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AN ACT  
RELATING TO TAXATION; REDUCING CORPORATE INCOME TAX RATES;  
REQUIRING COMBINED REPORTING FOR CERTAIN 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 over \$500,000
Over \$1,000,000	\$56,000 plus 7.5% of excess over \$1,000,000."

SECTION 2. Section 7-2A-8.3 NMSA 1978 (being Laws 1983,  
Chapter 213, Section 12, as amended by Laws 1993, Chapter  
307, Section 4 and also by Laws 1993, Chapter 309, Section 2)

1 is amended to read:

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

3 A. A unitary corporation that is subject to  
4 taxation under the Corporate Income and Franchise Tax Act and  
5 that has not previously filed a combined return pursuant to  
6 this section or a consolidated return pursuant to Section  
7 7-2A-8.4 NMSA 1978 may elect to file a combined return with  
8 other unitary corporations as though the entire combined net  
9 income were that of one corporation; provided, however, that  
10 a unitary corporation that provides retail sales of goods in  
11 a facility of more than thirty thousand square feet under one  
12 roof in New Mexico shall file a combined return with other  
13 unitary corporations as though the entire combined net income  
14 were that of one corporation. The return filed under this  
15 method of reporting shall include the net income of all the  
16 unitary corporations. Transactions among the unitary  
17 corporations may be eliminated by applying the appropriate  
18 rules for reporting income for a consolidated federal income  
19 tax return. Any corporation that has filed an income tax  
20 return with New Mexico pursuant to Section 7-2A-8.4 NMSA 1978  
21 shall not file pursuant to this section unless the secretary  
22 gives prior permission to file on a combined return basis.

23 B. Once corporations have reported net income  
24 through a combined return for any taxable year, they shall  
25 file combined returns for subsequent taxable years, so long

1 as they remain unitary corporations, unless the corporations  
2 elect to file pursuant to Section 7-2A-8.4 NMSA 1978 or  
3 unless the secretary grants prior permission for one or more  
4 of the corporations to file individually.

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

11 SECTION 3. APPLICABILITY.--The provisions of this act  
12 apply to taxable years beginning on or after January 1, 2013.

13 SECTION 4. EFFECTIVE DATE.--The effective date of the  
14 provisions of this act is January 1, 2013. \_\_\_\_\_

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