

PROGRAM: New Mexico Research and Development Small Business Tax Credit **Industry Specific Incentive**

AGENCY: Taxation and Revenue Department

ELIGIBILITY: Any taxpayer that is a qualified research and development small business is eligible. The costs of a qualified research and development business are eligible for This tax credit.

PROGRAM/LOAN STRUCTURE:

- Maximum Program Benefits: Credit may be taken against gross receipts tax, compensating tax or withholding tax for up to three years.

QUALIFICATION CRITERIA/COMMENTS:

- Qualified research is defined as that undertaken for the purpose of discovering information that is technological in nature and the application of which is intended to be useful in the development of new or improved business components, and in which substantially all activities constitute elements of a process of experimentation related to new or improved function, performance, reliability or quality, but not related to style, taste, cosmetic or seasonal factors.
- Qualified research expenditure means an expenditure directly related to qualified research, but does not include any expenditure on research funded by any grant, contract or similar mechanism by another person or governmental entity, and does not include any expenditure on property that is owned by a municipality or county in connection with an industrial revenue bond project or expenditures for which the taxpayer has received any other applicable credit.
- Qualified small business means a business that:
 - Employs no more than 25 employees in any prior calendar month;
 - Had total revenues of no more than \$5 million in any prior fiscal year;
 - Did not in any prior calendar month have more than 50% of its voting securities or other equity interest with the right to designate or elect the board of directors or other governing body of the qualified business owned directly or indirectly by another business; and
 - Has made qualified research expenditures for the period of 12 calendar months ending with the month for which the credit is sought of at least 20% of its total expenditures for those 12 months.
 - See 7-9H-1 through 7-9H-6 NMSA
- Visit the Taxation and Revenue Department homepage at <http://www.state.nm.us/tax/home.htm> or find paperwork and applications at <http://www.state.nm.us/tax/BizPge.htm> .
- Call the office of the Secretary at (505)827-0341.