

**TITLE 3: TAXATION**  
**CHAPTER 2: GROSS RECEIPTS TAXES**  
**PART 127: EXEMPTION - GROSS RECEIPTS TAX - FEES FROM SOCIAL ORGANIZATIONS**

**3.2.127.1 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; 3.2.127.1 NMAC - Rn, 3 NMAC 2.39.1, 5/15/01]

**3.2.127.2 SCOPE:** This part applies to each nonprofit organization in New Mexico.  
[11/15/96; 3.2.127.2 NMAC - Rn, 3 NMAC 2.39.2 & A, 5/15/01]

**3.2.127.3 STATUTORY AUTHORITY:** Section 9-11-6.2 NMSA 1978.  
[11/15/96; 3.2.127.3 NMAC - Rn, 3 NMAC 2.39.3, 5/15/01]

**3.2.127.4 DURATION:** Permanent.  
[11/15/96; 3.2.127.4 NMAC - Rn, 3 NMAC 2.39.4, 5/15/01]

**3.2.127.5 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; 3.2.127.5 NMAC - Rn, 3 NMAC 2.39.5 & A, 5/15/01]

**3.2.127.6 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; 3.2.127.6 NMAC - Rn, 3 NMAC 2.39.6, 5/15/01]

**3.2.127.7 DEFINITIONS:** [Reserved.]  
[11/15/96; 3.2.127.7 NMAC - Rn, 3 NMAC 2.39.7, 5/15/01]

**3.2.127.8 RECEIPTS DERIVED FROM ASSESSMENTS:** The receipts of a nonprofit social or fraternal organization from assessments made to its members when members who are assessed receive blazers, emblems, or services of more than nominal value upon payment of the assessments are subject to the gross receipts tax. These receipts are not exempted from the gross receipts tax pursuant to Section 7-9-39 NMSA 1978 because they are not receipts derived from either "dues" or "registration fees".  
[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; 3.2.127.8 NMAC - Rn, 3 NMAC 2.39.8 & A, 5/15/01]

**3.2.127.9 OTHER ORGANIZATIONS:** The receipts of organizations other than the type of organizations specifically referred to in Section 7-9-39 NMSA 1978 from "dues" and "registration fees" are not exempt from the gross receipts tax pursuant to Section 7-9-39 NMSA 1978.  
[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; 3.2.127.9 NMAC - Rn, 3 NMAC 2.39.9 & A, 5/15/01]

**3.2.127.10 GENERAL EXAMPLES - REGISTRATION FEES:**

A. Example 1: The XYZ Association holds a convention once each year. The registration fee is \$10.00 per person. This registration fee is exempt.

B. Example 2: The D Club, a corporation not organized for profit, has an annual deer hunt on property which it owns. For a fee of \$300 a member is allowed to hunt on the ranch for one week. The club refuses to pay gross receipts tax on these receipts on the theory that the receipts are in fact dues. These receipts are not dues. The term "dues" refers to amounts which a member of an organization pays at recurring intervals for the general maintenance and upkeep of an organization. The fee is not a registration fee because a deer hunt is not similar to a convention. Furthermore, the D Club is not a nonprofit social, fraternal, political, trade, labor or professional organization, nor a business league, therefore, the receipts from the annual hunt are subject to the gross receipts tax.

C. Example 3: The W Association, an association not organized for profit, is formed to supply water for non-irrigational purposes to the members of the association. A \$200 initial fee is levied upon each new member. The fee is used to pay for the installation of service to the member's property and to apply to the debt owed on the

existing equipment. Each month thereafter, the association levies a \$5.00 charge on each member. The association maintains that the initial fee is a registration fee, the monthly charges membership dues, and therefore neither are subject to the gross receipts tax under Section 7-9-39 NMSA 1978. All receipts of the association are used for the purpose of providing services to the members. They are not dues or registration fees. Moreover, the association is not a nonprofit social, fraternal, political, trade, labor or professional organization, nor a business league. The receipts of the association are subject to gross receipts tax.

D. Example 4: Z is a food club organized to provide lower prices for its members through high volume and direct purchasing. It is not organized for profit. Each member pays \$20.00 a year to cover the cost of administration. These receipts, though being members' dues, are subject to tax because Z is not a nonprofit social, fraternal, political, trade, labor or professional organization, nor a business league. Receipts from the food purchases of the members are also subject to the gross receipts 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; 3.2.127.10 NMAC - Rn, 3 NMAC 2.39.10 & A, 5/15/01]

**3.2.127.11 RENTAL OF ROOMS IN A ROOMING HOUSE:** Receipts from rental of rooms in a rooming house, even though denominated as “dues and registration fees” by nonprofit, social, fraternal, political, trade, business, labor or professional organizations are subject to the gross receipts tax. Such receipts, no matter how denominated, are not dues and registration fees as used in Section 7-9-39 NMSA 1978.

[6/18/79, 4/7/82, 5/4/84, 4/2/86, 11/26/90, 11/15/96; 3.2.127.11 NMAC - Rn, 3 NMAC 2.39.11 & A, 5/15/01]

**3.2.127.12 CIVIC ORGANIZATIONS ARE “SOCIAL” ORGANIZATIONS:** Civic leagues, civic organizations and social welfare organizations that have been determined by the commissioner of internal revenue to be organizations described by Section 501(c)(4) of the Internal Revenue Code are “social” organizations for the purposes of Section 7-9-39 NMSA 1978.

[3.2.127.12 NMAC - N, 10/31/2000]

#### **HISTORY OF 3.2.127 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 2.39, Exemption - Gross Receipts Tax - Fees from Social Organizations, filed 11/4/96.

3.2.127 NMAC, Exemption - Gross Receipts Tax - Fees from Social Organizations, filed 4/30/2001.