

TITLE 3: TAXATION
CHAPTER 2: GROSS RECEIPTS TAXES
PART 229: DEDUCTION - GROSS RECEIPTS TAX - ADMINISTRATIVE AND ACCOUNTING SERVICES

3.2.229.1 ISSUING AGENCY: Taxation and Revenue Department, Joseph M. Montoya Building, 1150 South St. Francis Drive, P.O. Box 630, Santa Fe NM 87504-0630
[3/15/96; 3.2.229.1 NMAC - Rn & A, 3 NMAC 2.69.1, 6/14/01]

3.2.229.2 SCOPE: This part applies to each person engaging in business in New Mexico.
[3/15/96, 11/15/96; 3.2.229.2 NMAC - Rn, 3 NMAC 2.69.2, 6/14/01]

3.2.229.3 STATUTORY AUTHORITY: Section 9-11-6.2 NMSA 1978.
[3/15/96; 3.2.229.3 NMAC - Rn, 3 NMAC 2.69.3, 6/14/01]

3.2.229.4 DURATION: Permanent.
[3/15/96; 3.2.229.4 NMAC - Rn, 3 NMAC 2.69.4, 6/14/01]

3.2.229.5 EFFECTIVE DATE: 3/15/96, unless a later date is cited at the end of a section, in which case the later date is the effective date.
[3/15/96, 11/15/96; 3.2.229.5 NMAC - Rn, 3 NMAC 2.69.5 & A, 6/14/01]

3.2.229.6 OBJECTIVE: The objective of this part is to interpret, exemplify, implement and enforce the provisions of the Gross Receipts and Compensating Tax Act.
[3/15/96; 3.2.229.6 NMAC - Rn, 3 NMAC 2.69.6, 6/14/01]

3.2.229.7 DEFINITIONS: [Reserved.]
[3/15/96; 3.2.229.7 NMAC - Rn, 3 NMAC 2.69.7, 6/14/01]

3.2.229.8 GENERAL EXAMPLES:

A. The deduction provided by this section contains several restrictions, among them are these:
(1) receipts must be from activities performed on a nonprofit or cost basis;
(2) excluded are receipts from sharing equipment or facilities other than office equipment or offices;
and
(3) excluded are receipts from transactions with entities other than affiliated corporations as defined in this section.

B. Example 1: D is a wholly owned subsidiary of C. C does the machine accounting for D for the actual cost of the accounting work plus ten percent. C may not deduct the receipts which it receives from D. The deduction is only for receipts from accounting services rendered on a nonprofit or cost basis.

C. Example 2: D, a wholly owned subsidiary of C, leases construction equipment to C on a cost basis. D cannot deduct the gross receipts which it received from this transaction. This transaction does not involve the performance of accounting, managerial or administrative services or the joint use or sharing of office machines and facilities upon a nonprofit or cost basis.

D. Example 3: B and C are subsidiaries of A. A owns 80% of the voting stock of B and 40% of the voting stock of C. B performs administrative and accounting services for A and C on a cost basis. B may deduct the receipts derived from performing the administrative and accounting services for A. B may not deduct the gross receipts which it receives from C because C is not an affiliated corporation as defined by this section.

E. This version of Section 3.2.229.8 NMAC is retroactively applicable to taxable events occurring on or after July 1, 1993.
[12/5/69 ... 3/15/96; 3.2.229.8 NMAC - Rn, 3 NMAC 2.69.8 & A, 6/14/01]

HISTORY OF 3.2.229 NMAC:

Pre-NMAC History: The material in this part was derived from that previously filed with the State Records Center:

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 2.69, Deduction - Gross Receipts Tax - Administrative and Accounting Services, filed 3/4/96.
3.2.229 NMAC, Deduction - Gross Receipts Tax - Administrative and Accounting Services, filed 6/4/2001.