

1 SENATE BILL 85

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

4 Sue Wilson Beffort

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10 AN ACT

11 RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS RECEIPTS
12 FOR CERTAIN BUSINESSES FOR SALES OF SERVICES TO OUT-OF-STATE
13 PURCHASERS.

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

16 SECTION 1. A new section of the Gross Receipts and
17 Compensating Tax Act is enacted to read:

18 "[NEW MATERIAL] DEDUCTION--GROSS RECEIPTS--SERVICES TO
19 OUT-OF-STATE PURCHASERS.--

20 A. Until July 1, 2018, receipts from the sale of
21 services to out-of-state purchasers may be deducted by a small
22 business from gross receipts, provided that the small business
23 has entered into a separate contract with the out-of-state
24 purchaser to provide those services and the services are
25 delivered by remote delivery.

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1 B. The purpose of the deduction provided in this
2 section is to help to support small businesses in New Mexico
3 that sell services to out-of-state purchasers.

4 C. Deductions for sales of services to out-of-state
5 purchasers shall be stated separately by the taxpayer on forms
6 provided by the department.

7 D. The department shall annually report to the
8 revenue stabilization and tax policy committee aggregate
9 amounts of deductions taken pursuant to this section, the
10 number of taxpayers claiming the deduction and any other
11 information that is necessary to determine that the deduction
12 is performing the purpose for which it is enacted.

13 E. As used in this section:

14 (1) "out-of-state" means that delivery of the
15 service is to an address outside of New Mexico; and

16 (2) "small business" means a business:
17 (a) with fewer than ten employees,
18 including all persons for whom the business pays part or all of
19 the person's social security taxes due pursuant to the Federal
20 Insurance Contributions Act; and

21 (b) that has paid gross receipts taxes
22 pursuant to the provisions of the Gross Receipts and
23 Compensating Tax Act for the five consecutive years prior to
24 the first year in which a deduction pursuant to this section is
25 taken."

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SECTION 2. EFFECTIVE DATE.--The effective date of the provisions of this act is July 1, 2013.