

2014 PIT-5

Rev. 08/27/2014

NEW MEXICO TAXATION AND REVENUE DEPARTMENT QUALIFIED BUSINESS FACILITY REHABILITATION CREDIT

Name of owner	Social Security Number
Physical address of property	City / State / ZIP code

As provided by the New Mexico Economic Development Department, Enterprise Zone Program Officer:

Date of project approval: _____ Project approval number: _____

Date of credit approval: _____ Amount of credit approval: \$ _____

If you are claiming the credit for more than one project, complete a separate Form PIT-5 for each.

Has credit for this project been claimed in any other taxable year? NO YES

If YES, indicate year(s) _____

SCHEDULE A

If the property upon which the project is performed is a partnership, limited liability corporation, S corporation, joint venture or similar business association, list each owner, the New Mexico CRS identification number or social security number, and ownership percentage of each partner or member.

	<u>Name</u>	<u>CRS I.D. Number</u>	<u>Ownership Percentage</u>
a.	_____	_____	_____
b.	_____	_____	_____
c.	_____	_____	_____
d.	_____	_____	_____

1. Project amount approved for the current tax year..... \$ _____
2. Project amount approved in prior years \$ _____
3. Total amount approved for this project (The sum of lines 1 and 2) \$ _____
4. Multiply by 50%
5. Enter the product of line 3 x line 4 **OR** \$50,000, whichever is less.
This is the Maximum Qualified Business Facility Rehabilitation Credit available..... \$ _____
6. Credit allowed for claimant. If applicable, multiply line 5 by the claimant's ownership percentage from Schedule A above; otherwise, enter the amount from line 5 \$ _____
7. Credit claimed by claimant in prior years for this project \$ _____
8. Credit available to the claimant during the current tax year (Subtract line 7 from line 6) \$ _____
9. Credit applied to the current return. The credit applied may not exceed the amount of net New Mexico income tax (Form PIT-1, line 21) computed before applying this credit \$ _____
10. Credit available to the claimant for carryover (Subtract line 9 from line 8) \$ _____

Unused credits may be carried forward for four consecutive years from the taxable year of the initial claim.

NOTE: Failure to attach this form and the approval from the New Mexico Enterprise Zone Program Officer to your income tax return will result in denial of the credit claimed.

QUALIFIED BUSINESS FACILITY REHABILITATION CREDIT

INSTRUCTIONS

ABOUT THIS CREDIT

NOTE: This credit is not currently available. It was enacted in 1994 to administer the Federal Enterprise Zone Program supporting the renovation and rehabilitation of damaged or destroyed structures in community areas designated as enterprise zones. However, the Federal Enterprise Zone Program has been discontinued and after 2006, the New Mexico EDD has listed the New Mexico Enterprise Zone Program as an inactive program.

For more information on building revitalization programs in New Mexico, contact the New Mexico EDD at (505) 827-0300.

The credit for qualified business facility rehabilitation is 50% of the costs of a project for the restoration, rehabilitation or renovation of qualified business facilities. Claims are limited to three consecutive years and shall not exceed \$50,000. Any portion of the credit that remains unused at the end of the taxpayer's reporting period may be carried forward for four consecutive years. Each claim for a qualified business facility rehabilitation credit must be accompanied by certification from the New Mexico Enterprise Zone Program Officer.

A taxpayer who files a New Mexico individual income tax return and who is not a dependent of another individual and who is the owner of a qualified business facility may claim the credit. A member/owner of a partnership, LLC, S corporation, joint venture or similar business association that has qualified for the qualified business facility rehabilitation credit may claim the credit in proportion to the taxpayer's interest in the business association. The member/owner must complete Section A.

A taxpayer may claim this credit if:

1. the taxpayer submitted a plan and specifications for restoration, rehabilitation or renovation to the New Mexico Enterprise Zone Program Officer and received approval, and
2. the taxpayer received certification from the New Mexico Enterprise Zone Program Officer after completing the restoration, rehabilitation or renovation that it conformed to the plan and specifications.

A husband and wife who file separate returns for a reporting period in which they could have filed a joint return may each claim only one-half of the credit that would have been allowed on a joint return.

"Qualified business facility" means a building located in a New Mexico enterprise zone that is suitable for use and is put into service by a person in the manufacturing, distribution or service industry immediately following the restoration, rehabilitation or renovation project; provided, the building

must have been vacant for the 24-month period immediately preceding the commencement of the restoration, rehabilitation or renovation project.

"Restoration, rehabilitation or renovation" includes the construction services necessary to ensure that a building is in compliance with applicable zoning codes, is safe for occupancy, and meets the operating needs of a person in the manufacturing distribution or service industry; and expansion of or an addition to a building if the expansion or addition does not increase the usable square footage of the building by more than 10% of the usable square footage of the building prior to the restoration, rehabilitation or renovation project.

NOTE: No qualified business facility rehabilitation credit is allowed for cultural or historic properties nor for costs qualifying for credit under the Investment Credit Act.

HOW TO COMPLETE THIS FORM

Complete all information requested in the address block. Enter the date of the project approval and the date of the credit approval. Also, enter the project approval number and the amount of the credit approved.

Section A. Complete this section if the project is owned by one or more members/owners of a partnership, limited liability corporation, S corporation, joint venture or similar business association. If additional space is needed, attach a separate page.

- Line 1. Enter amount of the project that was approved for the current tax year.
- Line 2. Enter amount approved for the project in prior tax years, if applicable.
- Line 3. Enter the sum of lines 1 and 2. This is the total amount approved for this project.
- Line 4. Multiply line 3 by 50%.
- Line 5. Enter the product of line 3 x line 4 or \$50,000 whichever is less.
- Line 6. Credit allowed for claimant. If applicable, multiply line 5 by the claimant's ownership percentage from Schedule A. If one or more members/owners of a partnership, limited liability corporation, S corporation, joint venture or similar business association own the property upon which the project is performed, the claimant may only claim an amount of a credit in proportion to the claimant's interest in the business association. The claimant is the taxpayer who is filing the New Mexico income tax return and claiming the credit on their return.
- Line 7. Credit claimed by the claimant in prior years for

NEW MEXICO TAXATION AND REVENUE DEPARTMENT QUALIFIED BUSINESS FACILITY REHABILITATION CREDIT INSTRUCTIONS

this project. Enter the amount of credit claimed in previous years, for this project.

Line 8. Credit available to the claimant during the current tax year. Subtract line 7 from line 6.

Line 9. Credit applied to the current tax year. The credit applied to the current tax year cannot exceed line 8 or the amount of net New Mexico income tax from Form PIT-1, line 21, computed before applying the credit.

Line 10. Credit available to the claimant for carry forward to subsequent years. Subtract line 9 from line 8.

NOTE: The amount of the credit to be applied to the current return is reported on Schedule PIT-CR or FID-CR.

HOW TO APPLY FOR THIS CREDIT

A taxpayer may claim this credit by attaching a completed Form PIT-5 to the personal income tax return or the fiduciary income tax return for the current year, along with Schedule PIT-CR or FID-CR. Also attach the approval issued by the New Mexico Enterprise Zone Program Officer of the Economic Development Department. The claim must be submitted with the tax return for the year in which the restoration, rehabilitation or renovation is carried out.

NOTE: This credit is not currently available. It was enacted in 1994 to administer the Federal Enterprise Zone Program supporting the renovation and rehabilitation of damaged or destroyed structures in community areas designated as enterprise zones. However, the Federal Enterprise Zone Program has been discontinued and after 2006, the New Mexico EDD has listed the New Mexico Enterprise Zone Program as an inactive program.

For more information on building revitalization programs in New Mexico, contact the New Mexico EDD at (505) 827-0300.

Mail the tax return and attachments to: New Mexico Taxation and Revenue Department, P O Box 25122, Santa Fe, NM 87504-5122.

NOTE: Failure to attach this form and the approval from the New Mexico Enterprise Zone Program Officer to your income tax return will result in denial of the credit claimed.

CONTACTS

For the New Mexico Enterprise Zone Program Officer, contact:

New Mexico Economic Development Department
Community Development Team Leader
1100 So. St. Francis Drive
Santa Fe, NM 87505
(505) 827-0089

For information related to claiming the credit for qualified business facility rehabilitation against personal income tax, contact:

New Mexico Taxation and Revenue Department
at (505) 827-0792 in Santa Fe, NM.

If claiming the credit on the fiduciary income tax return, mail the return and attachments to the address on Form FID-1.