

**PROGRAM:** New Mexico Technology Jobs Tax Credit – Parts I & II **Industry Specific Incentive**

**AGENCY:** New Mexico Taxation and Revenue Department

**DESCRIPTION:** Tax credits for eligible expenses related to qualified research at a New Mexico facility to provide a favorable tax climate for technology based businesses engaging in research, development and experimentation to promote increased employments and higher wages.

**PROGRAM/LOAN STRUCTURE:**

Technology Jobs Tax Credit – Part I:

- Credit equal to 4% of eligible expenses;
- Eligible expenses include payroll, depletable land, rent, buildings, equipment, computer software and upgrades, technical books and manuals, test materials, consultants and sub-contractors performing work in New Mexico;
- Credit may be taken against gross receipts tax, compensating tax or state payroll tax;
- Credit may be carried forward; and
- Credit is doubled for investments by companies located in rural New Mexico.
- Technology Jobs Tax Credit – Part II:
  - Credit equal to 4% of eligible expenses;
  - Credit requires taxpayer to increase base payroll expense by \$75,000 for every \$1 million of investment for which the credit is claimed;
  - Credit may be taken against state income tax;
  - Credit may be carried forward; and
  - Credit is doubled for investments by companies located in rural New Mexico.

**QUALIFICATION CRITERIA/COMMENTS:**

- Credits not available for:
  - Investments in property owned by the city or county in conjunction with an industrial revenue bond;
  - investments that have received a credit under the Manufacturing Investment Credit Act;
  - National laboratories; and
  - Amounts reimbursed by unrelated persons (contract research).
- Definition of qualified research:
  - Undertaken for the purpose of discovering information which is technical in nature, and the application of which is intended to be useful in the development of a new or improved business component for the taxpayer; and
  - Substantially all activities which constitute elements of a process of experimentation related to a new or improved function, performance, reliability or quality, but not related to style, taste, and cosmetic or seasonal design factors.
- Rural areas are those areas in New Mexico other than the incorporated boundaries of Albuquerque, Las Cruces, Santa Fe or Rio Rancho.
- **See 7-9F-8 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.

**PROGRAM:** New Mexico Web Hosting and Internet Services Gross Receipts Tax Deduction **Industry Specific Incentive**

**AGENCY:** Taxation and Revenue Department

**DESCRIPTION:** Receipts from hosting world-wide web sites and from providing leased telephone lines, telecommunications services, internet services, internet access services, or computer programming that will be used by other persons in providing internet access and related services to the final user may all be deducted from gross receipts tax.

**PROGRAM/LOAN STRUCTURE:**

- Maximum Program Benefits: The gross receipts tax rate is approximately 7%.

**QUALIFICATION CRITERIA/COMMENTS:**

- Hosting means storing information on computers attached to the internet.
- Those gross receipts deductions made for leased telephone lines, telecommunications services, internet services, internet access services, or computer programming that will be used by other persons in providing internet access and related services to the final user can only be deducted provided the sale is made to a person who is subject to the gross receipts tax or the interstate telecommunications gross receipts tax. See 7-9-56.1 NMSA (internet services) and 7-9-56.2 NMSA (hosting www sites)
- 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.