

**TITLE 3: TAXATION**  
**CHAPTER 2: GROSS RECEIPTS TAXES**  
**PART 231: DEDUCTION - GROSS RECEIPTS TAX - TRADE-IN ALLOWANCE**

**3.2.231.1 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; 3.2.231.1 NMAC - Rn, 3 NMAC 2.71.1, 6/14/01]

**3.2.231.2 SCOPE:** This part applies to each person engaging in business in New Mexico.  
[11/15/96; 3.2.231.2 NMAC - Rn, 3 NMAC 2.71.2, 6/14/01]

**3.2.231.3 STATUTORY AUTHORITY:** Section 9-11-6.2 NMSA 1978.  
[11/15/96; 3.2.231.3 NMAC - Rn, 3 NMAC 2.71.3, 6/14/01]

**3.2.231.4 DURATION:** Permanent.  
[11/15/96; 3.2.231.4 NMAC - Rn, 3 NMAC 2.71.4, 6/14/01]

**3.2.231.5 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; 3.2.231.5 NMAC - Rn, 3 NMAC 2.71.5 & A, 6/14/01]

**3.2.231.6 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; 3.2.231.6 NMAC - Rn, 3 NMAC 2.71.6, 6/14/01]

**3.2.231.7 DEFINITIONS:** [Reserved.]  
[11/15/96; 3.2.231.7 NMAC - Rn, 3 NMAC 2.71.7, 6/14/01]

**3.2.231.8 TRADE-IN MUST BE OF LIKE PROPERTY:**

A. A trade-in of tangible personal property, as used in Section 7-9-71 NMSA 1978, must be of the same type as the tangible personal property being sold.

B. Example 1: X, an appliance company, sells a refrigerator to Y and takes a radio as a trade-in. X cannot deduct that portion of its gross receipts on this transaction that is represented by the trade-in because a radio is not the same type of tangible personal property as a refrigerator.

C. Example 2: S, a construction equipment dealer, sells Y, a construction company, a crusher and takes a tractor as a trade-in. S cannot deduct that portion of its gross receipts on this transaction that is represented by the trade-in because a tractor is not the same type of tangible personal property as a crusher.

D. Example 3: A manufactured home is not the same type of tangible personal property as a "travel trailer" as defined in Section 66-1-4.17 NMSA 1978, for purposes of the trade-in allowance provided under Section 7-9-71 NMSA 1978.

[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, 3/19/92, 11/15/96; 3.2.231.8 NMAC - Rn, 3 NMAC 2.71.8 & A, 6/14/01]

**3.2.231.9 MUSICAL INSTRUMENTS:** That portion of the receipts of a music dealer which represents a trade-in of a musical instrument may be deducted from gross receipts only if the trade-in was accepted on the sale of another musical instrument of the same type as the instrument accepted for trade-in. Similarly, that portion of receipts of a music dealer which represents a trade-in of equipment for amplifying musical sound used in conjunction with musical instruments may be deducted from gross receipts only if the trade-in was accepted on the sale of other equipment for amplifying musical sound used in conjunction with musical instruments.  
[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; 3.2.231.9 NMAC - Rn, 3 NMAC 2.71.9, 6/14/01]

**HISTORY OF 3.2.231 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 2.71, Deduction - Gross Receipts Tax - Trade-In Allowance, filed 11/4/96.

3.2.231 NMAC, Deduction - Gross Receipts Tax - Trade-In Allowance, filed 6/4/2001.