

Media Contact: Charlie Moore
Charlie.Moore@state.nm.us
(505) 670-5406

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Business reminder: First Gross Receipts Tax cut in 40 years now in effect
Businesses must update rates imposed at sale

SANTA FE—New Mexico businesses are reminded that the statewide Gross Receipts Tax rate dropped from 5.125% to 5% on July 1, 2022. As a result, most rates that businesses must collect and remit have changed, as well.

Governor Lujan Grisham brought Republicans and Democrats together to implement the first Gross Receipts Tax cut in 40 years and a new gross receipts tax deduction for certain professional services sold to manufacturers, which will help reduce tax “pyramiding” by about \$5 million per year and make New Mexico businesses more competitive. Another 1/8% reduction to the statewide rate is scheduled to take effect on July 1, 2023.

“Businesses need to update the rates being imposed so that they and their consumers can benefit from this critical tax relief,” said Taxation and Revenue Department Cabinet Secretary Stephanie Schardin Clarke. “We want to ensure that the tax relief reaches all New Mexicans statewide, and that businesses are correctly complying with the law.”

Taxpayers can find the Gross Receipts Tax (GRT) rates for all locations in New Mexico by using the [Gross Receipts Location Code and Tax Rate Map](#) link under the Businesses menu at tax.newmexico.gov. That page includes an interactive map where users can type in an address to find rates and location reporting codes for specific tax jurisdictions throughout the state.

Taxpayers also have access there to two data tools that make it easier to comply with the destination sourcing rules. One tool is an application programming interface (API) that can be integrated into ecommerce or other web-based applications to automate the matching of street addresses to GRT rates and location codes. The other is a web-based service that allows users to upload bulk files of addresses that are then matched to location codes and GRT rates.

Under destination-sourced reporting rules that went into effect in 2021, most businesses are required to use the Gross Receipts Tax rate in effect where their goods or services are delivered. There are some exceptions for professional services, which remain origin based unless performed in-person. Guidance is available in publication [FYI-200](#), which can be found in the publications folder on the Forms & Publications page at tax.newmexico.gov.

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The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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