

STATE OF NEW MEXICO  
Taxation and Revenue Department  
P.O. Box 25127  
Santa Fe, New Mexico 87504-5127

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## 2017 New Mexico Instructions for Form FID-1 Fiduciary Income Tax Return

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**READ THE INSTRUCTIONS CAREFULLY.** They answer most questions, save time, and may save money. File your return as early as possible. If you have additional questions, visit our website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov).

**Our contact information is:** Telephone: (505) 827-0825 in Santa Fe or toll free (866) 809-2335, option 4  
E-mail: [CIT.TaxReturnHelp@state.nm.us](mailto:CIT.TaxReturnHelp@state.nm.us)  
Mailing address: New Mexico Taxation and Revenue Department  
ATTENTION: Corporate Income and Franchise Tax  
P. O. Box 25127  
Santa Fe, New Mexico 87504-5127

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### These Instructions Cover the Following Forms:

FID-1, *Fiduciary Income Tax Return*  
FID-B, *Computation of New Mexico Percentage*  
FID-CR, *Tax Credit Schedule*  
FID-EXT, *Extension Payment Voucher*  
FID-PV, *Tax Payment Voucher*  
FID-ES, *Estimated Tax Payment Voucher*  
FID-D, *Fiduciary Pass-Through Entity Withholding Detail Report*

### Your Electronic Services

- ◆ **File 2017 Form FID-1 Online.** New Mexico's Taxation and Revenue Department made online filing available for Fiduciary Income Tax Returns. Using Taxpayer Access Point (TAP), you may file and pay fiduciary income taxes online. Logon or create a TAP account at <https://tap.state.nm.us>. If you already have an account, click the **Accounts** tab then select **FID Account**. If you have not filed a FID-1 return on TAP before, you will need to add your FID account by selecting the **Access Another Account** option from the home page. After you complete all your entries and click **Submit** to file, you will be given options on how to make your payment.
- ◆ **Pay via electronic check or credit card** - Taxpayers may pay taxes over the Internet by electronic check at no charge. An electronic check authorizes TRD to debit your checking account in the amount and on the date you specify. You may also pay with Visa, MasterCard, Discover or American Express cards. A 2.40% convenience fee calculated on the amount of the transaction covers costs that the companies bill the state when you use your card.
- ◆ **Calendar filing and payment online** - Your return and payment are due on or before the last day of the month in which the entity's corresponding federal calendar return is due for the taxable year. All other taxpayers must file by the 15th day of the same month the entity's corresponding federal calendar return is due for the taxable year.
- ◆ **Download forms, publications and brochures** - Taxpayers may access forms, publications and brochures from our website.
- ◆ **Ask a question** - You can ask general questions about New Mexico taxes using the e-mail address [policy.office@state.nm.us](mailto:policy.office@state.nm.us) or ask about your tax return at [CIT.TaxReturnHelp@state.nm.us](mailto:CIT.TaxReturnHelp@state.nm.us)

### Which Form to File:

In general, the federal return that you are required to or elect to file determines the New Mexico income tax return that you file. See the chart on the next page.

Fiscal year and short year filers use the FID-1 return applicable to the tax year in which the fiscal year or short year begins. For example, if the tax year begins on June 30, 2017, use the 2017 FID-1 return, regardless of the ending date of the tax year.

You can download all New Mexico Taxation and Revenue Department (TRD) forms, instructions, and information brochures from the TRD website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov) or by contacting the Department.

If you file <b>Federal form...</b>	You file <b>New Mexico form...</b>
1065 U.S. Return of Partnership Income	PTE Information Return for Pass-Through Entities
1120 U.S. Corporation Income Tax Return	CIT-1 Corporate Income and Franchise Tax Return
1120S U.S. Income Tax Return for an S Corporation	S-Corp Sub-Chapter S Corporate Income and Franchise Tax Return
1040 U.S. Individual Income Tax Return	PIT-1 Personal Income Tax Return
1041 U.S. Income Tax Return for Estates and Trusts	FID-1 Fiduciary Income Tax Return

## **FIDUCIARIES REQUIRED TO FILE A NEW MEXICO RETURN**

Every fiduciary who is required to file a U.S. fiduciary income tax return (federal Form 1041), except a fiduciary of a grantor trust who is required to file federal Form 1041 under the provisions of federal regulation 1.671-4(a), must file a FID-1, *New Mexico Fiduciary Income Tax Return*, if any of the following is true:

- The trustee is a “resident” of New Mexico.
- The estate is of a decedent who was a resident of New Mexico.
- The estate or trust has income from:
  - a. A transaction of business in, into, or from New Mexico; **or**
  - b. Property in New Mexico; **or**
  - c. Compensation in New Mexico.

An **estate** is **DOMICILED IN NEW MEXICO** if the decedent was domiciled in New Mexico. A **trust** is **DOMICILED IN NEW MEXICO** if the trustee is domiciled in New Mexico, **or** if the principal place from which the trust is managed or administered is in New Mexico.

### **Grantor Trusts**

Generally, grantor trusts are not required to file a FID-1 return. However, if a grantor trust has become irrevocable upon the grantor's death, the grantor trust must file a FID-1. If the grantor trust, including a living trust, distributes taxable New Mexico net income that exceeds \$20,000 in a calendar year, the grantor trust must file a FID-1.

A grantor trust is a pass-through entity (PTE) and subject to withholding on New Mexico net income distributed when the income distributed is taxable to the beneficiary. The grantor trust must also file Schedule *Fiduciary Pass-Through Entity Withholding Detail Report (FID-D)*. See **Withholding**

**for Non-Resident Beneficiaries of a Pass-Through Entity** in the next section. Also see special instructions for FID-1, line 1, for grantor trusts who file the FID-1 return.

### **Non-Resident Trusts**

New Mexico's law says every person, including an estate or trust, who has income from New Mexico sources and who is required to file a federal income tax return must file an income tax return in New Mexico. This includes non-residents who have income from wages, rents, royalties, businesses, estates, and every other New Mexico source. Even foreign nationals and people who live in states that do not have income taxes must file in New Mexico when they have a federal filing requirement and have income from any New Mexico source whatsoever.

## **WITHHOLDING FOR NON-RESIDENT BENEFICIARIES OF A PASS-THROUGH ENTITY**

Beginning January 1, 2011, an estate or trust that distributes New Mexico allocable net income taxable to its beneficiaries is a PTE and subject to withholding pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act (Sections 7-3A-1 through 7-3A-9 NMSA 1978). As a PTE, the estate or trust is required to withhold from the non-resident beneficiary's share of taxable New Mexico net income of the estate or trust. The withholding rate is 4.9%.

The required annual withholding is paid with Schedule FID-D. When the income is taxable to the beneficiary, the beneficiary is included on Schedule FID-D, and FID-D is due even if no tax was withheld. When the income distributed is not taxable to the beneficiary, as in the case of some grantor trusts, the distributed income is not included on FID-D.

Certain exceptions to the requirement to withhold are allowed, and you must maintain documentation in the PTE's records to establish that the PTE had reasonable cause for not withholding. See **Reasonable Cause for Not Withholding** for a complete list of exceptions on page 28 of these instructions.

If a PTE has 50 or fewer beneficiaries who receive New Mexico taxable net income, the estate or trust may submit the completed Schedule FID-D with the FID-1 return.

If a PTE has 51 or more beneficiaries who receive New Mexico taxable net income, the estate or trust is required to electronically file Schedule FID-D through the Department's website or through approved third-party software.

If the PTE has 51 or more New Mexico payees, and is unable to file electronically because a hardship exists, the PTE may request Department approval to file by paper. The PTE may request approval by filing Form RPD-41350, *E-File Exception Request Form*. The request must be received by the Department at least 30 days before the taxpayer's electronic report is due.

When required to be filed electronically, a paper filed Schedule FID-D will be rejected by the Department.

Schedule FID-D, is due on or before the due date of the entity's federal return for the tax year. If a pass-through entity is not required to file a federal income tax return for the tax year, the entity must file Schedule FID-D with the Department no later than 105 days after the end of its tax year.

If a federal automatic extension or a New Mexico extension is obtained for the FID-1 return, the extension also applies to the filing of Schedule FID-D. An extension waives penalty but does not waive interest.

**Other Reporting Requirements.** Estates and trusts are also required to provide sufficient information to allow beneficiaries to comply with the provisions of the Income Tax Act and the Corporate Income and Franchise Tax Act, with respect to the beneficiary's share of the taxable net New Mexico income. An estate or trust uses federal Forms 1099-Misc, *pro forma* 1099-Misc, or Form RPD- 41359, *Annual Statement of Pass-Through Entity Withholding*, to report to the beneficiaries the allocable net income and the New Mexico tax withheld. These forms must be provided to the beneficiary by February 15th of the year following the year for which the statement is made. These forms are not required to be submitted to the Department when reported on the Schedule FID-D.

The fiduciary must furnish each beneficiary with a statement detailing the amount of income allocable or apportionable to New Mexico for each type of income shown on Federal Schedule K-1. In addition, this statement is expected to show the amount of each beneficiary's share of interest from obligations of the U.S. government and federally tax-exempt interest distributed from the estate or trust, and the portion of such items allocable to New Mexico. A Schedule K-1 or equivalent is not sufficient evidence of New Mexico income tax withheld.

**IMPORTANT:** To receive proper credit for withholding, all annual statements must be issued to the entity filing the New Mexico income tax return.

#### ATTACHMENTS TO FID-1 RETURN

You must complete and submit **all required forms and schedules**, including attachments, as indicated in the instructions. Incomplete returns delay processing and may cause the form to be returned to you without processing.

Attach the following to your FID-1 in this order:

- If income is received from sources both inside and outside New Mexico, complete and attach Form FID-B Schedules 1 and 2.
- If tax credits are claimed on line 11

or 24, FID-1, attach Schedule FID-CR. Make sure to attach any additional required documentation.

- Attach all annual statements of income and withholding issued to the estate or trust. This includes New Mexico Forms RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, and RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*; federal Form(s) W-2 and 1099-Misc; and any other income and withholding statement received.

- If a credit is claimed for taxes paid to another state, attach a copy of the tax return(s) from the other state(s) and the worksheet(s) on page 8, *Worksheet for Computation of Allowable Credit for Taxes Paid to Other States by New Mexico Residents*.

- Attach federal tax return Form 1041, pages 1 and 2.

- If you are an Electing Small Business Trust (ESBT) with taxable income used to compute the tax on the S portion of the ESBT that you included on line 1 of the FID-1 return, also attach the ESBT calculation schedule from your federal Form 1041.

- If you have an unused **New Mexico net operating loss carry-forward** amount from a previous year, attach Form RPD-41375, *Net Operating Loss Schedule For Fiduciary Income Tax*, to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also should list each loss for each tax year for which it was carried forward, including 2017.

- If the estate or trust, who is also a pass-through entity (PTE), has 50 or fewer beneficiaries who receive New Mexico taxable net income, the estate or trust may submit the completed Schedule FID-D with the FID-1 return.

If a PTE has 51 or more beneficiaries who receive New Mexico taxable net income, the estate or trust is required to electronically file Schedule FID-D

through the Department's website or an approved third-party software. When electronically filed, the FID-D is filed separately from the FID-1 return.

**NOTE:** The Department may require any taxpayer to furnish a complete, true and correct copy of the federal fiduciary income tax return, including all attachments and schedules.

#### WHERE TO GET FORMS, INSTRUCTIONS, AND HELP

You can download all New Mexico Taxation and Revenue Department (TRD) forms, instructions, and information brochures from the TRD website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). You can also get forms and help by calling (505) 827-0825 in Santa Fe or toll free at (866) 809-2335, option 4. If you prefer, you can contact the Department by email at [CIT.TaxReturnHelp@state.nm.us](mailto:CIT.TaxReturnHelp@state.nm.us).

**File Returns Only on Approved State Forms.** Always submit Fiduciary Income Tax Returns on official state forms provided by or approved by TRD. Never submit a return with a form that has been **photocopied or photo shopped** as it will not be accepted.

TRD approves forms from companies that follow our specifications and format requirements for the electronic file. Acceptance of a software company and its form does not imply endorsement by TRD or assurance of the quality of the company's services. TRD:

- Does not review or approve the logic of specific software programs.
- Does not confirm calculations on forms produced by these programs.

The accuracy of the software program remains the responsibility of the software company, developer, distributor or user.

For a list of companies and products with FID forms approved by TRD, follow these steps:

1. Go to [www.tax.newmexico.gov](http://www.tax.newmexico.gov).
2. In the black navigation bar at the top, click **TAX PROFESSIONALS**.
3. On the left under **Tax Professionals**, click **Overview**.

In the left navigation pane, click **Software Developers** then select the document named **Approved Software for Reproducing of 2017 Income Tax Forms**.

**CAUTION:** Submit only high-quality, printed, original FID forms and schedules to TRD. A poor print or photocopy of a form from an approved software product or from our website delays processing your return and your refund, credit or rebate.

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## DUE DATE OF THE NEW MEXICO RETURN AND TAXES

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For fiduciaries that file on a calendar year basis, the FID-1, 2017 New Mexico Fiduciary Income Tax Return, is due on or before April 17, 2018 with payment of taxes due.

For fiduciaries that file on a fiscal year basis, the FID-1, 2017 New Mexico Fiduciary Income Tax Return, is due on or before the 15th day of the fourth month following the close of the fiscal year with payment of taxes due.

**Extended Due Date-**If you are a calendar year filer and file your return and pay your tax online, your filing deadline April 30, 2018. For fiduciaries that file online on a fiscal basis, your filing deadline is last day of the 4th month after year end. To avoid penalty or interest, you must electronically file your return and electronically pay your tax.

A New Mexico income tax return and tax payment are timely if the United States Post Office postmark on the envelope bears a date on or before the due date. If the due date falls on a Saturday, Sunday, state or national legal holiday, the return is timely if the postmark bears the date of the next business day. Delivery through a private delivery service is considered timely if the date recorded or marked by the private delivery service is on or before the due date.

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## EXTENSION OF TIME TO FILE THE RETURN

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TRD accepts an automatic extension of time granted by the Internal Revenue Service if a copy of the federal extension is attached to a FID-1 return at

the time of filing. If applicable, attach a copy of the automatic extension request to your FID-1, *New Mexico Fiduciary Income Tax Return*.

If you need an extension of time to file the New Mexico tax return and do not require a federal extension of time to file, Form RPD-41096, *Extension of Time to File*, must be received by TRD on or before the due date of the return.

**FID-EXT, Fiduciary Income Tax Extension Payment Voucher.** If you expect your return to show a balance due and you have obtained either a federal automatic extension or a New Mexico extension, use the FID-EXT payment voucher to make an extension payment by mail or delivery. *Extension payments may also be paid using the Department's website.*

By obtaining an extension of time to file your return, penalty for failure to file and pay is waived through the extension period, provided you file the return and pay the tax shown on the return by the extended due date. However, interest continues to accrue even if the taxpayer obtains the extension. If you expect to owe more tax when you file your 2017 return, make a payment using the Department's website or using the 2017 FID-EXT payment voucher and avoid the accrual of interest.

Mail the **payment and voucher** to the address printed on the voucher. Write "2017 FID-EXT" and the estate or trust's federal employer identification number on the check or money order.

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## PAYMENT OF YOUR FIDUCIARY INCOME TAX

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You may pay the fiduciary income tax due on the Department's website or by mailing a check with the return. If submitting the check with the return, attach the, *Fiduciary Income Tax Payment Voucher* (FID-PV) with your return. Make the check payable to the New Mexico Taxation and Revenue Department. Mail the return, attachments and payment to the address provided on the FID-PV.

Write "2017 FID-PV" and the estate or trust's federal employer identifica-

tion number on your check to avoid a misapplication of funds.

When you provide a check as payment, you authorize the Department to use information from your check to make a one-time electronic fund transfer from your account. When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day you make your payment.

**NOTE:** Because the Department uses high-speed scanners when processing payment vouchers, a quality form helps ensure accuracy. Do not photocopy. The scanners can read only one page size to process vouchers, therefore it is important that you **cut on the dotted line only**. When printing the voucher from the Internet or a software product, prevent resizing by setting the printer's page scaling function to **none**. If your payment voucher has a scanline (a very long row of numbers) within the bottom 1 and 1/2 inch of the voucher do not write in the area around the scanline.

A check that is not paid by the financial institution on which it is drawn does not constitute payment. The estate or trust will be assessed a minimum penalty of \$20 in addition to other applicable penalties and interest for late payment.

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## INTEREST AND PENALTY

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**Interest.** Interest accrues on income tax that is not paid on or before the due date of your return. **Interest is a charge for the use of money and by law cannot be waived.** Interest is computed on a daily basis at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC).

The IRC rate changes quarterly. The IRC rate for each quarter is announced by the Internal Revenue Service in the last month of the previous quarter. The annual rate for each quarter of the previous two years was 3%-4%. The annual and daily interest rates for each quarter will be posted on our website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). In the black navigation bar at the top, click **INDIVIDUALS**. Under **FILE YOUR, TAXES** select **Penalty & Interest Rates**.

**Important: Interest accrues even if there is an extension of time to file the return.** Once your principal tax liability is paid, penalty and interest stops accruing.

The formula for calculating interest is:

**Tax due x the daily interest rate for the quarter x number of days late = interest due.**

#### Refunds and Interest

If you are due a refund, you may be entitled to interest on your overpayment at the same rate charged for underpayments, but only under certain conditions.

For a 2017 FID-1, filed in calendar year 2018, the Department pays no interest in these situations:

- When it makes the refund within 55 days of the date of your claim for refund;
- When the interest is less than \$1.00;
- When it cannot process your return (see *Processing Requirements* described next); or
- If the interest is for a refund of any credits claimed for the Investment Credit Act, Laboratory Partnership with Small Business Tax Credit Act, Technology Jobs and Research and Development Tax Credit Act, Affordable Housing Tax Credit Act, Rural Job Tax Credit, or High Wage Job Tax Credit.

The Department pays no interest in these situations:

- When it makes the refund within 120 days of the date of your claim for refund;
- When the interest is less than \$1.00; or

- When it cannot process your return (described next).

#### Processing Requirements

For processing to take place, your return must show your name and social security number, and your return must be signed. Your return must also comply with all the instructions for the return and contain all attachments required by the instructions.

**Penalty.** If the tax is not paid when due because of negligence or disregard of rules or regulations but without intent to defraud, the fiduciary is liable for a penalty of 2% per month or partial month from the date the return was required to be filed. The penalty cannot exceed 20% of the amount of tax. The penalty does not apply if an extension of time has been approved and if the tax is paid by the extended due date.

#### NET OPERATING LOSSES

Unlike a federal net operating loss carryforward, a New Mexico net operating loss incurred cannot be carried back and if incurred on or after January 1, 2013, may be carried forward for 19 years or until the total amount of the loss carryover has been used, whichever occurs first. For a net operating loss that was incurred in tax years beginning before January 1, 2013, a New Mexico net operating loss may be carried forward for only five years. Refer to regulation 3.3.1.13(E) NMAC, if the net operating loss was incurred in a tax year beginning prior to January 1, 1991.

You cannot apply a New Mexico net operating loss carryforward until the following tax year -- provided you have

filed a timely return -- or until the first tax year that begins after the date you file a return establishing the loss.

Use New Mexico Form RPD-41375, *Net Operating Loss Schedule For Fiduciary Income Tax*, to compute your New Mexico net operating loss and carryforward. Attach Form RPD-41375 to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also shows how the loss for each tax year for which it was carried forward, was used.

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#### CHANGES IN FEDERAL OR NEW MEXICO TAXABLE INCOME DUE TO AN IRS AUDIT OR AN AMENDED RETURN

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If the IRS changes the trust's or estate's taxable income for any tax year, an amended New Mexico Fiduciary Income Tax Return and a copy of the Revenue Agent's Report must be filed with the New Mexico Taxation and Revenue Department within 180 days of the date the federal adjustment becomes final.

If the fiduciary files an amended New Mexico return because of an amended federal return, the fiduciary must attach a copy of the federal amended return. If an amended return is filed because of a change in New Mexico taxable income, a statement giving the reason for amending the return must be attached.

To file an amended New Mexico Fiduciary Income Tax Return, use the form for the year being amended. Mark the **Amended** box, at the top of the form. Payment for any additional amount of tax due should be attached.

#### 2017 TAX RATE TABLE

To be used for determining the amount of tax to be entered on FID-1, page 1, line 5

**If the amount on line 4 is...**

over	but not over	tax shall be	plus	of excess over
\$ 0	\$ 5,500	\$ 0	1.7%	\$ 0
\$ 5,500	\$ 11,000	\$ 93.50	3.2%	\$ 5,500
\$ 11,000	\$ 16,000	\$ 269.50	4.7%	\$ 11,000
\$ 16,000	-----	\$ 504.50	4.9%	\$ 16,000

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## YOUR RIGHTS UNDER THE TAX LAW

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The Tax Administration Act governs how the Income Tax Act is administered by TRD and gives you specific rights and responsibilities. Enacted in 2003, the Taxpayer Bill of Rights adds provisions to the Tax Administration Act on confidentiality, hearings, recovery of costs by a taxpayer who prevails in litigation against the Department, timeliness of the Department's audit completion and approval of credits, and administrative hearings. The Bill of Rights also requires that all taxpayers receive a copy of their rights in each fiduciary income tax packet. See page 33.

The best ways to avoid tax problems are to keep accurate tax records and to keep abreast of changes in the tax law. These instructions and other Department publications contain information that can help you do both.

While most tax problems can be resolved informally, it is important to understand that certain rights provided to you under law must be exercised within specific time frames. If an adjustment is made to your return, a notice will be sent to you explaining the adjustment with a description of procedures you may use if you disagree with the Department's adjustment.

At any time after filing your return, the return may be subject to further review, verification or correction. If your tax return is adjusted or an assessment of additional tax is issued, you will receive a copy of Publication FYI-406, *Your Rights Under the Tax Laws*, describing in detail how to dispute a Department action through either the claim for refund procedure or the protest procedure. Read these procedures carefully to ensure you take the necessary steps to protect your rights.

Publication FYI-406 is available on the Department's internet home page at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Click on "Forms and Publications" then select the "Publications" folder. Click on "FYIs" to access all 400 Series-Tax Administration publications.

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## FID-1, FIDUCIARY INCOME TAX RETURN, PAGE 1 LINE INSTRUCTIONS

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- Type or print the name of the estate or trust, the name and title of the fiduciary and the address of the fiduciary in the spaces provided.

If you have a foreign address, enter the street address, city name and postal code in the appropriate line. Also complete the spaces for the foreign province and/or state and country. Follow the country's practice for entering the foreign postal code, the province or state, and country. Do not abbreviate the country name.

- Enter the federal employer identification number of the estate or trust. Returns can not be processed without this number.
- Mark the appropriate reporting period - calendar year or fiscal year. If the return is based on a fiscal year, enter the beginning and ending dates.
- Mark the appropriate boxes for the type of return.
- Mark the box to indicate if the entity is a New Mexico resident estate or trust.
- Complete lines B through D.
- Round all dollar amounts to the nearest whole dollar.
- Computerized schedules will not be accepted in lieu of completing the appropriate line items on FID-1, page 2, FID-B, Schedule 1 and 2, FID-CR, or FID-D.

- **Line E.** Mark this box only if you have elected to use an alternative method of computing estimated tax due. If you do not elect to use an alternative method, do not mark this box and the Department will compute your liability, if any, using the standard method. See the instructions for the FID-ES payment voucher on page 31 of these instructions for more information on the alternative methods.

To elect to use an *alternative method* of calculating estimated tax, you must enter 1, 2, 3, 4 or 5 in the checkbox to indicate the method used and attach Form RPD-41272, *Calculation of Estimated Personal Income Tax Underpayment Penalty*, to your FID-1 return. Enter 1 if you wish to compute estimated payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year. If you have annualized income and are required to file estimated payments beginning with the 2nd, 3rd or 4th quarter estimated installment due date, enter 2, 3 or 4, respectively. If you qualify for special rules because you have farm or ranch income, enter 5.

**Line G1-G6.** Please refer to your federal Form 1041.

**Line 1. Federal taxable income of fiduciary.** Enter the federal taxable income of the estate or trust from federal Form 1041. For electing small business trusts (ESBT), federal taxable income also must include the federal taxable income used to compute the tax on the S portion of an ESBT, included on the federal Form 1041, Schedule G. Enter the federal taxable income on the S portion of an electing small business trust (ESBT) in the space provided to the right of line 1, preceded by "Sec. 641(c) federal taxable income". Include the amount in the federal taxable income of the fiduciary reported on line 1. Attach the ESBT calculation schedule from your federal Form 1041.

The S portion of an ESBT is the portion of the trust that consists of stock in one or more S corporations and is not treated as a grantor trust. For federal tax purposes, the tax on the S portion is figured separately from the tax on the remainder of the ESBT. For New Mexico state tax purposes, the tax on the S portion income is calculated in the same manner as all other federal taxable income of the fiduciary.

If the trust is a grantor trust not required to file a federal fiduciary return but files a New Mexico FID-1 because it distributed taxable New Mexico net income in excess of \$20,000 in the current tax year, the grantor trust completes the

## WORKSHEET FOR COMPUTING TAX ON LUMP-SUM DISTRIBUTIONS

1. New Mexico taxable income from line 4 of the FID-1 return.....
2. Amount of lump-sum income reported for purposes of 10-year tax option or capital gains election on federal Form 4972.....
3. **Multiply** line 2 by 0.20 and enter the total .....
4. **Add** lines 1 and 3.....
5. Enter the tax from the tax rate tables for the amount on line 4 of this worksheet.....
6. Enter the tax from the tax rate tables for the amount on line 1 of this worksheet.....
7. **Subtract** line 6 from line 5 and enter the difference .....
8. **Multiply** the amount on line 7 by 5. (This is the additional averaged tax due on the lump-sum income.) .....
9. If a New Mexico percentage is computed on line 16, Schedule FID-B, multiply that percentage by the amount on line 8 of this worksheet and enter here. If line 16, FID-B is zero or no New Mexico percentage is computed, enter the amount from line 8 on this worksheet. Also enter this amount on line 8, FID-1 return. ....

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_
8. \_\_\_\_\_
9. \_\_\_\_\_

Attach federal Form 4972 to the FID-1 return.

top section of the FID-1 return, enters zero in line 1, and records tax withheld information on lines 14 through 18. The remainder of the form is left blank. Be sure to attach annual withholding statements, 1099-Misc, Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, or Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*.

**Line 2. Additions to federal income.** Enter additions to federal taxable income from FID-1, page 2, line 3 (federal net operating loss and non-New Mexico municipal bond interest).

**Line 3. Deductions from federal income.** Enter deductions from federal taxable income from FID-1, page 2, line 7 (New Mexico net operating loss, interest income from U.S. government obligations, and net capital gain deduction).

**Line 5. Tax.** Using the tax rate table on page 5 of these instructions, calcu-

late and enter the tax on the income reported on line 4. Enter the tax computed on line 5.

**Line 6. New Mexico percentage.** An estate or trust which has income from both within and outside New Mexico should complete and file FID-B, Schedules 1 and 2. Enter the New Mexico percentage from line 16 of the FID-B Schedule 1.

**Line 7. New Mexico income tax.** Multiply line 5 by the percentage on line 6. If FID-B is not required, enter the amount from line 5.

**Line 8. Tax on lump-sum distributions.** If the estate or trust is a resident New Mexico estate or trust which received a lump-sum distribution and used the federal special 10-year averaging tax option on federal Form 4972, it must complete the worksheet at the top of page 8 to compute the New Mexico averaged additional tax.

**Line 10. Credit for taxes paid to another state(s).** A resident, New Mexico estate or trust who must pay tax to another state on income that is also taxable in New Mexico may take a credit against New Mexico tax for tax paid to the other state.

The credit is for tax that another state imposes on any portion of income that by law is included in New Mexico net income. Do not include tax withheld when calculating the allowable credit. If the specific item of income is not subject to taxation in both states, no credit is available.

The credit may not be more than:

- The New Mexico tax liability due on the return,
- The tax paid to the other state, and
- The amount of New Mexico income tax liability computed on that portion of income that is taxed in both states.

## Worksheet for Computation of Allowable Credit for Taxes Paid to Other States by New Mexico Residents

**NOTE:** Complete a separate worksheet for each state that imposed tax on income also taxed in New Mexico.

	<u>Column 1</u> From the New Mexico return	<u>Column 2</u> From the other state's return
Name of other state_____		
1. Enter amount of tax due to the state on the return.....	1._____	1._____
2. Enter taxable income on which you calculated the tax on line 1. If applicable, enter the state's taxable income after applying the state's allocation and apportionment percentage. For New Mexico, this is from FID-1, line 4 (New Mexico Taxable Income) multiplied by the New Mexico percentage, if any, on FID-1, line 6.....	2._____	2._____
3. DIVIDE line 1 by line 2. This is the average effective tax rate on the state's income. Calculate to four decimal places (e.g., 0.0463).....	3._____	3._____
4. From each state's return, enter the portion of income subject to tax in both states, but not more than the amount on line 2. <b>Note:</b> The amount in column 1 will be the same as the amount in column 2.....	4._____	4._____
5. MULTIPLY line 3 by line 4.....	5._____	5._____
6. Enter the lesser of line 5, column 1 and line 5, column 2, but not more than the amount in Column 1, line 1. This is the credit allowed for tax paid to the other state.....	6._____	

Enter the amount from line 6 of this worksheet on the 2017 FID-1 return, line 10. If you claim a credit for tax paid to multiple states, sum the amounts on line 6 from the worksheets you completed for each state, and enter the amount on the 2017 FID-1 return, line 10.

**Please attach this worksheet(s) to your 2017 FID-1 return  
if you are claiming credit for taxes paid to another  
state on page 1, line 10 of the FID-1 return.**

Complete the worksheet on page 8 and attach a copy of the worksheet and the income tax return from the other state to the FID-1 return. Do this for each state for which you wish to claim a credit.

"State" includes the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and states and provinces of foreign countries. Do not include in the calculation of the credit those income taxes paid to any municipality, county or other political subdivision of a state or to any central government of a foreign country. "State" does not include central governments.

**Line 11. Total tax credits applied against the income tax liability on line 9.** If you may claim any of the tax credits listed next, complete Schedule FID-CR and attach the applicable form(s), statements or other required back-up. Enter the sum of the credits claimed and applied against tax due from Schedule FID-CR, line A. The supporting documentation required to claim any of the tax credits is described in the section "Line Instructions For Completing Schedule FID-CR" beginning on page 16 of these instructions. The required documentation must accompany the return, or the claim for the credit will not be allowed.

To calculate the amount that may be claimed for any tax year, refer to the claim form or supporting instructions for the tax credit. The sum of credits claimed on Schedule FID-CR may not exceed the income tax claimed on FID-1, line 9 less the amount in line 10.

An estate or trust with income subject to New Mexico income tax may be eligible for the following income tax credits:

- Affordable Housing Tax Credit,
- Angel Investment Credit,
- Agricultural Water Conservation Tax Credit,
- Advanced Energy Tax Credit,
- Agricultural Biomass Income Tax Credit,
- Business Facility Rehabilitation Credit,
- Blended Biodiesel Fuel Tax Credit,

FID-1

- Cancer Clinical Trial Tax Credit,
- Electronic Card-Reading Equipment Tax Credit,
- Geothermal Ground-Coupled Heat Pump Tax Credit,
- Job Mentorship Tax Credit,
- Land Conservation Incentives Credit,
- Preservation of Cultural Property Credit,
- Rural Job Tax Credit,
- Rural Health Care Practitioners Tax Credit,
- Solar Market Development Tax Credit,
- New Sustainable Building Tax Credit,
- Technology Jobs (Additional) Tax Credit,
- Technology Jobs and Research and Development (Additional) Tax Credit,
- Veterans Employment Tax Credit
- Film Production Tax Credit, and
- Renewable Energy Production Tax Credit.

You may also claim on this form any portion of approved Film Production Tax Credit or Renewable Energy Production Tax Credit that may be refunded. Any refundable portion of the renewable energy production tax credit or the film production tax credit is reported on line 24 of the FID-1 return.

For more information on business related credits, see Publication FYI-106, Claiming Tax Credits for CRS & Business-Related Income. FYI-106 is available on the Department's internet home page at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Click on "Forms and Publications" then select the "Publications" folder. Click on "FYIs" to access all 100 Series- Tax Administration publications.

**Line 12. Net New Mexico income tax.** Add lines 10 and 11, then subtract the total from line 9. Net New Mexico income tax cannot be less than zero.

**Line 13. Payments.** Enter the total amount of payments made for 2017.

These payments are submitted to the Department with a FID-ES, FID-EXT, a FID-PV payment voucher, or applied from a prior year. Please check the appropriate box that corresponds to the reported payments. The payments may also be made electronically through the Department's website.

**Line 14. New Mexico income tax withheld not included on lines 15 and 16.** Excluding the tax withheld from oil and gas proceeds or pass-through entity income reported on line 15 or 16, enter the total of all other New Mexico income tax withheld as shown on your annual withholding statements Form(s) W-2, 1099, 1099-Misc. Include a copy of the forms with your FID-1 return.

**Line 15. New Mexico income tax withheld from oil and gas proceeds.** Enter the total of all New Mexico income tax withheld from oil and gas proceeds received as shown on your annual withholding statements, 1099-Misc, or Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*. Be sure to include a copy of the forms with your FID-1 return.

An entity, including a grantor trust, that has had tax withheld cannot pass a withholding statement directly to any other taxpayer. Generally, the beneficiary must file and report the tax withheld on its New Mexico income tax return. However, if the beneficiary is also a remitter, the tax withheld on the oil and gas proceeds may be passed to the remitters by issuing the remitters an annual withholding statement, Form RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, or a *pro forma* 1099-Misc. The remitters may then claim the withholding on their income tax return.

**Line 16. New Mexico income tax withheld from a pass-through entity.** Enter the total of all New Mexico income tax withheld on pass-through entity allocable net income as shown on Forms 1099-Misc or Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*. Be sure to include a copy of the forms with your FID-1 return.

An entity, including grantor trusts, that has had tax withheld cannot pass a withholding statement directly to its owners, members, partners or beneficiaries (owners). Generally, the beneficiary must file and report the tax withheld on its New Mexico income tax return. However, if the beneficiary is also a pass-through entity, the tax withheld may be passed to the owner of the beneficiary by issuing the owner an annual withholding statement, Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding* or a *pro forma* 1099-Misc. The owner may then claim the withholding on their income tax return.

**Line 17. Amount from lines 15 and 16 passed to beneficiaries and reported on FID-D.** Enter the amount of tax withheld from lines 15 and 16, which was subsequently passed on to the beneficiaries of the estate or trust. The fiduciary reports withholding that is passed to beneficiaries by issuing them Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, Form 1099-Misc or a *pro-forma* Form 1099-Misc. The beneficiaries may then take credit for the withholding on their corporate or personal income tax return.

When an estate or trust that is a PTE passes tax withheld to its beneficiaries, the income tax withheld is also reported on Schedule FID-D.

**Line 18. Total payments and tax withheld.** Subtract line 17 from the sum of lines 13 through 16.

**Line 19. Tax Due.** If line 12 is more than line 18, enter the tax due.

**Line 20. Penalty.** Add penalty if you file late and owe tax, or you do not pay the tax on or before the date the return is due. Calculate penalty by multiplying the unpaid amount on line 19 by 2% then by the number of months or partial months for which the payment is late, not to exceed 20% of the tax due. You may leave this line blank if you wish the Department to compute the penalty for you. The Department will send you a bill for any penalty due.

**Line 21. Interest.** Add interest if the amount of tax due on line 19 was not

paid by the original due date, even if an extension of time to file was obtained. You may leave this line blank if you wish the Department to compute the interest for you. The Department will send you a bill for any interest due.

Interest is computed on a daily basis at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC). The IRC rate changes quarterly. The IRC rate for each quarter is announced by the Internal Revenue Service in the last month of the previous quarter.

The annual and daily interest rate for each quarter will be posted on our website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). In the black navigation bar at the top, click **INDIVIDUALS**. Under **FILE YOUR, TAXES** select **Penalty & Interest Rates**.

Calculate interest at the daily interest rate for the quarter of the unpaid amount for each day the payment is late. The formula for calculating daily interest is:

**Tax due x the daily interest rate for the quarter x number of days late = interest due.**

*Important: Once your principal tax liability is paid, interest and penalty stops accruing.*

**Lines 23 through 23b. Overpayment**  
If line 18 is more than line 12, you have an overpayment. Enter the difference on line 23. Your overpayment can be:

- Applied to your 2017 tax liability (enter on line 23a), or
- Refunded to you (enter on line 23b), or
- A combination of these.

**Line 24. Refundable part of film production and renewable energy production tax credits claimed.**  
Enter the amount of approved refundable renewable energy production tax credit claimed on Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*, that you wish to have refunded to you. Any portion of the credit to be applied to the tax due on this return must be entered

on Schedule FID-CR. See also "Line Instructions for Completing Schedule FID-CR" beginning on page 16 of these instructions.

**Line 25. Total refund of overpaid tax and refundable credit due to you.** Enter the sum of lines 23b and 24. This is your total refund of overpaid tax and refundable credit due to you.

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**FID-1, FIDUCIARY INCOME TAX RETURN, PAGE 2 LINE INSTRUCTIONS**

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**ADDITIONS TO FEDERAL INCOME FOR FIDUCIARY (NON-DISTRIBUTED SHARES):**

**Line 1. Federal net operating loss carryover.** Enter that portion of the federal net operating loss deduction claimed on the federal return which has not been distributed to beneficiaries.

**Line 2. Non-New Mexico municipal bond interest.** You may exclude only federally tax-exempt interest or dividend income from municipal obligations from the State of New Mexico, its agencies, institutions, instrumentalities or political subdivisions, or income from the obligations of the Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa or Northern Mariana Islands. Enter that portion of municipal bond income from sources other than those listed above which has not been distributed to beneficiaries.

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**DEDUCTIONS FROM FEDERAL INCOME FOR FIDUCIARY (NON-DISTRIBUTED SHARES):**

**Line 4. New Mexico net operating loss.** Enter the New Mexico net operating loss (NOL) carryover that may be applied to the liability on your FID-1 return. Use New Mexico Form RPD-41375, *Net Operating Loss Schedule For Fiduciary Income Tax*, to compute your New Mexico net operating loss and carryforward. Attach Form RPD-41375 to your return showing the tax year when each New Mexico net operating loss occurred. The schedule also shows how the loss for each tax year for which it was carried forward, was used, including 2017.

Unlike a federal net operating loss car-

ryforward, a New Mexico net operating loss incurred cannot be carried back and if incurred on or after January 1, 2013, may be carried forward for 19 years or until the total amount of the loss carryover has been used, whichever occurs first.

For a net operating loss that was incurred in tax years beginning before January 1, 2013, a New Mexico net operating loss may be carried forward for only five years. Refer to regulation 3.3.1.13(E) NMAC 1978, if the net operating loss was incurred in a tax year beginning prior to January 1, 1991.

You cannot apply a New Mexico net operating loss carryforward until the following tax year -- provided you have filed a timely return -- or until the first tax year that begins after the date you file a return establishing the loss.

To compute the carryforward amount from a New Mexico net operating loss recognized in a previous year, add together the federal net operating loss as defined by Section 172(c) of the Internal Revenue Service for the tax year of the loss and any interest received on U.S. Government obligations less related expenses and reported on the New Mexico tax return for the tax year of the loss. Subtract out any loss used in prior tax years.

**Line 5. Interest income from U.S. government obligations.** Interest on obligations of the United States may be deducted only if the interest was included in federal taxable income reported on FID-1, page 1, line 1.

**Line 6. Net Capital Gain Deduction.** You may deduct all or a portion of your net capital gains deduction reported

and claimed on your federal tax return.

You may deduct **the greater of**:

- 100% of your net capital gains deduction, not to exceed \$1,000; **or**
- 50% of your net capital gains deduction

**Line 8. Total Distributions of Income to Beneficiaries.** Enter the total distributions of taxable New Mexico net income to beneficiaries or other beneficiaries for the tax year of this return. The amount of total distributions of taxable New Mexico net income to beneficiaries must match the total New Mexico net income, reported on line 1 of Schedule FID-D. On line 1 of Schedule FID-D, you must enter the New Mexico net income that was distributed to the beneficiaries, not the net income of the estate or trust. If the income distributed is not taxable to the beneficiary, as in the case of some grantor trusts, including living trusts, the distributed income is not included on Schedule FID-D.

See also "Withholding for Non-Resident Beneficiaries of a Pass-Through Entity" on page 2 of these instructions.

**Do not complete or attach Schedule FID-B if the estate or trust does not have income from activities both within and outside New Mexico. However, if you file FID-B, continue with the instructions on page 12.**

**Refund Express**

If you request an amount to be refunded to you on line 25, you may wish to have your tax refund deposited directly into your bank account through Refund Express. To choose Refund Express, complete the "Refund Express" portion on page 2 of the FID-1 return. All fields are required. Complete the

bank routing number and the account number. You **must** indicate the type of account and you must answer "No" to question 4. Failure to complete all fields correctly will cause your Refund Express request to be denied, and the Department will mail you a paper check. The Department will mail you a paper check if your bank does not accept your Refund Express information.

**NOTE:** See the instructions for the film production tax credit claim form for information regarding choosing refund express for the refundable portion of the film production tax credit on line 24.

Refund Express is available for deposits to the taxpayer's account *only*.

**Taxpayers may not request the funds to be deposited into the account of another payee.** TRD is not responsible for the misapplication of a direct deposit refund that is caused by the error, negligence or malfeasance on the part of the taxpayer.

**Important Changes Affecting Refund Express - Direct Deposit**

A direct deposit of your refund, "Refund Express", may not be made to a bank account located at a financial institution outside the territorial jurisdiction of the United States. In order to comply with new federal banking rules, anyone wishing to have their refund directly deposited into their account must answer an additional question when completing the Refund Express portion of their return. If you do not answer the question, your refund will be mailed to you in the form of a paper check. If you answer the question incorrectly, your refund may be delayed, rejected or frozen by the National Automated Clearing House Association (NACHA) or the Office of Foreign Assets Control (OFAC). The question will ask whether the refund will go to or through an account located outside the United States. The question also warns you that if the answer is "yes", you should not choose the Refund Express method of delivering your refund. Your options are to use a different bank account or to leave the Refund Express portion of your return blank and a paper check will be mailed to the address on the return.

**NAME OF ESTATE OR TRUST**  
123 Main Street  
Anyplace, NM 87000

**PAY TO THE ORDER OF** \_\_\_\_\_

**ANYPLACE BANK**  
Anyplace, NM 87000

**For** **A(211500151)A(2015551517)C 1540**

**SAMPLE**

**Routing Number** **1540**  
**Account Number** **15-000000000**

**\$** **\_\_\_\_\_** **DOLLARS**

**Do not include the check number**

A financial institution is located within the territorial jurisdiction of the United States if it is located:

- within the United States;
- on a United States military base; or
- in American Samoa, Guam, the Northern Mariana Islands, Puerto Rico or the U.S. Virgin Islands.

REMINDER: The Department will mail you a paper check if your bank does not accept your Refund Express information.

#### **Why Use Refund Express?**

- Avoid delays that may occur in mailing a check. Refund Express does not guarantee that you will receive your refund check earlier, however — only that when the check is issued, it will reach the bank more quickly.
- Payment is more secure. There is no check to get lost.
- More convenient. No trip to the bank to deposit your check.
- Saves tax dollars. A refund by direct deposit costs less than a check.

#### **What is the Routing Number?**

The routing number is for bank identification and **must be nine digits**. If the first two digits are not 01 through 12 or 21 through 32, the system will reject the direct deposit and you will receive a check. On the sample check on page 12, the routing number is 211500151. Your check may state that it is payable through a bank different from the financial institution where you have your checking account. If so, do not use the routing number on that check. Instead, contact your financial institution for the correct routing number to enter on this line.

#### **Entering Your Account Number**

Your account number can be up to 17 characters. Include hyphens, but omit spaces and special symbols. Enter the number from left to right. Leave unused boxes blank. On the sample check on the previous page, the account number is 2015551517. **Do not** include the check number.

You **must** indicate whether the account is a checking or a savings account by entering an "X" in the appropriate box.

**Caution:** Verify that the information you enter is correct and that your financial institution will accept a direct deposit made payable to the name on the FID-1 return. **NOTE:** TRD is not responsible if a financial institution refuses a direct deposit.

**SIGNATURE.** The return must be signed and dated by a fiduciary or officer representing the fiduciary. Complete all information, including a phone number and e-mail address.

Any person, other than an employee of the fiduciary, preparing the return for compensation must also sign and date the return. A preparer other than an employee of the entity must enter the paid preparer's identifying information in the section, "*Paid preparer's use only*", next to the taxpayer's signature. Enter the preparer's New Mexico CRS identification number, if the preparer has one, and the Federal Employer Identification Number (FEIN), if applicable. All paid preparers must enter their Preparer's Taxpayer Identification Number (PTIN).

An improperly signed or unsigned return will be considered invalid for filing purposes, and penalty and interest may be assessed.

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#### **GENERAL INSTRUCTIONS FOR FID-B, COMPUTATION OF NEW MEXICO PERCENTAGE AND BUSINESS INCOME APPORTIONMENT FORMULA**

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FID-B should be used by fiduciaries who are filing returns for trusts or estates having income from activities both within and outside New Mexico.

For purposes of these instructions, an **estate** is **DOMICILED IN NEW MEXICO** if the decedent was domiciled in New Mexico. A **trust** is **DOMICILED IN NEW MEXICO** if the trustee is domiciled in New Mexico or if the principal place from which the trust is managed or administered is in New Mexico.

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#### **FID-B, SCHEDULE 1 GENERAL INSTRUCTIONS FOR COLUMNS 1-4, LINES 1-7**

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**You must complete columns 1 through 4 as instructed or the amounts in columns 3 and 4 may be denied.**

**Column 1, Gross:** Amounts entered in this column are the same as those from federal Form 1041, except for line 2 and line 6, which include amounts reported on lines 2 and 3 of FID-1.

**Column 2, Less Related Expenses/Distributions:** Amounts entered in this column include deductions and exclusions from federal Form 1041 that apply to the specific types of income reported in column 1 on lines 1-7. Subtract these deductions from the type of income (lines 1-7) to which they apply. Related expenses in column 2 must include distributions to beneficiaries. If the deduction cannot be applied to a specific type of income, enter it on line 11, "Other deductions".

#### **EXAMPLES:**

- Taxes on rental property are deducted from rents and royalties, line 4.
- State income taxes, fiduciary fees, attorney fees and accountant fees are included as other deductions, line 11.
- Charitable deductions arising from a specific type of income such as capital gains are subtracted from profit or loss from the sale or exchange of assets, line 5. If it is a charitable deduction arising from general income, it is subtracted on line 11.
- Income distribution deductions should be subtracted from either dividends, interest or profit or loss from the sale or exchange of assets (capital gains) according to the allocations on federal Form 1041, Schedule K-1. Other taxable income distributions on Schedule K-1 are included in the deductions on line 11. Amounts for depreciation and depletion from Schedule K-1 are subtracted from the type of income to which they apply, lines 3-7.
- Dividend and interest exclusions are subtracted from gross dividends, line 1, and gross interest, line 2.

**Column 3, Net:** The net amounts in this column equal column 1 less column 2.

**Column 4, Allocation to New Mexico:** Use this column to allocate net income to New Mexico according to the following line instructions. The amount in column 4 cannot be greater than the amount in column 3.

#### FORM FID-B, SCHEDULE 1 LINE INSTRUCTIONS

**NOTE:** If you have a net operating loss or net operating loss carryforward, attach a separate statement identifying the name and operating location of the business or property creating the loss, and a complete copy of your federal tax return.

**Lines 1 and 2. Dividends and Interest.** Dividend and interest income is allocated in column 4 to New Mexico if the estate or trust is domiciled in New Mexico.

**Line 3. Income From Other Fiduciaries, S Corporations, Partnerships and Limited Liability Entities:** An estate or trust receiving income from another estate, trust, or other pass-through entity that allocated and apportioned its New Mexico income must obtain copies of all allocation and apportionment schedules. The income from these sources must be allocated and apportioned in the same way each estate, trust, or other pass-through entity allocated and apportioned its income. Enter the amount of income allocated or apportioned in column 4.

*Example:* X, a New Mexico trust, reports \$4,000 of net income as its distributed share from a partnership. Since the partnership allocated and apportioned 50% of its taxable income to New Mexico, the fiduciary will allocate 50% of the \$4,000 amount, or \$2,000, to New Mexico in column 4.

**Line 4. Rents and Royalties.** Allocate to New Mexico in column 4 the following rent and royalty income:

- from real property in New Mexico,
- from tangible personal property located or used in New Mexico, or
- from intangibles used in New Mexico.

Trusts or estates that are domiciled in

New Mexico and receive income from real property, tangible personal property or intangibles located or used in New Mexico (including rents and royalties from oil and gas interests) must allocate that income to New Mexico in column 4. Intangibles are copyrights, patents, franchises, trademarks and licenses.

In addition to the above, trusts or estates domiciled in New Mexico must allocate income from intangible and tangible personal property used in another state if the estate or trust is not subject to tax in the other state. A patent is used in New Mexico to the extent it is employed in production, fabrication, manufacturing or other processing in New Mexico or when a patented product is produced in New Mexico.

A copyright is used in New Mexico when the printing or other production is accomplished in New Mexico.

If the fiduciary's records do not reflect the extent to which tangible personal property is used within New Mexico, use the following calculation:

Compute the percentage of time the property was located in New Mexico during the tax year by dividing the number of days the property was physically located in New Mexico during the rental or royalty period by the total number of days the property was physically located everywhere during the rental or royalty period.

Multiply the net rents or royalties received for the taxable year by the percentage calculated above. The result is the amount of rental or royalty income allocable to New Mexico.

If the physical location of the tangible personal property during the rental or royalty period is unknown or unascertainable, enter the amount of rental or royalty income from property delivered to a lessee in New Mexico.

**Line 5. Profit or Loss From the Sale or Exchange of Assets.** Allocate to New Mexico in column 4 profits or losses from the sale or exchange of:

- Real property in New Mexico,

- Tangible personal property located in New Mexico at the time it was sold,
- Tangible personal property if the estate or trust is domiciled in New Mexico and the gain was not taxable in the state where the tangible personal property was located,
- Intangible personal property if the estate or trust is domiciled in New Mexico.

**Line 6. Net Business and Farm Income.** An estate or trust reporting business and farm income earned solely within New Mexico enters in column 4 the entire amount of net income from column 3. If the business and farm income is from activities within and outside New Mexico, **complete lines 1-5 on FID-B, Schedule 2 to determine the percentage of income apportionable to New Mexico.**

Calculate the business and farm income apportioned to New Mexico by multiplying the amount of net business and farm income in column 3, line 6, by the average percent from line 5 of FID-B, Schedule 2.

**Separate Accounting Method for Business Income.** The separate accounting method may **not** be used by any business. Businesses beginning before January 1, 1991 who elected the separate accounting method were required to elect another method for taxable years beginning on or after January 1, 1995.

**Line 7 - Other Income.** All income from sources other than those already described is allocated to New Mexico in column 4 if the estate or trust is domiciled in New Mexico. Attach a schedule of other income.

If the estate or trust is not domiciled in New Mexico, other income is allocated to New Mexico when it is from transacting business in, into or from New Mexico or when income is received from property in New Mexico or as compensation for services in New Mexico.

**Line 8a. Calculate Allocation Percentage for Deduction.** Divide line 8 column 4 by line 8 column 3. To com-

plete column 4 for lines 9-11, multiply the amounts in column 3, lines 9, 10 and 11 by the resulting fraction to determine the portion of each deduction applicable to New Mexico income.

**Line 9. Deduction for Exemption.** Enter on line 9, column 3 the exemption amount from federal Form 1041. To complete column 4, multiply line 8a by line 9, column 3.

**Line 10. Deduction for Distributions.** Enter on line 10, column 3 any deductions for distributions which were not entered on lines 1 through 7 above. To complete column 4, multiply line 8a by line 10, column 3.

**Line 11. - Other Deductions.** Enter on line 11, column 3 any deductions claimed on the federal Form 1041 which were not entered in column 2 of lines 1 through 7 above. (Refer to the Schedule FID-B general instructions on page 12, for column 2 instructions.) Attach a schedule of other deductions. To complete column 4, multiply line 8a by line 11, column 3.

**Line 13. Taxable Income of the Estate or Trust.** Subtract line 12 from line 8 to arrive at the estate's or trust's taxable income. The amount in column 3 should equal the sum of the taxable income of the fiduciary reported on federal Form 1041 plus the additions to federal income for fiduciary, from FID-1, page 2, line 3.

**Line 14. Income From Lump Sum Distributions.** Enter in column 1, the ordinary income reported on federal Form 4972, *Tax on Lump Sum Distributions*. Enter in column 2, from federal Form 4972, the federal taxable portion of any lump sum distribution you earned the right to receive while a New Mexico resident.

**Line 16. New Mexico Percentage.** Divide line 15, column 4 by line 15, column 3. This is the New Mexico percentage of net income. Enter here and on line 6 of the FID-1 return. The percentage cannot be less than zero. If you are allocating or apportioning losses out of New Mexico, the percentage may not exceed 100%.

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## FID-B, SCHEDULE 2 LINE INSTRUCTIONS

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### Who Must Complete This Worksheet

If you have business or farm income on line 6, column 3 from both inside and outside New Mexico, complete the worksheet on FID-B, page 2. When you submit your return, attach both the FID-B pages 1 and 2.

Generally, the amount of business and farm income apportioned to New Mexico is determined by multiplying the net amount shown on line 6, column 3 of FID-B Schedule 1, by the following fraction if all factors are present:

**Divide the property factor + payroll factor + sales factor**

**By 3\***

Round each percentage to four decimal places (example: 26.6270%)

### Three-Factor Apportionment Formula

New Mexico uses an evenly weighted three-factor apportionment formula. The three factors are property, payroll, and sales. The three-factor formula is for all taxpayers except taxpayers who are:

- Qualifying manufacturers who elect to use the special manufacturers apportionment formula, **or**
- A taxpayer whose principal business activity in New Mexico is a headquarters operation and who elects to use the single weighted sales factor apportionment formula, **or**
- Allowed or required to eliminate one or more factors because the three-factor formula does not fairly represent the extent of their business activity in New Mexico.

Each exclusion is described next as **Exclusions 1, 2 and 3**.

#### Exclusion 1

#### Electing Manufacturers Apportionment Formula

Taxpayers whose principal activity is manufacturing may elect to use a special apportionment formula. For tax years beginning on or after January 1, 2014, the election allows taxpayers to apportion the business income to New

Mexico using an alternative method which, over a five-year period, phases in a single weighted sales factor.

See the chart on the next page for the apportionment formula.

The electing manufacturer must use the special factor method for a total of three consecutive tax years, covering at least 36 calendar months, or until the manufacturer notifies the Department in writing that the election is terminated.

The statutory authority for this elective method is in Section 7-4-10(B) NMSA 1978.

#### Definition of Manufacturing

"Manufacturing" means combining or processing components or materials to increase their value for sales in the ordinary course of business, but does not include:

- (a) construction;
- (b) farming;
- (c) power generation, except for electricity generation at a facility other than one for which both location approval and a certificate of convenience and necessity are required prior to commencing construction or operation of the facility, pursuant to the Public Utility Act [Articles 1 through 6 and 8 through 13 of Chapter 62 NMSA1978] or
- (d) processing natural resources, including hydrocarbons.

**How to Make the Election:** To elect to use the manufacturers apportionment formula, you must notify the Department in writing no later than the filing date of the first return to which your election applies.

Submit your notification to make your election or to terminate your election to Taxation and Revenue Department, CIT Unit, P.O. Box 630, Santa Fe, NM 87504-0630. For assistance, call (505) 827-0825 or toll free: (866) 809-2335, option 4. Or, e-mail: [CIT.TaxReturnHelp@state.nm.us](mailto:CIT.TaxReturnHelp@state.nm.us)

On FID-B, line 5, use the formula in the chart to calculate the apportionment percentage.

## **Exclusion 2 Electing Headquarters Operation Apportionment Formula**

Taxpayers whose principal business activity in New Mexico is a headquarters operation may elect to use a single weighted sales factor apportionment formula. For tax years beginning on or after January 1, 2014, the election allows the taxpayer to apportion the business income to New Mexico using a single weighted sales factor.

If elected the taxpayer apportions taxable income by multiplying it by a fraction, the numerator of which is the total sales of the business in New Mexico during the tax year and denominator of which is the total sales of the taxpayer from any location within or outside of the state during the tax year.

The election for the special factor method applies to the tax year in which the business notifies the Department of their election, until the business notifies the Department, in writing, that the election is terminated. The taxpayer, however, shall not terminate the election until the method of apportioning business income has been used by the taxpayer for at least three consecutive tax years, covering at least 36 calendar months.

The statutory authority for this elective method is in Section 7-4-10(C) NMSA 1978.

### **Definition of Headquarters**

"Headquarters operation" means:

(a) the center of operations of a business: 1) where corporate staff employees are physically employed; 2) where centralized functions are performed, including administrative, planning, managerial, human resources, purchasing, information technology and accounting, but not including a call center; 3) the function and purpose of which is to manage and direct most aspects and regional headquarters if the

national headquarters is subordinate only to the ownership of the business or its representatives and the regional headquarters is subordinate to the national headquarters; or

(b) the center of operations of a business: 1) the function and purpose of which is to manage and direct most aspects of one or more centralized functions; and 2) from which final authority over one or more centralized functions is issued.

**How to Make the Election:** To elect to use the headquarters operation apportionment formula, you must notify the Department in writing no later than the filing date of the first return to which your election applies.

Submit your notification to make your election or to terminate your election to Taxation and Revenue Department, CIT Unit, P.O. Box 630, Santa Fe, NM 87504-0630. For assistance, call (505) 827-0825 or toll free: (866) 809-2335, option 4. Or, email:  
[cit.taxreturnhelp@state.nm.us](mailto:cit.taxreturnhelp@state.nm.us)

### **Exclusion 3**

#### **Eliminating one or more factors.**

If the allocation and apportionment provisions of the Uniform Division of Income for Tax Purposes Act do not fairly represent the extent of your business activity in New Mexico, you may without prior approval, or the Department may require if reasonable, the exclusion of any one or more insignificant factors—property, payroll, or sales.

### **PROPERTY FACTOR**

This factor is a percentage determined as follows:

**Divide** the average value of the real and tangible personal property owned or rented and used in New Mexico for the production of business or farm income during the tax period

**By** the average value of all real and tangible personal property owned or rented everywhere and used every-

where for the production of business or farm income during the tax period.

### **Property shall be valued according to the following rules:**

- Property owned during the tax period is valued at its original cost.
- Property rented from others and used for business or farm purposes is valued at eight (8) times the net annual rental rate. The net annual rate is the annual rent paid less any annual rent received from subleases of the same property.
- The average value of property is determined by adding the total value of property held by the taxpayer at the beginning of the tax period to the total value of property held at the end of the tax period and dividing by two.
- A fiduciary may be required to compute an average value on a monthly basis if the Department determines that a monthly average is necessary to correctly reflect the average value of the property.

### **PAYROLL FACTOR**

This factor is a percentage determined as follows:

**Divide** the total amount paid as compensation to employees in New Mexico during the tax period

**By** the total amount paid as compensation to employees everywhere during the tax period.

Compensation was paid in New Mexico if any one of these conditions is present:

- The employee's service was performed entirely inside New Mexico, or
- The employee's service was performed both inside and outside New Mexico, but the service performed outside New Mexico was incidental to the service performed inside New Mexico, or

## **Single Weighted Sales Factor For Electing Manufacturers**

**For tax years beginning:**

January 1, 2017 through December 31, 2017

**The apportionment formula is:**

**8x sales factor + property factor + payroll factor**

- Some of the employee's service was performed in New Mexico, **and**
- New Mexico was the base of operations or the place from which the service was directed or controlled, **or**
- The employee who received payment for performing the service was a resident of New Mexico during the taxable period, whether or **not** the service was performed within a state other than New Mexico which was the base of operations or the state from which the service was directed or controlled.

### **SALES FACTOR**

This factor is a percentage determined as follows:

**Divide** the total sales in New Mexico during the tax period (excluding non-business income)

**By** the total sales everywhere during the tax period (excluding non-business income).

**"Sales"** means all gross receipts from transactions and activity in the regular course of business.

Tangible personal property is sold in New Mexico when any of the following applies:

- The property was delivered or shipped to a purchaser other than the U.S. government within New Mexico (regardless of the FOB point or other conditions of the sale), **or**
- The property was shipped from an office, store, warehouse, factory or other place of storage within New Mexico, **and**
- The purchaser was the U.S. government, **or**
- The business was not subject to income tax in the state where the property was sold, **or**
- Sales other than sales of tangible personal property are made in New Mexico if:
  - The income-producing activity was performed in New Mexico, **or**
  - The income-producing activity was performed both inside and outside New Mexico, but

a greater proportion was performed inside New Mexico than in any other single state. (The proportion shall be determined by the cost of performance in each state.), **or**

- The gross receipts were from the rental, lease, licensing or any other use of either real or tangible personal property during the time the property was in New Mexico, **or**
- The gross receipts were from the performance of personal services in New Mexico.

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### **LINE INSTRUCTIONS FOR COMPLETING SCHEDULE FID-CR**

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Use Schedule FID-CR to claim any of the business-related tax credits listed in these instructions that may be taken against New Mexico income tax reported on the FID-1 return. For a complete description of the credits, see Publication FYI-106, *Claiming Tax Credits for CRS Taxes and Business Related Income*.

The FID-CR is divided into several sections. The first section lists the business-related tax credits by credit type code. These tax credits are divided into (1) the non-refundable business-related tax credits to be applied against tax due, and (2) the refundable business related-tax credits that may be applied both against tax due and as a credit to be refundable.

The next section is divided into columns A-D:

- the credit type code in column A. You must complete this field;
- the credit approval number, if applicable. It may not be available for all credits, and for some credits the credit approval number is not required. If your business credit does not have a credit approval number as described in the next section, *Tax Credit Types*, leave the credit approval number field blank;
- the amount to be applied to the tax liability on the return; and
- any amount of the credit that may be refunded to you.

If you are claiming multiple credits for the same credit type, list each credit separately. For example: Taxpayer X has received investment vouchers 123456-1 and 123456-2 for two separate affordable housing tax credits. X's return shows a liability of \$80 before applying any tax credits. X wants to use the remaining \$50 from available carry forward on voucher 123456-1, and \$30 from voucher 123456-2. On line 1, X enters A01 in the credit type code column, enters 123456-1 in the credit approval number column, and \$50 in the amount claimed column. The fourth column is left blank because the affordable housing tax credit cannot be refunded. On line 2, X enters A01 in the credit type code column, enters 123456-2 in the credit approval number column, and \$30 in the amount claimed column. A separate entry is made for each credit.

You must report the first 5 credits on Schedule FID-CR. If you are claiming more than 5 credits to be applied to your tax liability or to be refunded, complete and attach the Supplemental Schedule FID-CR. Attach the supplemental to the Schedule FID-CR, reporting the additional credits.

To calculate the amount that may be claimed, refer to the claim form or supporting instructions for the credit. The sum of tax credits applied to the tax due on the return FID-CR, line A, may not exceed the income tax claimed on the FID-1 return (line 9 minus line 10).

If you are claiming more than 5 credits to be applied to your tax liability or to be refunded, lines A and B of the Schedule FID-CR must include the sum of all credits reported on both the Schedule FID-CR and the supplemental to the Schedule FID-CR.

Enter the sum of column C (Amount Claimed Applied to Tax Due) on line A, Schedule FID-CR.

Enter the sum of column D (Amount of Credit to Refund) on line B, Schedule FID-CR.

Transfer the totals to the FID-1 return as follows:

- Transfer the total credits to be

applied to the liability due from Schedule FID-CR, line A, to line 11 of the FID-1 return.

- Transfer the tax credits to be refunded from Schedule FID-CR, line B, to line 24 of the FID return.

Be sure to attach the appropriate backup documentation to support the credit taken and attach Schedule FID-CR and FID-CR Supplemental (if you had more than 5 credits) to your FID-1, *2017 New Mexico Fiduciary Income Tax Return*.

## TAX CREDIT TYPES

### Credit Type Code A01

**Affordable Housing Tax Credit.** Beginning January 1, 2006, the Mortgage Finance Authority (MFA) issues vouchers to persons who have invested in affordable housing projects. The vouchers, good for up to 50% of the investment, may be sold or transferred, provided the MFA is notified of the transfer and a voucher has been re-issued to the transferee. "Affordable housing" covers land acquisition, construction, building acquisition, remodeling, improvement, rehabilitation, conversion or weatherization for single-family residences approved by MFA and multi-family residential housing located in a county of fewer than 100,000 persons.

MFA may issue an investment voucher to a person who has made an investment of land, buildings, materials, cash or services for an affordable housing project approved by MFA or for a trust fund administered by MFA. After receiving the vouchers from MFA, the taxpayer may apply the credit against gross receipts, compensating, withholding, personal income, fiduciary income or corporate income tax liabilities and carry unused credits forward for five years. The credit may not be refunded.

To claim the credit, complete and attach Form RPD-41301, *Affordable Housing Tax Credit Claim Form*, to your FID-1 along with Schedule FID-CR. Attach a copy of the investment vouchers for which you are claiming a credit.

In the **Credit Approval Number** box, enter the number assigned by MFA on the investment voucher. If transferred enter the new credit number assigned by MFA.

### CREDIT TYPE CODE A02

**Angel investment credit.** You may claim a credit for 25% of the qualifying investment, not to exceed \$62,500, per investment round, in a high-technology or manufacturing business if all of the following are true:

- You are a taxpayer who files a New Mexico personal income tax return.
- You are not a dependent of another individual.
- You are an accredited investor under IRS rules who makes a qualified investment.

Accredited investors may claim the angel investment credit for qualified investments in no more than five qualified businesses per tax year. A credit is not allowed for any investment made before January 1, 2007 or after December 31, 2025.

### Carry Forward for Five Years

If your certificate was issued in 2015 or after, you can carry forward unused credits for five consecutive years. For credits issued 2014 and prior, you can carry forward unused credits for three consecutive years. The credit is not refundable.

### How To Apply For This Credit

To apply for this credit, contact the EDD to get a certificate of eligibility.

### How To Claim This Credit

To claim the credit, follow these steps:

- Complete Form RPD-41320, *Angel Investment Credit Claim Form*, and Schedule FID-CR.
- Attach the following to your FID-1:
  - RPD-41320
  - FID-CR
  - Copy of the certificate of eligibility from the New Mexico EDD
- Submit your FID-1 and all attachments.

In the **Credit Approval Number** box, enter the certificate number from the certificate of eligibility issued to you by EDD.

### Credit Type Code A03

#### Agricultural Water Conservation Tax Credit.

A taxpayer may claim a credit against the taxpayer's personal, fiduciary or corporate tax liability for expenses incurred by the taxpayer for eligible improvements in irrigation systems or water management methods. Eligible improvements means an improvement that is:

- made on or after January 1, 2008 but not after January 1, 2013;
- consistent and complies with a water-conservation plan approved by the local soil and water conservation district in which the improvement is located; and
- primarily designed to substantially conserve water on land in New Mexico that is owned or leased by the taxpayer and used by the taxpayer or the taxpayer's lessee to produce agricultural products, harvest or grow trees, or sustain livestock.

**NOTE:** The agricultural water conservation tax credit provisions are repealed effective January 1, 2013; however, a taxpayer may claim a carryforward of the credit.

To claim the credit against any fiduciary income tax due, complete Form RPD-41319, *Agricultural Water Conservation Tax Credit Claim Form*, and attach it to your FID-1 with Schedule FID-CR. This credit may not be refunded but you may carry unused credit forward for five consecutive years.

In the **Credit Approval Number** box, enter the last day of the tax year when the credit was first eligible to be claimed.

### Credit Type Code A04

#### Advanced Energy Tax Credit.

A qualified electricity generating facility located in New Mexico may be eligible to apply for and claim the advanced energy tax credit (advanced energy income tax credit, advanced energy corporate income tax credit and the advanced energy combined reporting tax credit).

The amount of the credit is 6% of the eligible generation plant costs. The aggregate amount of tax credit that

may be claimed with respect to a qualified generating facility is limited to \$60,000,000.

Once the certificate of eligibility is issued by the New Mexico Environment Department (NMENV), obtain approval from TRD by submitting a completed Form RPD-41333, *Advanced Energy Tax Credit Application*, a certificate of eligibility, and other information TRD requires to determine the amount of tax credit allowed. The application must be submitted within one year following the end of the calendar year in which the eligible generation plant costs are incurred.

The right to claim the credit may be allocated to other taxpayers who are interest owners in the qualified electric generating facility. The *Notice of Allocation of Right to Claim Advanced Energy Tax Credits* is required to be attached to RPD-41333 to allocate the credit to interest owners.

Once approved, you may claim this credit by completing Form RPD-41334, *Advanced Energy Tax Credit Claim Form*, and attaching it to your FID-1 with Schedule FID-CR. This credit may not be refunded but you may carry unused credit forward for up to ten years.

In the **Credit Approval Number** box, enter the number issued by the Taxation and Revenue Department. The credit approval number is identified on your credit approval letter. If your approval letter does not show a credit approval number, leave this box blank.

#### **Credit Type Code A05**

**Agricultural Biomass Tax Credit.** A credit is available for a taxpayer who owns a dairy or feedlot and who files a personal, fiduciary, or corporate income tax return for a taxable year beginning on or after January 1, 2011 and ending prior to January 1, 2020.

TRD may allow a credit equal to \$5 per wet ton of agricultural biomass transported from the taxpayer's dairy or feedlot to a facility that uses agricultural biomass to generate electricity or make biocrude or other liquid or gaseous fuel for commercial use.

To qualify for this credit, you must first obtain a certificate of eligibility from the Energy, Minerals and Natural Resources Department (EMNRD). Once the certificate of eligibility is issued by EMNRD, obtain approval from TRD by submitting a completed Form RPD-41362, *Agricultural Biomass Income Tax Credit Approval*, and the certificate of eligibility to TRD. TRD will approve the credit and return the approved form to the owner or holder.

Once approved, you may claim this credit by completing Form RPD-41361, *Agricultural Biomass Income Tax Credit Claim Form*, and attaching it to your FID-1 with Schedule FID-CR. Excess credit may not be refunded but may be carried forward for a maximum of four consecutive tax years following the year TRD approved the credit.

In the **Credit Approval Number** box, enter the credit number assigned by TRD on Form RPD-41362, *Agricultural Biomass Tax Credit Approval*. If the tax credit was transferred to you, enter the new credit number from Form RPD-41363, *Notice of Transfer of Agricultural Biomass Tax Credit*.

#### **Credit Type Code B01**

**Business Facility Rehabilitation Credit.** The business facility rehabilitation credit is enacted for some pre-approved costs of restoration, rehabilitation, or renovation of a qualified business facility located in a New Mexico enterprise zone. The facility must be suitable for use and put into service in the manufacturing, distribution, or service industry immediately after the restoration, rehabilitation, or renovation project. This credit is for 50% of the pre-approved costs, not to exceed \$50,000.

To claim the credit, you must receive certification from the Enterprise Zone Program Officer of the New Mexico Economic Development Department (EDD). You are required to complete CIT-5, *Qualified Business Facility Rehabilitation Credit*, and submit it with the certificate of completion issued by the EDD. An amount exceeding the tax liability can not be refunded, but may be carried forward for four consecutive years.

**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.

#### **Credit Type Code B02**

**Blended Biodiesel Fuel Tax Credit.** Beginning January 1, 2007 but not after December 31, 2012, a rack operator or supplier who is required to pay the special fuel excise tax and who files a New Mexico personal, fiduciary, or corporate income tax return may claim a credit against the tax due on the return for each gallon of blended biodiesel fuel on which that person paid, or would have paid, the special fuel excise tax in the tax year, but for certain deductions allowed for special fuel sold or the treaty exemption for North Atlantic Treaty Organization use.

**NOTE:** The blended biodiesel tax credit is not available for tax years beginning on or after January 1, 2013; however, a taxpayer may claim a carryforward of the credit for five years from the date of the certificate of eligibility. The credit may not be refunded.

To qualify for the credit, a taxpayer must be a registered New Mexico supplier who files Form RPD-41306, *Combined Fuel Tax Report*, reporting qualifying biodiesel fuel receipts.

Once approval is granted for eligibility, to claim the credit, complete Form RPD-41340, *Blended Biodiesel Fuel Tax Credit Claim Form*, and attach it to your FID-1 with Schedule FID-CR. Leave the **Credit Approval Number** box blank. An approval number is not required to claim this credit.

## CREDIT TYPE CODE C01

**Cancer clinical trial tax credit.** A tax credit is available for an oncologist who conducts a cancer clinical trial beginning on or after January 1, 2012, but before January 1, 2017. A tax credit of \$1,000 is allowed for each participating patient, but must not exceed \$4,000 for all cancer clinical trials conducted by that physician during the tax year.

A taxpayer for whom all of the following are true qualifies for the cancer clinical trial tax credit:

- You are a physician licensed pursuant to the Medical Practice Act (Section 61-6-1 NMSA 1978).
- You file a New Mexico personal income tax or fiduciary income tax return.
- You are not a dependent of another taxpayer.
- Your practice is located in rural New Mexico.

Only a qualified licensed physician may claim the credit. If the physician belongs to a business association in which one or more members qualify for a cancer clinical trial tax credit, the credit is equally apportioned between the eligible physicians conducting, supervising, or participating in the trial.

The total cancer clinical trial tax credit allowed for all members of a partnership or business association cannot exceed the credit amount that could have been claimed by one qualified physician.

To claim this credit, complete Form RPD-41358, *Cancer Clinical Trial Tax Credit Claim Form*, and Schedule FID-CR. Attach these forms to your FID-1 and submit them to the Department. On Schedule FID-CR, leave the **Credit Approval Number** box blank. A credit approval number is not required to claim this credit.

## Credit Type Code E01

**Electronic Card-Reading Equipment Tax Credit.** New Mexico has a one-time income tax credit for businesses that purchase electronic identification card readers for age verification. A business may claim this credit on a New Mexico personal income tax return, fiduciary income tax return, or corporate income and franchise tax

return if:

- The business is licensed to sell cigarettes, tobacco products or alcoholic beverages, *and*
- The business has purchased, and is using, equipment that electronically reads identification cards to verify age.

The credit amount is \$300 for each business **location** using electronic identification card-readers. The owner, member or partner of a pass-through entity may claim a credit in proportion to the owner's interest in the partnership or other business association. The total credit claimed by all members of the partnership or association may not exceed \$300 for each business location.

Claim this non-refundable credit in the tax year the equipment was purchased and put into use. You cannot carry excess amounts forward or back into another tax year.

To claim the credit, complete and have notarized Form RPD-41246, *Income Tax Credit for Electronic Identification Card Reader, Purchase and Use Statement*. Enter the amount of credit on Schedule FID-CR. Submit the statement and the FID-CR with your FID. When the credit (\$300) is split among married individuals, owners, partners, or other business associations, each claimant must show the division of the total credit (\$300 per business location) on page 2 of Form RPD-41246. An amount exceeding the tax liability can not be refunded and may not be carried forward.

Leave the **Credit Approval Number** box blank. A credit approval number is not required to claim this credit.

## Credit Type Code F01

**Film Production Tax Credit.** The film production tax credit provides a credit for an eligible film production company. The amount of the credit is equal to 25% of direct production and direct postproduction expenditures. An additional 5% may be added for television shows subject to certain requirements. Direct production expenditures must be directly attributable to the production in New Mexico

of a film or commercial audiovisual and both direct and post production expenditures must be subject to taxation by the State of New Mexico. Excluded from the credit are costs for which the film production company has already issued a nontaxable transaction certificate under Section 7-9-86 NMSA 1978.

To obtain approval for the credit, first apply to the New Mexico Film Office of the Economic Development Department (EDD). When it receives approval from EDD, the film production company may apply for Taxation and Revenue Department approval of the credit. See the *Application for Film Production Tax Credit*, Form RPD-41229.

Once approved, you may claim the credit by filing your personal, fiduciary or corporate income tax return. To claim the credit against tax due on your FID return. Complete Schedule FID-CR and attach it to your FID-1 return. Also attach Form RPD-41228, *Film Production Tax Credit Claim Form*.

**Note:** If you are an owner or affiliate of the film production company that was approved for the credit, do not enter more than that portion of approved credit that was distributed to you at the time the film production company received TRD approval for the credit. If you are not sure what your distributed amount is, contact the film production company.

**NOTE:** The amount of film production tax credit you may claim against your tax due on this return and the amount that you may receive as a refund are subject to certain limitations governing the payment of film production tax credit claims. See the instructions for the film production tax credit claim form for details regarding these limitations and how your claim may be impacted.

In the **Credit Approval Number** box, enter the credit approval number issued by the Taxation and Revenue Department. The credit approval number is identified on your credit approval letter. If your approval letter does not show a credit approval number, leave this box blank.

## Credit Type Code G01

**Geothermal Ground-Coupled Heat Pump Tax Credit.** A credit is available for a taxpayer who has purchased and installed a geothermal ground-coupled heat pump after January 1, 2010, but before December 31, 2020. To qualify for the tax credit, the taxpayer must install the pump in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer or by a partnership or other business association of which the taxpayer is a member. The credit, which may not exceed \$9,000, is available for up to 30% of the purchase and installation costs. This credit may not be refunded, but unused credit may be carried forward for a maximum of ten consecutive years following the tax year for which the credit was approved.

To qualify for this credit, you must first obtain a certificate of eligibility from the New Mexico Energy, Minerals and Natural Resources Department. To claim this credit against any corporate income tax due, complete and attach RPD-41346, *Geothermal Ground-Coupled Heat Pump Tax Credit Claim Form*, to your FID-1 with Schedule FID-CR. Attach a copy of the certificate which you are claiming credit.

In the **Credit Approval Number** box, enter the certificate number shown on the credit approval document issued to you by EMNRD.

## Credit Type Code J01

**Job Mentorship Tax Credit.** A taxpayer owning a New Mexico business may claim a Job Mentorship Tax Credit for employing qualified students who take part in a career preparation education program. The credit equals 50% of gross wages paid to a maximum of ten qualified students. The business must employ the students for up to 320 hours each during the tax year. A taxpayer may not claim a credit for one qualified individual for more than three tax years. The maximum credit for one tax year is \$12,000.

Obtain a Form RPD-41280, *Job Mentorship Tax Credit Certificate*, from the secondary school operating the career preparation education program for each qualified student you employ.

To claim this credit against fiduciary income tax, complete Form RPD-41281, *Job Mentorship Tax Credit Claim Form*, and attach it to your FID-1 with Schedule FID-CR. Also, attach a Form RPD-41280, *Job Mentorship Tax Credit Certificate*, for each qualified student employed during the tax year. This credit may not be refunded but you may carry unused credit forward for three consecutive years.

A partnership or other business association of which the taxpayer is a member may claim a credit in proportion to the taxpayer's interest in the partnership or association.

Leave the **Credit Approval Number** box blank. A credit approval number is not required to claim this credit.

## Credit Type Code L01

**Land Conservation Incentives Credit.** Individuals or corporations who donate land, or interest in land, to private or public conservation agencies for conservation purposes may claim a credit from personal, fiduciary, or corporate income tax, equal to 50% of the fair market value of the land transferred up to \$100,000 for donations made prior to January 1, 2008, and \$250,000 for donations made on or after January 1, 2008. Additionally for a donation made on or after January 1, 2008, the credit may be sold, exchanged or transferred in increments of \$10,000 or more.

To apply for this credit contact the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) who certifies the eligibility of the donation. Once the certificate of eligibility is received from EMNRD, complete Form RPD-41335, *Land Conservation Incentives Tax Credit Application*, and submit to TRD with a copy of the certificate of eligibility.

Once approval is received from TRD, claim this credit by completing Form RPD-41282, *Land Conservation Incentives Credit Claim Form*, and attach it to your FID-1 with Schedule FID-CR. Also, attach the letter received from EMNRD certifying treatment as a qualified donation. Unused credit may not be refunded but may be carried

forward for up to 20 consecutive years following the year in which the qualified donation occurred.

In the **Credit Approval Number** box, enter the credit number assigned by TRD on Form RPD-41335, *Land Conservation Incentives Credit Application*. If the credit was transferred, enter the new credit number from Form RPD-41336, *Notice of Transfer of Land Conservation Incentives Tax Credit*.

## Credit Type Code P01

**Preservation of Cultural Property Credit.** The credit for preservation of cultural property is 50% of the costs of a project for the restoration, rehabilitation or preservation of cultural property listed on the official New Mexico Register of Cultural Properties, not to exceed \$25,000. Beginning in 2009, if the property is also located in an arts and cultural district certified by the state or a municipality pursuant to the Arts and Cultural District Act, a maximum of \$50,000 credit will be allowed.

The Cultural Properties Review Committee must approve the project plan before the restoration begins and certify that the completed project conforms to the plan.

To claim this credit against any fiduciary income tax due, complete Form CIT-4, *New Mexico Preservation of Cultural Property Credit*, and attach it to your FID-1 along with a copy of the Part 2 approval from the New Mexico Cultural Properties Review Committee and the approval from the New Mexico Arts and Cultural Districts Coordinator, if applicable. An amount exceeding the tax liability can not be refunded, but may be carried forward for four consecutive years.

In the **Credit Approval Number** box, enter the log number shown on the project approval document issued to you by the Historic Preservation Division.

## Credit Type Code R01

**Rural Job Tax Credit.** A Rural Job Tax Credit is available for employers in rural areas of New Mexico who qualify for Job Training Incentive Program (JTIP) assistance. Eligible employers may earn the rural job tax credit for

each qualifying job created after July 1, 2000. The employer must certify the wages paid to each eligible employee. See Form RPD-41247, *Certificate of Eligibility for the Rural Job Tax Credit*. Pre-approval is required.

Calculate the Rural Job Tax Credit at 6.25% of the first \$16,000 in wages paid for each qualifying job for no more than four qualifying periods in a Tier 1 area, and no more than two qualifying periods in a Tier 2 area. A rural area excludes Albuquerque, Corrales, Farmington, Las Cruces, Los Alamos County, Los Ranchos, Rio Rancho, Santa Fe, and Tijeras, and a ten-mile zone around these municipalities. Tier 2 areas are limited to Alamogordo, Carlsbad, Clovis, Gallup, Hobbs, and Roswell. Tier 1 is any rural area not part of a Tier 2 area. A qualifying period is 12 months.

The holder of the Rural Job Tax Credit document may apply all or part of the credit against the holder's combined state gross receipts, compensating and withholding taxes, or personal, fiduciary, or corporate income tax.

To learn more about JTIP assistance, visit the New Mexico Economic Development Department website at [www.gonm.biz](http://www.gonm.biz) or call (505) 827-0300 or (800) 374-3061.

To apply for this credit, complete Form RPD-41238, *Application for Rural Job Tax Credit*, attach a notarized completed Form RPD-41247, *Certificate of Eligibility for the Rural Job Tax Credit*, for each qualified job you claim in the eligible period, and send it to the address on the form.

Once approval is received from TRD, complete Form RPD-41243, *Rural Job Tax Credit Claim Form*, and submit it with your FID-1 along with Schedule FID-CR. An amount exceeding the tax liability can not be refunded, but may be carried forward for three years from the date the credit is issued.

In the **Credit Approval Number** box, enter the credit approval number issued to you by the Taxation and Revenue Department. The credit approval number is identified on your

credit approval letter. If your approval letter does not show a credit approval number, leave this box blank.

#### **Credit Type Code R02**

**Rural health care practitioners tax credit.** Beginning January 1, 2007, a taxpayer for whom **all** of the following are true may be eligible to claim the rural health care practitioners tax credit against a personal or fiduciary income tax liability:

- You file a New Mexico personal or fiduciary income tax return.
- You are not a dependent of another individual.
- You are an eligible health care practitioner.
- You have provided health care services in New Mexico in a rural health care underserved area.

The following are the maximum amounts allowed for the credit you can claim, depending on profession:

- \$5,000 for eligible physicians, osteopathic physicians, dentists, clinical psychologists, podiatrists, and optometrists who qualify
- \$3,000 for dental hygienists, physician assistants, certified nurse-midwives, certified registered nurse anesthetists, certified nurse practitioners, and clinical nurse specialists who qualify

#### **Hours Required to Qualify**

An eligible health care practitioner must have provided health care at a practice site located in an approved rural health care underserved area during a taxable year for at least:

- 2,080 hours to qualify for the full credit amount
- 1,040 hours, but less than 2,080 hours, to qualify for one-half the full credit amount.

#### **Carry Forward for Three Years**

If the amount of the credit you claim exceeds your tax liability for the taxable year for which you are claiming the credit, you can carry forward the excess for three consecutive tax years. This credit is not refundable.

#### **How To Apply For This Credit**

Before an eligible health care practi-

titioner may claim the rural health care practitioner tax credit, the practitioner must apply to DOH for a certificate of eligibility for the credit. When DOH approves a practitioner, DOH issues a certificate to the qualified eligible health care practitioner.

#### **Lists of Locations Approved by DOH**

DOH compiles and annually revises lists of approved rural practice locations. These revisions reflect any changes in the need for health practitioners throughout the state.

Separate lists are available for different categories of health care practitioners. The lists are compiled with the input of a program advisory group that includes representatives from several health professions.

#### **How To Claim This Credit**

After you receive the certificate of eligibility from DOH, you can claim the credit by following these steps:

1. Complete Form RPD-41326, *Rural Health Care Practitioner Tax Credit Claim Form*, and FID-CR.
2. Attach the following to your FID-1:
  - RPD-41326
  - FID-CR
  - Copy of the certificate of eligibility received from DOH
3. Submit your FID-1 and all attachments.

#### **For More Information**

For a copy of location lists and for more information about certification of eligibility, contact DOH at (505) 841-5849 or visit their website at [www.health.state.nm.us/care.html](http://www.health.state.nm.us/care.html).

The physical address of DOH is 300 San Mateo NE, Suite 900, Albuquerque, NM 87108.

#### **Credit Type Code R03**

**Renewable Energy Production Tax Credit.** Personal income and corporate income taxpayers receive credit for producing electricity by solar light or heat, wind, or biomass for 10 consecutive years beginning on the date the qualified energy generator begins producing electricity. A qualifying energy generator means a facility with at least one megawatt generating capacity located in New Mexico that

produces electricity using a qualified energy resource and that sells that electricity to an unrelated person.

To qualify, the taxpayer must either hold title to a qualified energy generator that first produced electricity on or before January 1, 2018, or lease property upon which a qualified energy generator operates from a county or municipality, under the authority of an industrial revenue bond. EMNRD must first approve the qualified energy generator and the business claiming the credit.

When approval is received from EMNRD, claim the credit by attaching to your FID-1, Schedule FID-CR, a completed Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*, the certificate of eligibility issued by EMNRD, the Allocation Notice approved by EMNRD if applicable, and documentation of the amount of electricity produced by the facility in the tax year. The credit may be deducted from the taxpayer's corporate, personal, or fiduciary income tax liability for which the credit is claimed. If the amount of the tax credit exceeds the taxpayer's income tax liability for the tax year:

1. The excess may be carried forward for 5 years, or
2. If the tax credit was issued with respect to a qualified energy generator that first produced electricity using a qualified energy resource on or after October 1, 2007, the excess shall be refunded to the taxpayer.

In the **Credit Approval Number** box, enter the last day of the tax year when the electricity was produced for which you are claiming a credit or a carry-forward.

#### **Credit Type Code S01**

**Solar market development tax credit.** A taxpayer who has received certification from EMNRD for the purchase and installation of a qualified photovoltaic or solar thermal system in a residence, business, or agricultural enterprise in New Mexico owned by that taxpayer may claim the credit. The photovoltaic or solar thermal system

must be purchased and installed after January 1, 2006, but before **December 31, 2016**.

**NOTE:** The solar market development tax credit is reported on Schedule FID-CR, as credit type code S01. The renewable energy tax credit is reported on Schedule FID-CR, as credit type code R03. These credits are not the same credit.

The credit, which may not exceed \$9,000, is available for up to 10% of the purchase and installation costs of a qualified photovoltaic or solar thermal system.

#### **Carry Forward for 10 Years**

You may carry forward unused credit for a maximum of 10 years.

#### **How To Claim This Credit**

When you receive approval from EMNRD, follow these steps to claim the credit:

1. Complete Form RPD-41317, *Solar Market Development Income Tax Credit Claim Form*.
2. Complete FID-CR. In the **Credit Approval Number** box, enter the certificate number shown on the certificate of eligibility EMNRD issued to you.
3. Attach the following to your FID-1:
  - RPD-41317
  - FID-CR
  - A copy of the letter from EMNRD certifying the project
4. Submit your FID-1 and all attachments.

**IMPORTANT:** To claim this credit, you must have a certificate from EMNRD issued to you.

#### **CREDIT TYPE CODE S02**

#### **Sustainable building tax credit**

The sustainable building tax credit provisions are not available for qualified construction or renovations made after December 31, 2016.

You may not claim the credit for tax years beginning on or after January 1, 2017.

A taxpayer with construction or renovations made after January 1, 2017 but ending on or before December

31, 2026, should contact the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) to certify your eligibility to claim the New Sustainable Building Tax Credit.

#### **Carry Forward for Seven Years**

This credit is not refundable, but you can carry the credit forward for seven years from the first eligible year that the credit is approved to be claimed by the Department.

#### **How To Claim This Credit**

When you receive approval from the Department, follow these steps to claim the credit:

1. Complete Form 41329, *Sustainable Building Tax Credit Claim Form*
2. Complete FID-CR. In the **Credit Approval Number** box, enter the credit number assigned by the Department on Form RPD-41327, *Sustainable Building Tax Credit Approval*. If the credit was transferred to you, enter the new credit number assigned on Form RPD-41342, *Notice of Transfer of Sustainable Building Tax Credit*.
3. Attach the following to your PIT-1:
  - RPD-41329
  - FID-CR
  - Copies of the letter of eligibility
4. Submit your FID-1 and all attachments.

#### **CREDIT TYPE CODE S03**

#### **New sustainable building tax credit**

A new credit is available for construction in New Mexico of a sustainable building, for renovation of an existing building in New Mexico into a sustainable building, or for permanent installation of manufactured housing that is a sustainable building, regardless of where the housing is manufactured.

You may not claim the credit for tax years beginning on or after January 1, 2027.

The credit is available for residential and commercial buildings after the construction, installation, or renovation of the sustainable building is complete. To qualify for the tax credit, the building must have achieved a silver or higher certification level in the Leadership

in Energy and Environmental Design (LEED) green building rating system or the Build Green NM rating system.

### Carry Forward for Seven Years

This credit is not refundable, but you can carry the credit forward for seven years from the first eligible year that the credit is approved to be claimed by the Department.

### How To Apply For This Credit

To apply for this credit, follow these steps:

1. Contact the New Mexico Energy, Minerals and Natural Resources Department (EMNRD) to certify your eligibility.
2. After you receive the certificate of eligibility from EMNRD, promptly complete Form RPD-41382, *New Sustainable Building Tax Credit Approval*.
3. Submit RPD-41382 and a copy of the certificate of eligibility to the Department.

### How To Claim This Credit

When you receive approval from the Department, follow these steps to claim the credit:

1. Complete Form RPD-41383, *New Sustainable Building Tax Credit Claim Form*
2. Complete FID-CR. In the **Credit Approval Number** box, enter the credit number assigned by the Department on Form RPD-41382, *New Sustainable Building Tax Credit Approval*. If the credit was transferred to you, enter the new credit number assigned on Form RPD-41384, *Notice of Transfer of New Sustainable Building Tax Credit*.
3. Attach the following to your FID-1:
  - RPD-41383
  - FID-CR
  - Copies of the letter of eligibility

4. Submit your FID-1 and all attachments.

### CREDIT TYPE CODE T01

**Technology jobs (additional) tax credit.** The technology jobs tax credit is 4% of qualified expenditures for conducting research and development. If you increase your annual payroll by at least \$75,000 for every \$1 million in qualified expenditures you claim in a tax year, an additional 4% credit is available. The basic and additional credits double for businesses in rural areas. Qualified expenditures must be made prior to January 1, 2016, to qualify.

**NOTE:** You may apply only additional technology jobs tax credits to your income tax liability.

The holder of the technology jobs tax credit document may apply all or part of the credit against the holder's combined state gross receipts and compensating and withholding taxes. If you earned additional credits, you may claim that amount against personal or corporate income taxes.

### Carry Forward Information

An amount exceeding the tax liability is not refundable. However, if you have been approved for the technology jobs tax credit; you may carry forward any unused credit amounts in subsequent periods.

### How To Apply For This Credit

The technology jobs tax credit provisions are not available for qualified expenditures made after January 1, 2016.

A taxpayer with expenditures made after January 1, 2016, should review Form RPD-41385, *Application for Technology Jobs and Research and Development Tax Credit*, to see if that credit is available to them.

### How To Claim This Credit

After you receive approval from the

Department, you may claim the credit by following these steps:

1. Complete Form RPD-41244, *Technology Jobs Tax Credit Claim Form*.
2. Complete Schedule FID-CR.
  - In the **Credit Approval Number** box, enter the credit approval number the Department issued to you. The number is identified on your credit approval letter. If the letter does not show a credit approval number, leave this box blank.
  - In the **Amount Claimed Applied To Tax Due** box, indicate the amount of the credit you want to apply to your liability.
3. Attach the following to your FID-1:
  - RPD-41244
  - FID-CR
4. Submit RPD-41244 and FID-CR along with your FID-1.

### CREDIT TYPE CODE T02

#### Technology Jobs and Research and Development Tax Credit.

This credit is 5% of qualified expenditures for conducting research and development. An additional 5% credit is available if the taxpayer increases its annual payroll by at least \$75,000 for every \$1 million in qualified expenditures it claims in a tax year. The basic and additional credits double for businesses in rural areas. To be eligible, qualified expenditures must be made on or after January 1, 2016.

The taxpayer must make the eligible expenditures for research and development at a qualified facility. For more information on qualified expenditures, see the instructions for Form RPD-41385, *Application for Technology Jobs and Research and Development Tax Credit*.

The holder of the Technology Jobs and Research and Development Tax Credit document may apply all or part of "basic"

### Pass-Through Entity Withholding Tax Rate Table

If your report period begins on or after:

Jan. 1, 2011 .....

The effective rate is:

4.9%

credits against the holder's combined state compensating, withholding, and gross receipts tax, less any local option gross receipts tax. "Basic" credit may be not be refunded but may be carried forward for three years from the date of the original claim.

If you have earned "additional" credits, you may claim that amount against personal or corporate income taxes. If the taxpayer is a qualified research and development small business, a portion of the "additional" credit can be refunded, based on the taxpayer's total qualified expenditures made in a tax year. Any credit not claimed against the taxpayer's income tax or corporate income tax due, or refunded, may be carried forward for three years from date of the original claim.

**NOTE:** Taxpayers who claim the research and development small business tax credit are ineligible to claim the investment tax credit or the technology jobs and research and development tax credit for the same reporting period.

### How To Apply For This Credit

To apply for the basic and additional credit, do the following:

1. Complete Form RPD-41385.
2. Send it along with your expenditure and payroll increase documentation to the address on RPD-41385.

### How To Claim This Credit

After you receive approval from the Department, you may claim the credit by following these steps:

1. Complete Form RPD-41386, *Technology Jobs and Research and Development Tax Credit Claim Form*.
2. Complete Schedule FID-CR.
  - In the **Credit Approval Number** box, enter the credit approval number the Department issued to you. The number is identified on your credit approval letter. If the letter does not show a credit approval number, leave this box blank.
  - In the **Amount Claimed Applied To Tax Due** box, indicate the amount of the credit you want to apply to your liability.
  - In column D, indicate the amount of the credit to be refunded, if

eligible.

3. Attach the following to your FID-1:
  - RPD-41386
  - FID-CR
4. Submit RPD-41386 and FID-CR along with your FID-1.

### Credit Type Code V01

#### Veterans Employment Tax Credit

For tax years beginning on or after January 1, 2012 but not after December 31, 2017, a taxpayer who employs a qualified military veteran in New Mexico is eligible for a credit against the taxpayer's personal, fiduciary, or corporate income tax liability for up to \$1,000 for wages paid to the qualified military veteran.

The veteran must have been hired within two years of receipt of an honorable discharge from a branch of the U.S. military and be employed at least 40 hours per week. If the veteran is employed for less than a full year, the credit for that year is reduced based on the ratio of the qualified period of employment over the full tax year of the employer. The taxpayer may not receive the credit for any individual qualified military veteran for more than one year from the date of hire.

Multiple employers may not receive a credit for the same qualified military veteran, in the same tax year. The veteran employment tax credit is only allowed for the employment of a veteran who was not previously employed by the taxpayer prior to the individual's deployment.

To apply for the credit, complete Form RPD-41371, *Application for Veteran Employment Tax Credit*, and submit it to the Taxation and Revenue Department. For each eligible military veteran employed in the tax year, attach a completed Form RPD-41370, *Certification of Eligibility for the Veteran Employment Tax Credit*. If more than one eligible military veteran was employed during the tax year, a certification of eligibility for each military veteran for whom you wish to claim a credit must be attached and included. On the application, summarize the certifications attached and answer the questions establishing that you retain the status

of an eligible employer. TRD will notify you when approved.

Once approved, you may claim the credit against fiduciary income tax due by submitting Form RPD-41372, *Veterans Employment Tax Credit Claim Form*, and Schedule FID-CR along with your FID-1. Excess credit may not be refunded, but may be carried forward for up to three years.

In the **Credit Approval Number** box, enter the credit claim number shown on your approved Form RPD-41371, *Veteran Employment Tax Credit Application*.

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## SCHEDULE

### Fiduciary Pass-Through Entity Withholding Detail (FID-D) Report

### ANSWERS TO COMMONLY ASKED QUESTIONS

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#### Q: When is an estate or trust a pass-through entity?

**A:** An estate or trust that distributes New Mexico net income that is taxable to its recipients is a pass-through entity (PTE). It is subject to withholding, pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act, Sections [7-3A-1 through 7-3A-9 NMSA 1978]. As a PTE, the estate or trust is also required to withhold from the non-resident recipient's share of the estate's or trust's distributed taxable New Mexico net income.

#### Q: Does the estate or trust have to file a FID-D, if no tax is withheld for its beneficiaries?

**A:** The estate or trust that is a PTE, must file a FID-D reporting all resident and non-resident beneficiaries receiving net allocable income of the PTE, even when no tax has been withheld.

#### Q: What is the withholding tax rate?

**A:** The effective rate is 4.9%. The rate table on page 23 shows the current tax rate. When the rate changes, the rate table will reflect the new rate. The Department is required to give remitters a 90 day notice of a change in the rate.

#### Q: If I have an overpayment amount on line 12 of the FID-D, why must I file Form RPD-41373, Application for

## **Refund of Tax Withheld From Pass-Through Entities, with the FID-D to obtain a refund?**

**A:** According to Section 7-1-26 NMSA 1978, the FID-D is not a complete request for refund. Form RPD-41373 completes the requirements for a request for a refund pursuant to that section.

**WHO MUST FILE:** Annually, an estate or trust that distributes New Mexico allocable net income taxable to its beneficiaries is a PTE subject to withholding tax pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act (Sections 7-3A-1 through 7-3A-9 NMSA 1978). As a PTE, the estate or trust is required to withhold from the non-resident beneficiary's share of taxable New Mexico net income.

On Schedule FID-D the estate or trust must:

- report each beneficiary's share of net income allocable to New Mexico.
- remit the New Mexico tax withheld for each non-resident beneficiary.

The estate or trust must report the details for all recipients to whom it distributes taxable New Mexico net income. If the distributed income is not taxable to the recipient, as in the case of some grantor trusts, including living trusts, the distributed income is not included on the FID-D schedule.

The PTE must mark the indicator box on column 5, Schedule FID-D, if the PTE entered into an agreement with the beneficiary that the beneficiary files and pays the tax due on the beneficiary's share of allocable net income of the PTE.

**WHEN TO FILE:** FID-D, for *Fiduciary Income Tax Returns*, are due on or before the due date of the entity's federal return for the tax year. If the due date of the return falls on a Saturday, Sunday or state or national legal holiday, the return is timely if the postmark bears the date of the next business day.

If the estate or trust obtains a federal automatic extension, or a New Mexico extension is obtained for its return, the extension also applies to the filing of

the FID-D. An extension waives penalty through the extension due date, but does not waive interest. You must complete the extended due date field on the FID-D and attach a copy of the extension request.

**HOW TO FILE:** If an estate or trust that is a PTE has 51 or more beneficiaries who receive New Mexico taxable net income, the estate or trust is required to file the Schedule FID-D on TAP at <https://tap.state.nm.us> or through tax preparation software. See page 3 on how to get information on approved software for online filing income tax forms. The Department will reject a FID-D filed in paper format when an estate or trust is required to file online.

Two options are available in TAP for filing Schedule FID-D electronically: A web application and bulk filing.

The web application allows you to complete the owners information on an Excel template and import the file. Click "Frequently Asked Questions" on the TAP homepage and select the Templates tab.

Bulk filing allows the filer to upload multiple returns and payments via an XML file into TAP for processing. Bulk filing is primarily used by tax preparers who are filing multiple returns and payments for their clients. Click "Frequently Asked Questions" on the TAP homepage and select the Bulk tab.

### **File With Paper**

If an estate or trust has 50 or fewer New Mexico payees, the estate or trust may file the FID-D using a paper form. When filing using the paper FID-D, attach the schedule to the FID-1 form, and mail to the address on page 1 of these instructions.

An estate or trust that is required to file online may request Department approval to file by paper if it is unable to file online because a hardship exists. The estate or trust may request approval by filing Form RPD-41350, *E-File Exception Request Form*. The request must be received by the Department at least 30 days before the taxpayer's electronic report is due.

**HOW TO PAY:** Make a payment towards tax due on TAP. On the **TAP** homepage, click **Make a Payment, Business** then select **PTW Remitter**.

You may pay by check or money order using payment vouchers. Use Form PTW-PV to make your payment. Use Form PTW-EXT when making an extension payment to avoid accrual of interest. Mail the payment and the payment voucher to the address on the voucher.

Do not combine your payment for your income tax return with your payment for the FID-D. The payment vouchers for your income tax return and the payment vouchers for the FID-D direct the payment to the correct tax account. If you combine payments, your payment may not be applied correctly, thereby causing delays.

**REFUNDS:** If requesting a refund due to an overpayment of tax withheld, you also must file Form RPD-41373, *Application for Refund of Tax Withheld From Pass-through Entities*. Note: The Department may require that both the estate's or trust's income tax return and its FID-D be filed before a refund can be verified.

**Other Reporting Requirements.** Estates and trusts are also required to provide sufficient information to allow beneficiaries to comply with the provisions of the Income Tax Act and the Corporate Income and Franchise Tax Act, with respect to the beneficiary's share of the taxable net New Mexico income. An estate or trust uses federal Forms 1099-Misc, *pro forma* 1099-Misc, or Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, to report to the beneficiaries the allocable net income and the New Mexico tax withheld. These forms must be provided to the beneficiary by February 15th of the year following the year for which the statement is made. The estate or trust is not required to submit these forms to the Department.

The fiduciary must also furnish each beneficiary with a statement detailing the amount of distributed income allocable or apportionable to New Mexico for each type of income shown on Federal Schedule K-1. In addition, this statement is expected to show the

amount of each beneficiary's share of interest from obligations of the U.S. government and federally tax-exempt interest distributed from the estate or trust, and the portion of such items allocable to New Mexico.

**Verification of Income Tax Information.** The Department is required to compare the tax information received from the estate or trust with the records of the beneficiaries who file returns with New Mexico. If the Department determines that a beneficiary is not paying the proper tax on net income, the Department may request that the estate or trust show reasonable cause for not withholding. See **Reasonable Cause for Not Withholding** for a complete list of exceptions on page 28 of these instructions.

If the Department determines that a non-resident beneficiary is not paying New Mexico income tax on the allocable net income of the estate or trust, the Department will notify the estate or trust that the estate or trust must withhold from future net income of the owner. If an estate or trust and non-resident owner entered into an agreement, using Form **RPD-41353**, pursuant to Section 7-3A-3(G) NMSA 1978, the agreement must be revoked and the estate or trust will be held responsible for future tax required to be withheld from the beneficiary.

#### **COMPLETE THE FIRST PAGE OF THE FID-D**

**Line 2.** The amount reported on line 2 equals the total tax withheld. This number is obtained by adding column 4 from all supplemental pages.

#### **TO CALCULATE PAYMENTS**

**Line 3.** Enter the amount of tax withheld by the estate or trust, and then passed to the beneficiaries of the estate or trust. This amount is reported on the New Mexico income tax return of the estate or trust, FID-1.

**Additional Reporting Requirements For an Estate or Trust That Passes Income Tax Withheld to Owners.** If an estate or trust has had tax withheld from oil and gas proceeds received or the allocable net income of another

PTE, the estate or trust may pass the tax withheld to its beneficiaries by issuing the beneficiary a federal 1099-MISC, *pro forma* 1099-MISC or New Mexico Form RPD-41359, *Annual Statement of Pass-Through Entity Withholding*.

**Line 4.** Enter the withholding tax paid by the estate or trust for this report period. Include all payments the estate or trust has remitted to the Department on behalf of its beneficiaries. Include both payments made by the estate or trust before filing this report, and payments the estate or trust made with this report.

**Line 5. For Amended Returns Only.** If you are amending a previously filed 2017 FID-D, check the amended box at the top of the page. Enter the sum of any refunds the estate or trust has received for this report period for a previously filed FID-D. If the Department paid interest on a refund, do not include the interest paid. Enter the amount on line 5, FID-D.

**Line 6. Total tax payments.** Subtract line 6 from the sum of lines 3 and 4. Enter the result on line 6, Schedule FID-D.

#### **CALCULATE AMOUNT DUE**

**Line 7. Tax Due.** If line 2 is greater than line 6, enter the difference here.

**Line 8.** Add penalty if the entity fails to file timely or to pay the amount on line 7 when due. Calculate the penalty by multiplying the unpaid amount on line 7 by 2%, then by the number of months or partial months for which the return or payment is late, not to exceed 20% of the tax due. The penalty may not be less than \$5.00.

**Line 9.** Calculate interest at the daily interest rate for the quarter of the unpaid amount for each day the payment is late. The annual and daily interest rate for each quarter is posted on the Department website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). In the black navigation bar at the top, click **INDIVIDUALS**. Under **FILE YOUR TAXES**, select **Penalty & Interest Rates**.

The formula for computing interest is:

**Tax due x the daily interest rate for the quarter x number of days late = interest due.**

**Line 10: Total Due.** Add lines 7, 8 and 9 to compute the total due.

**Line 11: Overpayment.** If line 6 is greater than line 2, enter the difference on line 10, of Schedule FID-D.

**IMPORTANT: You must attach Form RPD-41373 to claim a refund of the overpayment reported on line 11, of Schedule FID-D.**

**Signature:** The form is not complete until the estate or trust, or the estate's or trust's authorized agent has signed and dated the report. Enter the email address of the trust's or estate's authorized agent.

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#### **LINE INSTRUCTIONS FOR COMPLETING SCHEDULE FID-D**

Enter the name and address of the estate or trust, its federal identification number (FEIN) and its total distributed New Mexico net income for the tax year of this report.

If you have a foreign address, enter the street address, city name and postal code in the appropriate line. Also enter the foreign province and/or state and country. Follow the country's practice for entering the foreign postal code, the province or state, and country. Do not abbreviate the country name.

**If the estate or trust is filing for a tax year that is not a full calendar year, enter the first day and the last day of the tax year.** The tax year for the New Mexico return must be the same as the tax year for the federal return. **Enter the due date of the trust's or estate's federal income tax return.** If an **extension** was granted, enter also the extended due date. If you qualify for a federal automatic extension of time to file for your federal income tax return, the federal automatic extension due date also applies to the FID-D.

**Complete the Supplemental Page to calculate the amount that will be used to complete line 2 of the FID-D.**

Report the beneficiaries of the estate or trust who received taxable allocable New Mexico net income from the PTE, on the Supplemental Page(s). If you need more space, print Supplemental Pages directly from the website to prevent delays in processing your forms. Attach the additional Supplemental Pages to the first page of Schedule FID-D.

- **Column 1.** Enter the name and address of each beneficiary of the estate or trust. If an individual, enter the first, middle initial and last name of the beneficiary. Mark the box if the address of a beneficiary is outside the U.S. If the beneficiary has a foreign address, enter the street address, city name and postal code on the appropriate line. Also complete the spaces for the foreign province or state. Do not abbreviate the country name. Follow the country's practice for entering the postal code and the name of the province, county, or state.
  - **Column 2.** Enter the beneficiary's federal identification number and mark the box indicating that the number is a federal employer identification number (FEIN) or a social security number (SSN).
  - **Column 3.** Enter the beneficiary's share of the allocable net income. The total of column 3 for all supplemental pages must equal line 1, *Total New Mexico net income*, on the FID-D.
  - **Column 4.** Enter each beneficiary's share of withholding tax. It is equal to the beneficiary's share of withholding tax paid by the estate or trust and reported to the beneficiary.
- Important:** When an estate or trust requests a refund of overpayment of tax withheld on its New Mexico income tax return, do NOT include the refund amount in column 4 of the FID-D.
- When determining the amount of tax to be withheld for each beneficiary, see **Adjustments to the Amount Withheld** instructions below.
- **Column 5.** Enter the **Reason Code** in the box to identify the reasonable

cause for not withholding. When determining the reason code for each beneficiary, see **Reasonable Cause for Not Withholding** on page 28 of these instructions.

- **NOTE:** For the purposes of PTE withholding, a disregarded entity is not a PTE. To support a valid reason to not withhold, the PTE can accept from a disregarded entity the RPD-41353 (Reason Code 2) agreement or the residency statement RPD-41354 (Reason Code 1).

Keep RPD-41353 and RPD-41354 in your files with the PTE's other records. Unless you receive a Department request that requires you to furnish a true and correct copy of either one of these agreements, do not submit them to the Department.

#### **IMPORTANT DEFINITIONS**

*"Net Income"* means, for any pass-through entity (PTE), the income reported to an owner, by the PTE for federal income tax purposes, including ordinary business income or loss, net rental income or loss, guaranteed payments to a partner of a partnership, dividends, royalties and capital gain or loss, less associated deductions, plus interest earned on a state or local bond, less interest earned on a bond issued by the State of New Mexico or its political subdivisions, less income from obligations of the United States less expenses incurred to earn that income; in the case of a subchapter S corporation, "net income" also includes income taxable to the corporation for federal income tax purposes. Net income also includes appropriate allocation and apportionment of that income to New Mexico in accordance with the Uniform Division of Income for Tax Purposes Act.

*"Owner"* means a partner in a partnership not taxed as a corporation for federal income tax purposes for the tax year, a shareholder of an S corporation or of a corporation other than an S corporation that is not taxed as a corporation for federal income tax purposes for the tax year, a member of a limited liability company or any similar person holding an ownership interest in any pass-through entity. "Owner" also means a performing artist to whom

payments are due from a personal services business.

"*Pass-through entity*" means a personal services business or any other business association other than:

- a sole proprietorship;
- an estate or trust that does not distribute income to beneficiaries;
- a corporation, limited liability company, partnership or other entity not a sole proprietorship taxed as a corporation for federal income tax purposes for the tax year;
- a partnership that is organized as an investment partnership in which the partner's income is derived solely from interest, dividends and sales of securities;
- a single member limited liability company that is treated as a disregarded entity for federal income tax purposes, or
- a publicly traded partnership as defined in Subsection (b) of Section 7704 of the Internal Revenue Code.

*"Partnership"* means a combination of persons, including a partnership, joint venture, common trust fund, association, pool or working agreement, or any other combination of persons treated as a partnership for federal income tax purposes.

*"Personal Services Business"* means a business organization that receives payments for the services of a performing artist for purposes of the film production tax credit.

#### **ADJUSTMENTS TO THE AMOUNT WITHHELD**

- The amount of tax withheld from the owner's net income may be reduced, but not below zero, by the amount required to be withheld for oil and gas proceeds.
- If a PTE has deducted and withheld an amount pursuant to the Oil and Gas Proceeds and Pass-Through Entity Withholding Tax Act, from the net income of an owner that is also a PTE, the payee PTE may take credit for that amount in determining the amount the payee PTE must withhold and deduct.

## **REASONABLE CAUSE FOR NOT WITHHOLDING**

### **Reason Code 1**

The owner maintains its place of business or residence in New Mexico and any of the following is true:

- The owner's address on Form 1099-MISC, proforma 1099-MISC, or RPD-41359, Annual Statement of Pass-Through Entity Withholding, is a New Mexico address.
- An individual has a signed RPD-41354, Declaration of Principal Place of Business or Residence in New Mexico, on file that declares the individual is a resident of New Mexico and the physical location of the individual's abode is in New Mexico.
- A corporation has a signed RPD-41354, Declaration of Principal Place of Business or Residence in New Mexico, on file that declares the corporation's principal place of business is in New Mexico.
- A corporation incorporated in New Mexico has on file Articles of Incorporation and sufficient portions of those papers demonstrate incorporation in New Mexico, or information from the Secretary of State, Corporation Bureau website indicates the corporation is a New Mexico corporation in good standing and shows its address.

### **Reason Code 2**

The PTE and owner have an agreement for the tax year that the owner pays the amount the PTE would have been required to withhold and remit to the Department on behalf of the owner.

**NOTE:** The owner remits the tax required to withhold using a form of payment such as estimated payments or withholding. The owner can also satisfy the terms of the agreement by filing its New Mexico income tax return and paying the tax due.

**IMPORTANT:** If the Department notifies the PTE that the owner failed to remit the required payment, the RPD-41353 agreement is no longer acceptable by the Department as reasonable cause for failure to withhold. The PTE is not responsible for withholding on the net income earned in periods that ended before the Department's notification.

If the PTE has on file a signed RPD-41353, Owner's or Remittee's Agreement to Pay Withholding on Behalf of a Pass-through Entity or Remitter, enter 2 in the box.

### **More About RPD-41353**

RPD-41353 is required documentation showing the PTE and non-resident owner entered into an agreement that the non-resident owner agrees to pay New Mexico tax on the owner's share of the PTE's allocable net income. All PTEs except personal services businesses may enter into this agreement with its owners.

### **Reason Code 3**

Documentation shows the U.S. Commissioner of Internal Revenue granted the owner exemption from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. In addition to this documentation, on file is a copy of the owner's Form W-9 or a copy of the IRS determination letter.

**IMPORTANT:** If the income constitutes unrelated income, the obligation to deduct and withhold from payments applies to these organizations.

### **Reason Code 4**

Documentation is on file showing the owner is the U.S., New Mexico, or any agency, instrumentality, or political subdivision.

### **Reason Code 5**

Documentation is on file showing the owner is a federally-recognized Indian nation, tribe, or pueblo or any agency, instrumentality, or political subdivision thereof.

### **Reason Code 6**

Documentation is on file showing the PTE's inability to make payment of withholding from net income for the tax year due to non-availability of cash, or due to contracts and other binding written covenants with unrelated third parties. However, if the PTE made cash payment(s) to any owner during the tax year, the PTE is liable for payment of the withholding amount due up to the extent of those cash payment(s).

### **Reason Code 7**

The PTE made a timely election for federal income tax purposes that changes the net income of a PTE in a prior quarter.

### **Reason Code 8**

For tax years 2014 through 2018, the PTE elected pursuant to Section 26 U.S.C. 108(i) to defer income from the discharge of indebtedness in conjunction with the reacquisition after December 31, 2008, and before January 1, 2011, of an applicable debt instrument for the period 2014 through 2018, and the entity has insufficient cash to remit the withholding amount due on the deferred income reported in the year.

### **Reason Code 9**

The owner is an insurance company, reciprocal, or interinsurance exchange that pays a premium tax to New Mexico and falls under the provisions of Section 59A-6-6 NMSA 1978.

### **Reason Code 10**

The amount to withhold from an owner's allocable share of the net income in any calendar year is less than \$100.

### **Approval Required For Other Reasonable Causes**

If a PTE believes that it has a valid reason for not withholding, other than the reasons listed above, the Secretary's approval of your reason before filing gives the PTE the right not to withhold.

To request the Secretary's approval, submit a detailed written request to the Taxation and Revenue Department, CIT Unit, P.O. Box 630, Santa Fe, NM 87504-0630.

# INSTRUCTIONS FOR FID-ES

## FIDUCIARY INCOME ESTIMATED TAX PAYMENT VOUCHER

### WHO MUST MAKE ESTIMATED PAYMENTS?

Certain trusts and estates who are required to file a New Mexico fiduciary income tax return under the Income Tax Act are required to pay estimated income tax through either withholding or estimated tax payments. **A penalty is imposed for underpayment or nonpayment of estimated tax.**

**Exception:** Any trust subject to the tax imposed by Section 511 of the Internal Revenue Code or that is a private foundation **IS NOT** required to make estimated payments. With respect to any tax year ending before the date two years after the date of the decedent's death, **NO** estimated payments are required of the estate of the decedent or of any trust all of which was treated under Subpart E of Part I of Subchapter J of Chapter 1 of the Internal Revenue Code as owned by the decedent and to which the residue of the decedent's estate will pass under the decedent's will.

No penalty for underpayment of estimated income tax is due if:

- you are a first-year resident estate or trust;
- your tax for the current year less any amounts withheld is less than \$1,000\*;
- the tax liability for the tax year is less than \$1,000, or
- you are a full-year New Mexico resident estate or trust whose previous tax year was a tax year of 12 months, and you owed zero tax for the preceding tax year.

\*For tax years beginning on or after January 1, 2012, the penalty for underpayment of estimated tax is not applied if the difference between the tax for the current year, less amounts withheld, is under \$1,000. The threshold for prior year returns was \$500.

An equal amount of the tax withheld shall be considered as paid on each installment due date unless the

taxpayer established the dates on which all amounts were actually withheld. This provision may be applied separately to wage and pension withholding and any other amounts withheld under the Withholding Tax Act.

### HOW MUCH ESTIMATED TAX SHOULD BE PAID?

To calculate how much estimated tax should be paid, you must first determine the "**required annual payment**" or the total amount of estimated tax to be paid during the tax year. Once you have determined the required annual payment, then determine the amount and timing for each estimated installment tax payment.

**What is the required annual payment?** The required annual payment is the lesser of:

1. 90% of the tax shown on the current year return (or the tax for the year, if no return is filed), or
2. 100% of the tax shown on the prior year return, provided a return was filed and the prior year was a full 12-month year.

### WHAT IS THE AMOUNT OF THE ESTIMATED INSTALLMENT PAYMENTS AND WHEN ARE THEY DUE?

Generally, four equal installments of the "required annual payment" are due on or before the 15th day of the fourth, sixth, and ninth months of the tax year and the first month following the tax year. For calendar year taxpayers those dates are:

April 15, June 15  
September 15, January 15

If any due date for making an estimated payment falls on a Saturday, Sunday, state or national legal holiday, the estimated payment is filed timely if the postmark bears the date of the next business day. Delivery through a private delivery service is considered timely if the date recorded or marked

by the private delivery service is on or before the required mailing date.

### SPECIAL RULES APPLY TO CERTAIN TRUSTS OR ESTATES.

There are exceptions to the general rules for determining the timing and amount of each estimated installment payment and for determining receipt of estimated payments. Each exception is described below under *Alternative Methods* for calculation of estimated income tax. Trusts and estates electing to calculate the underpayment penalty using one of these alternative methods must complete question D at the top page 1, FID-1. You need to complete this line **only** if you have elected to use an alternative method for computing estimated tax due. Also see the instructions for completing question D.

### ALTERNATIVE METHODS

for calculation of estimated income tax.

**Annualized income.** Trusts and estates with seasonal income can use a modified annualization method to determine the amount and timing of their estimated payments. If a taxpayer does not have annualized income based on actual income received through March 31 sufficient to cause a required payment, then no payment is required. The test dates for subsequent payments are May 31, August 31 and December 31. Based on actual income received, if an estate or trust is not required to make a payment for a specific period, the estate or trust may have to make up later in the year for not paying the earlier installment.

**Farm and Ranch income.** The law provides a special rule, identical to the federal rule, for a estate or trust when at least two-thirds of GROSS income is from farming or ranching in the prior year. A estate or trust that meets the gross income test may:

- make one estimated payment in the amount of the "required annual payment" on or before January 15

- of the year following the tax year of the return, or
- file and pay in full on or before March 1 of the year following the tax year of the return.

**Trusts or estates who wish to compute estimated installment payments based on the actual dates on which all amounts of withholding tax were withheld for the applicable tax year.** The New Mexico income tax deducted and withheld by an employer is a payment of estimated tax. An equal amount of the tax withheld shall be considered as paid on each installment due date unless the taxpayer establishes the date on which all amounts were actually withheld. This provision may be applied separately to wage and pension withholding and other amounts withheld under the Withholding Tax Act.

#### **HOW DO I CALCULATE PENALTY FOR UNDERPAYMENT OR NON-PAYMENT OF ESTIMATED TAX?**

Once you have determined the timing and amount of each estimated installment payment, calculate your underpayment. Underpayment or non-payment of estimated tax is subject to penalty on the difference between the estimated tax payment made and the amount of estimated tax computed to be due. Penalty accumulates from the due date of the estimated tax payment until the earlier of:

1. the date the payment is made, or
2. the 15th day of the fourth month following the close of the tax year.

New Mexico calculates penalty on underpayment of estimated tax at the rate established for individual income tax purposes by the U.S. Internal Revenue Code (IRC), computed on a daily basis.

Calculate interest at the daily interest rate for the quarter of the unpaid amount for each day the payment is late. The annual and

daily interest rate for each quarter is posted on the Department website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). In the black navigation bar at the top, click **INDIVIDUALS**. Under **FILE YOUR TAXES**, select **Penalty & Interest Rates**.

The formula for computing interest is:

**Tax due x the daily interest rate for the quarter x number of days late = interest due.**

No penalty will be imposed on the fourth estimated payment if the taxpayer files a return and pays the full amount due on or before January 31 following the close of the tax year.

If the balance due is \$1,000 or more, the Department first determines if the required annual payment was made. If it was, no penalty is assessed. If it was not, the Department will calculate the underpayment penalty and issue an assessment. The amount of the assessment can be protested and additional information provided if you believe the assessment is in error.

#### **COMPLETING THE FID-ES FORM.**

Please type or print all entries in blue or black ink. Do not use pencil. Enter the tax year end for which you are making the estimated payment, e.g. 12/31/2017. Please mark the appropriate box for the period to which the estimated payment applies. If the estate or trust is a fiscal year filer, mark the box for the appropriate comparable period. For example, if the trust has a September 30 year end, the first estimated payment is due on the fifteenth day of the fourth month or January 15. The comparable payment date for a calendar year estate or trust is 1st quarter, April 15. Mark that box. Enter the identifying information for the estate or trust where indicated. Enter the amount of payment remitted with the FID-ES payment voucher.

#### **MAKING PAYMENT BY CHECK OR MONEY ORDER**

You must complete a FID-ES payment voucher and mail it along with your check or money order to:

**New Mexico Taxation and Revenue Department  
Attn: 2017 FID-ES  
P.O. Box 25127  
Santa Fe, NM 87504-5127.**

Please write the federal identification number of the estate or trust and "2017 FID-ES" on the check or money order made payable to New Mexico Taxation and Revenue Department. Please do not mail cash. Please DO NOT combine a payment of estimated tax with any other payment.

**NOTE:** When printing a payment voucher from the Internet, the printer setting "Page Scaling" should be set to 'none' to prevent resizing. The payment vouchers are processed through high-speed scanners. Do not cut the bottom portion of the voucher except where indicated--**cut on the dotted line only**. If your payment voucher has a scanline printed on it, do not write in the area around the scanline. A scanline is located within the bottom 1 -1/2 inch of the voucher.

#### **MAKING PAYMENT ON THE INTERNET**

You can make a payment towards tax due on TAP at <https://tap.state.nm.us>.

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## FILING CHECKLIST

Before you mail your return, a quick check will help you avoid common errors that may delay the processing of your return. Complete the following checklist.

- Are name(s) and address complete, correct and legible?
  - Is the federal employer identification number legible, accurate and entered where indicated on the form?
  - Are all annual statements of income and withholding, Forms W-2, 1099, and other federal income and withholding forms and New Mexico Forms RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*, and RPD-41359, *Annual Statement of Pass-Through Entity Withholding*, attached?
  - If required, is Schedule FID-B included?
  - Is a copy of federal Form 1041, pages 1 and 2, attached?
  - Is the return properly signed and dated?
  - Is a contact telephone number and e-mail address included on the bottom of the return?
  - Did you submit an original return and make a copy of ALL documents for your records?
  - If tax is DUE, did you mail the FID-PV payment voucher **and** check or money order for the full amount to P.O. Box 25127, Santa Fe, NM 87504-5127? Are the federal employer identification number and "2017 FID-PV" written on your check or money order? Make your check or money order payable to New Mexico Taxation and Revenue Department.
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### MAKING PAYMENT ON THE INTERNET

You may submit your payment at no charge by electronic check. You can pay online through Taxpayer Access Point (TAP) at <https://tap.state.nm.us>. Under **WITHOUT LOGGING ON**, click **Make a Payment** and then **Business**. From the **Account Type** drop-down, select **Fiduciary Income Tax**. You may also pay via credit card (Visa, MasterCard, American Express or Discover Card). A convenience fee of 2.40% is applied for credit card payments.

# New Mexico Taxpayer Bill of Rights

Most tax transactions happen without incident. In an imperfect world, however, occasional disagreements occur through misunderstanding, mathematical error, missed deadlines, misplaced papers, high volume of transactions and many other situations. Over the years the Legislature and the Department have established ways to handle difficulties according to the provisions of the state tax code. Following are some of your rights. Should you wish to consult the law itself, you will find it in Sections 7-1-4.1 through 7-1-4.3 NMSA 1978:

- The right to available public information and prompt and courteous tax assistance;
- The right to representation and advice by counsel or other qualified representatives at any time during your interactions with the department according to provisions of Section 7-1-24 NMSA 1978, or with the Administrative Hearings Office in accordance with the provisions of the Administrative Hearings Office Act;
- The right to have audits, inspections of records and meetings conducted at a reasonable time and place according to Section 7-1-11 NMSA 1978;
- The right to simple, non-technical information explaining procedures, remedies and rights during audit, protest and collection proceedings under the Tax Administration Act;
- The right to receive an explanation of audit results and the basis for audits, assessments or denials of refunds that identify tax, interest or penalty due;
- The right to seek review through formal or informal proceedings of findings or unfavorable decisions arising from determinations during auditor or protest procedures accord-

ing to Section 7-1-24 NMSA 1978 and the Administrative Hearings Office Act;

- The right to have your tax information kept confidential unless otherwise specified by law in Sections 7-1-8.1 through 7-1-8.10 NMSA 1978;
- The right to an abatement of an assessment of taxes incorrectly, erroneously or illegally made (Section 7-1-28 NMSA 1978) and a right to seek a compromise of an asserted tax liability. When the Secretary of Taxation and Revenue in good faith doubts that you owe us what we claim you owe, you also have the right to seek a compromise if one exists in your particular case (Section 7-1-20 NMSA 1978);
- The right to clear information of the consequences if a tax assessment is not paid, secured, protested or otherwise provided for according to Section 7-1-16 NMSA 1978. If you become a delinquent taxpayer, upon notice of delinquency you have the right to timely notice of collection actions that require sale or seizure of your property under the Tax Administration Act, and
- The right to pay your tax obligations by installment payment agreements according to the provisions of Section 7-1-21 NMSA 1978.

## Confidentiality Provisions:

Statutes regulating the confidentiality of your taxes continue to be strict. The Legislature included language in Section 7-1-8 NMSA 1978 requiring the Department to answer questions about whether a taxpayer is registered to do business in this state or is registered for other tax programs, but it does not allow employees to reveal whether you have filed a return. A hearing officer's written ruling on questions of evidence or procedure according to the provisions of the Administrative Hearings Office Act may

be made public, but not the name and identification number of the taxpayer requesting the ruling. Now included in public record are the monthly gasoline tax reports of numbers of gallons of gasoline and ethanol-blended fuels received and deducted, and the tax paid by each filer or payer of the tax. Identities of rack operators, importers, blenders, suppliers or distributors and the number of gallons of gasoline and other fuels are public record. The Department may make known to the Gaming Control Board the tax returns of license applicants and their affiliates.

## Audit Provisions:

We must provide you with written, dated notice that an audit is about to begin on a specific date, and the notice must tell you which tax programs and reporting periods will be covered. We must issue a second notice, which states any outstanding records or books of account requested and not yet received, between 60 and 180 days after the audit begins. If you do not produce the records within 90 days, the department can issue an assessment of tax on the basis of the information as it stands. If you need additional time, you must submit a specific request in writing. Interest on outstanding liabilities accrues if the department does not issue an assessment within 180 days of the notice of outstanding records or books, or within 90 days after time has expired under your request for additional time; however, you are entitled to an abatement of interest for the period of time after you have complied with department requests and the department has not acted on the audit.

## Administrative Hearing Procedures:

A hearing officer may not engage or participate in any way in the enforcement or formulation of general tax policy other than to conduct hearings.

You may request the Chief Hearing Officer of the Administrative Hearings Office determine if a hearing officer has engaged or participated in the enforcement or formulation of tax policy and if the hearing officer's activities have affected his or her impartiality. The Chief Hearing Officer may designate another hearing officer for the matter. Hearing officers may not communicate unilaterally about a matter you have protested while that matter is still pending. The chief hearing officer may appoint another hearing officer if that occurs. You may request a written ruling on any contested question of evidence in matters in which you have filed a pending written protest. You also may request that two or more protests on related issues be combined and heard jointly, and the hearing officer shall grant the request unless it creates an unreasonable burden on the department.

**Credit Claims:**

The Department has 180 days from the filing date to approve or deny a statutory tax credit. If it does not act, the credit is approved. The Secretary decides whether a refund of tax due you may be offset against your other tax liabilities, and you will

receive notice that the refund will be made accordingly. You are entitled to interest until the tax liability is credited with the refund amount. Please see the paragraph above on "Audit Provisions" for interest due you if the department does not offset a refund or credit against your other tax liabilities within the prescribed time. The Department may make a direct refund of overpaid taxes to the taxpayer without requiring the taxpayer to file a refund claim. The Department does not have to pay interest on credits or refunds if it applies the amount to a tax interception program, to an estimated payment, or to offset prior liabilities of the taxpayer.

reasonable grounds. If the Secretary determines that it is unfair to hold a spouse or former spouse liable for payment of unpaid taxes, the Secretary may decline to take action against the spouse or former spouse of the person who actually owes the tax. In extreme cases of delinquency under Section 7-1-53 NMSA 1978 the Department may enjoin a taxpayer from continuing in business after a hearing and until the delinquency is cleared.

**Awarding of Costs and Fees:**

If you prevail in an administrative or court proceeding brought by you or against you after July 1, 2003, under the Tax Administration Act, you may be entitled to a judgment or a settlement for reasonable administrative costs connected to the action.

**Penalty:**

The department may not assess penalty against you if you fail to pay tax when due because of a mistake of law made in good faith and on

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## Contact our local offices . . .

**Local Taxation and Revenue Department Offices:** Local tax offices can provide full service and information about New Mexico's taxes, programs and forms and specific information about your filing situation. If you have questions or require additional information, you may contact your local Taxation and Revenue Department Office.

### **ALBUQUERQUE:**

Taxation & Revenue Department  
Bank of the West Building  
5301 Central Ave., NE  
P.O. Box 8485  
Albuquerque, NM 87198-8485  
Telephone: **(505) 841-6200**

### **FARMINGTON:**

Taxation & Revenue Department  
3501 E. Main Street, Suite N  
P.O. Box 479  
Farmington, NM 87499-0479  
Telephone: **(505) 325-5049**

### **LAS CRUCES:**

Taxation & Revenue Department  
2540 S. El Paseo, Building #2  
P.O. Box 607  
Las Cruces, NM 88004-0607  
Telephone: **(575) 524-6225**

### **ROSWELL:**

Taxation & Revenue Department  
400 North Pennsylvania, Suite 200  
P.O. Box 1557  
Roswell, NM 88202-1557  
Telephone: **(575) 624-6065**

### **SANTA FE:**

Taxation & Revenue Department  
1200 South St. Francis Drive  
P.O. Box 5374  
Santa Fe, NM 87502-5374  
Telephone: **(505) 827-0951**

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## *In addition . . .*

Forms, instructions and general information brochures are available on the Department's Internet home page.

Our address is:

[www.tax.newmexico.gov](http://www.tax.newmexico.gov)

**Call** (505) 827-0825 in Santa Fe or toll free at (866) 809-2335, select option 4.

**E-mail us at** [CIT.TaxReturnHelp@state.nm.us](mailto:CIT.TaxReturnHelp@state.nm.us)

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## **Electronic Services . . .**

You can electronically file and pay through the Internet.

- **Electronic Check**
- **Tax Payments Using Visa, Mastercard, American Express or Discover\***

\* 2.40% convenience fee added for credit card payments

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## **Other Internet Services . . .**

- **Ask a Question** - Select "Contact Us" at the top of each page.
- **TAP - Taxpayer Access Point** -

Find the status of your refund,  
Manage your tax account history, or  
Register your business.

**Visit the Department's web file service page at:**

[www.tax.newmexico.gov/Online-Services/Pages/Home.aspx](http://www.tax.newmexico.gov/Online-Services/Pages/Home.aspx)

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