

**TITLE 3: TAXATION**  
**CHAPTER 3: PERSONAL INCOME TAXES**  
**PART 7: INDIVIDUAL INCOME TAX**

3.3.7.1 **ISSUING AGENCY:** Taxation and Revenue Department, Joseph M. Montoya Building, 1100 South St. Francis Drive, P.O. Box 630, Santa Fe NM 87504-0630.  
[1/15/97; 3.3.7.1 NMAC - Rn, 3 NMAC 3.7.1, 12/14/00]

3.3.7.2 **SCOPE:** This part applies to each resident of New Mexico and to each nonresident employed or engaged in the transaction of business in, into or from New Mexico or deriving any income from any property or employment in New Mexico.  
[1/15/97; 3.3.7.2 NMAC - Rn, 3 NMAC 3.7.2, 12/14/00]

3.3.7.3 **STATUTORY AUTHORITY:** Section 9-11-6.2 NMSA 1978.  
[1/15/97; 3.3.7.3 NMAC - Rn, 3 NMAC 3.7.3, 12/14/00]

3.3.7.4 **DURATION:** Permanent.  
[1/15/97; 3.3.7.4 NMAC - Rn, 3 NMAC 3.7.4, 12/14/00]

3.3.7.5 **EFFECTIVE DATE:** 1/15/97, unless a later date is cited at the end of a section, in which case the later date is the effective date.  
[1/15/97; 3.3.7.5 NMAC - Rn & A, 3 NMAC 3.7.5, 12/14/00]

3.3.7.6 **OBJECTIVE:** The objective of this part is to interpret, exemplify, implement and enforce the provisions of the Income Tax Act.  
[1/15/97; 3.3.7.6 NMAC - Rn, 3 NMAC 3.7.6, 12/14/00]

3.3.7.7 **DEFINITIONS:** [Reserved]  
[1/15/97; 3.3.7.7 NMAC - Rn, 3 NMAC 3.7.7, 12/14/00]

3.3.7.8 **PRORATION FOR FISCAL YEAR TAXPAYERS**

A. A taxpayer whose taxable year ends on a date other than December 31 shall compute the tax on the tax taxable income for the entire fiscal year using both the old and the new rates. The final tax is the sum of that part of the old tax which is proportionate to that portion of the taxable year preceding the effective date of the new tax and that part of the new tax which is proportionate to that portion of the taxable year beginning with the effective date of the new tax rates.

B. Example 1: A taxpayer files a fiscal year return beginning October 1, 1982, and ending September 30, 1983. The tax taxable income for the entire fiscal year is \$10,000. The taxpayer computes the tax due on the entire \$10,000 based on the 1982 tax table and also computes the tax due on the entire \$10,000 based on the 1983 tax table. As three months of the fiscal year were in 1982 and nine months were in 1983, the final tax is 1/4 of the tax computed based on the 1982 tax table plus 3/4 of the tax computed based on the 1983 tax table.

C. Example 2: A taxpayer files a fiscal year return beginning July 1, 1982, and ending June 30, 1983. The taxable income for the entire fiscal year is \$50,000. The taxpayer computes the tax due on the entire \$50,000 based on the 1983 tax rate. As six months of the fiscal year were in 1982 and six months were in 1983, the final tax is one half of the tax computed based on the 1982 tax table plus one half of the tax computed based on the 1983 tax table.

[1/6/84, 12/29/89, 3/16/92, 1/15/97; 3.3.7.8 NMAC - Rn, 3 NMAC 3.7.8, 12/14/00]

3.3.7.9 **TAX TABLES**

A. For taxable years beginning on or after January 1, 1983, any taxpayer who files a personal income tax return on a calendar-year basis will be required to use the tax tables which are incorporated into the department's instructions for the personal income tax form for the specific calendar year, provided that the taxpayer's taxable income and number of personal exemptions are included within the tax table.

B. Taxpayers whose number of personal exemptions or whose taxable income is not included specifically within the tax tables are required to calculate income tax due by using the tax rate schedule set forth in Section 7-2-7 NMSA 1978.

[3/31/86, 12/29/89, 3/16/92, 1/15/97; 3.3.7.9 NMAC - Rn & A, 3 NMAC 3.7.9, 12/14/00]

3.3.7.10 **CHANGES IN TAX RATES:** In the event of a change in the tax rates, the instructions prepared by the department for the personal income tax forms will incorporate tax tables computed substantially on the basis of the rates prescribed in Section 7-2-7 NMSA 1978 for the year or years affected.

[3/31/86, 12/29/89, 3/16/92, 1/15/97; 3.3.7.10 NMAC - Rn & A, 3 NMAC 3.7.10, 12/14/00]