, 11/26/90, 11/15/96; 3.2.117.9 NMAC - Rn, 3 NMAC 2.29.9 & A, 5/15/01]

**3.2.117.10           RECEIPTS OF 501(c)(6) ORGANIZATIONS - EXAMPLES:**

A. Some examples of receipts of 501(c)(6) organizations from “carrying on chamber of commerce, visitor bureau and convention bureau functions” are:

- (1) Receipts from sales of audio or video materials promoting the local area.
- (2) Receipts from admission fees to business seminars sponsored by the 501(c)(6)

organization either by itself or in cooperation with other entities.

(3) Receipts of the 501(c)(6) organization from fund-raising events.

B. Section 3.2.117.10 NMAC is applicable to transactions occurring on or after July 1, 1988.  
[6/28/89, 11/26/90, 11/15/96; 3.2.117.10 NMAC - Rn, 3 NMAC 2.29.10, 5/15/01]

### **3.2.117.11 SINGLE MEMBER LIMITED LIABILITY COMPANY WHOSE SOLE MEMBER IS A 501(c)(3) ORGANIZATION:**

A. A single member limited liability company (llc) whose sole member is a 501(c)(3) organization will be treated like a 501(c)(3) organization and receive the same treatment for purposes of Section 7-9-29 NMSA 1978 so long as the llc is recognized by the internal revenue service as a disregarded entity for federal income tax purposes.

B. Any receipts of an llc described in Subsection A above that are derived from an unrelated trade or business as defined in Section 513 of the Internal Revenue Code of 1986, as amended or renumbered, are not exempt from gross receipts tax under Subsection A of Section 7-9-29 NMSA 1978.  
[3.2.117.11 NMAC - N, 1/15/15]

### **HISTORY OF 3.2.117 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 2.29, Exemption - Gross Receipts Tax - Certain Organizations, filed 11/4/96.

3.2.117 NMAC, Exemption - Gross Receipts Tax - Certain Organizations, filed 4/30/2001.