

HOUSE BILL 189

**50TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2012**

INTRODUCED BY

Rick Little

AN ACT

RELATING TO TAXATION; PROVIDING A DEDUCTION FROM GROSS RECEIPTS  
FOR CERTAIN SMALL BUSINESSES.

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

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

"~~[NEW MATERIAL]~~ DEDUCTION--SMALL BUSINESSES--  
APPLICATIONS--REPORTING.--

A. Receipts of a small business may be deducted  
from gross receipts if the total gross receipts of the taxpayer  
in the preceding calendar year did not exceed fifty thousand  
dollars (\$50,000), inclusive of receipts that are exempt or  
deductible pursuant to other sections of the Gross Receipts and  
Compensating Tax Act.

B. The purposes of the deduction provided in this

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1 section are to:

2 (1) reduce the tax burden on the smallest  
3 businesses in New Mexico and thereby provide additional  
4 financial resources to sustain and grow small businesses; and

5 (2) offset the disproportionate costs of tax  
6 compliance and reporting for small businesses.

7 C. To receive the deduction provided in this  
8 section, a taxpayer shall file with the department an  
9 application on a form and in a manner required by the  
10 department for the specific calendar year in which the taxpayer  
11 wishes to take the deduction. The application shall include:

12 (1) for an existing taxpayer:

13 (a) the total gross receipts of the  
14 taxpayer in the preceding calendar year; and

15 (b) any other information required by  
16 the department to determine if the taxpayer is eligible to take  
17 the deduction; and

18 (2) for a taxpayer that has been engaging in  
19 business for less than one full calendar year at the time the  
20 application for a deduction is filed with the department:

21 (a) the total gross receipts of the  
22 taxpayer for the part of the calendar year in which the  
23 taxpayer was engaging in business; and

24 (b) any other information required by  
25 the department to determine if the taxpayer is eligible to take

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1 the deduction.

2 D. If an eligible taxpayer's total gross receipts  
3 for the calendar year exceed fifty thousand dollars (\$50,000),  
4 the taxpayer shall:

5 (1) file a report stating the taxpayer's total  
6 gross receipts for the calendar year, taking the deduction as  
7 allowed for the first fifty thousand dollars (\$50,000) pursuant  
8 to this section and any other deductions that the taxpayer is  
9 eligible to take;

10 (2) calculate and submit the gross receipts  
11 tax owed on the excess gross receipts above fifty thousand  
12 dollars (\$50,000);

13 (3) file the report by the twenty-fifth day of  
14 the month following the month in which the taxpayer's gross  
15 receipts exceeded fifty thousand dollars (\$50,000);

16 (4) file gross receipts reports monthly for  
17 the remainder of the calendar year; and

18 (5) not apply for a deduction pursuant to this  
19 section in the next calendar year.

20 E. An eligible taxpayer shall file with the  
21 department an annual report in a form and manner determined by  
22 the department no later than January 25 of each year following  
23 a year in which the taxpayer takes a deduction pursuant to this  
24 section in which the taxpayer's gross receipts for the  
25 preceding calendar year are reported.

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F. As used in this section:

(1) "eligible taxpayer" means a taxpayer who has submitted an application to the department to take a deduction in a specified calendar year pursuant to this section and has received approval from the department to take the deduction for the calendar year specified;

(2) "small business" means an entity engaged in doing business that has total gross receipts in a calendar year of fifty thousand dollars (\$50,000) or less; and

(3) "total gross receipts" means, in regard to a taxpayer that has any business structure, the gross receipts for all persons who own, directly or indirectly, any interest in the capital or profits in the business that are derived from substantially the same activities as those of the taxpayer."

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