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HOUSE BILL

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

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO TAXATION; DECREASING CERTAIN CORPORATE INCOME TAX RATES; PROVIDING FOR COMBINED REPORTING OF CORPORATE INCOME FOR UNITARY CORPORATIONS.

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	4.8% of net income
Over \$500,000 [but not	
over \$1,000,000]	\$24,000 plus
	6.4% of excess

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1 over \$500,000
2 [~~Over \$1,000,000~~ \$56,000
3 ~~plus 7.6% of excess~~
4 ~~over \$1,000,000]."~~

5 SECTION 2. Section 7-2A-8.3 NMSA 1978 (being Laws 1983,
6 Chapter 213, Section 12, as amended by Laws 1993, Chapter 307,
7 Section 4 and by Laws 1993, Chapter 309, Section 2) is amended
8 to read:

9 "7-2A-8.3. COMBINED RETURNS.--

10 A. A unitary corporation that is subject to taxation
11 under the Corporate Income and Franchise Tax Act and that has
12 not previously filed a combined return pursuant to this section
13 or a consolidated return pursuant to Section 7-2A-8.4 NMSA 1978
14 [~~may elect to~~] shall file a combined return with other unitary
15 corporations as though the entire combined net income were that
16 of one corporation. The return filed under this method of
17 reporting shall include the net income of all the unitary
18 corporations. Transactions among the unitary corporations may
19 be eliminated by applying the appropriate rules for reporting
20 income for a consolidated federal income tax return. Any
21 corporation that has filed an income tax return with New Mexico
22 pursuant to Section 7-2A-8.4 NMSA 1978 shall not file pursuant
23 to this section unless the secretary gives prior permission to
24 file on a combined return basis.

25 B. Once corporations have reported net income through

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1 a combined return for any taxable year, they shall file
2 combined returns for subsequent taxable years, so long as they
3 remain unitary corporations, unless the corporations elect to
4 file pursuant to Section 7-2A-8.4 NMSA 1978. ~~[or unless the~~
5 ~~secretary grants prior permission for one or more of the~~
6 ~~corporations to file individually.~~

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

12 SECTION 3. APPLICABILITY.--The provisions of this act
13 apply to taxable years beginning on or after January 1, 2014.

14 SECTION 4. EFFECTIVE DATE.--The effective date of the
15 provisions of this act is January 1, 2014.