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HOUSE BILL 535

**48TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2007**

INTRODUCED BY

Peter Wirth

AN ACT

RELATING TO TAXATION; AMENDING THE CORPORATE INCOME AND  
FRANCHISE TAX ACT TO MANDATE COMBINED REPORTING; REDUCING  
CORPORATE INCOME TAX RATES; REPEALING A SECTION OF THE NMSA  
1978 PERTAINING TO CONSOLIDATED RETURNS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2A-5 NMSA 1978 (being Laws 1981,  
Chapter 37, Section 38, as amended) is amended to read:

"7-2A-5. CORPORATE INCOME TAX RATES.--The corporate  
income tax imposed on corporations by Section 7-2A-3 NMSA 1978  
shall be at the rates specified in the following table:

If the net income is:	The tax shall be:
Not over \$500,000	[ <del>4.8%</del> ] <u>4.0%</u> of net income
Over \$500,000 but not	

.163978.1

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1 ~~pursuant to Section 7-2A-8.4 NMSA 1978 shall not file pursuant~~  
2 ~~to this section unless the secretary gives prior permission to~~  
3 ~~file on a combined return basis.]~~

4 B. Once corporations have reported net income through  
5 a combined return for any taxable year, they shall file  
6 combined returns for subsequent taxable years, so long as they  
7 remain unitary corporations, [~~unless the corporations elect to~~  
8 ~~file pursuant to Section 7-2A-8.4 NMSA 1978 or~~] unless the  
9 secretary grants prior permission for one or more of the  
10 corporations to file individually.

11 [~~G. For taxable years beginning on or after January~~  
12 ~~1, 1993, no unitary corporation once included in a combined~~  
13 ~~return may elect, or be granted permission by the secretary,~~  
14 ~~for any subsequent taxable year to separately account pursuant~~  
15 ~~to Paragraph (4) of Subsection A of Section 7-2A-8 NMSA 1978.]"~~

16 Section 3. REPEAL.--Section 7-2A-8.4 NMSA 1978 (being  
17 Laws 1983, Chapter 213, Section 13, as amended) is repealed.

18 Section 4. APPLICABILITY.--The provisions of this act  
19 apply to taxable years beginning on or after January 1, 2008.