



New Mexico Legal Aid, Inc.
Low Income Taxpayer Clinic
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What You Need to Know About Your 2025 Taxes

Average IRS Refund for 2025 Expected to Increase by \$300-\$1,000.

The One Big Beautiful Bill Act brought big changes to the federal income tax, including a bigger standard deduction (\$31,500 for marrieds under 65 filing jointly) and a new \$6,000 deduction for eligible seniors. There are also new deductions for certain tips, overtime, and car loan interest. Even if you “make too little to file,” you may be able to claim a refund!

You may be entitled to excess taxes withheld from your paycheck and/or two BIG child-based tax credits from the IRS. You must file your taxes to receive valuable tax credits and amounts your employer or others may have withheld from wages or other payments. Experts project that U.S. taxpayers will receive an **extra \$100 billion** in tax refunds for 2025.

Earned Income & Child Tax Credits.

For 2025, the maximum Earned Income Tax Credit ranges from \$8,046 for workers with three qualifying children to \$649 for workers with no qualifying children. The maximum Child Tax Credit increases to \$2,200 per qualifying child in 2025, with a refundable amount of \$1,700.

If your child was born in 2025 and is a U.S. citizen with a valid social security number.

To open a free U.S. Treasury-funded \$1,000 savings account for that child, file Form 4547 (now available only in draft form at www.irs.gov/pub/irs-dft/f4547--dft.pdf) with your 2025 income tax return. Visit www.trumpaccounts.gov for an overview.

Get Your IRS Refund by Direct Deposit.

The IRS is phasing out paper refund checks. To get your refund faster, open a bank account if you don't have one already. For help finding a low-cost financial institution, go to www.cabq.gov/bank-on-burque (many of the banks listed have locations throughout NM).

Check Out Tax Benefits from New Mexico.

When you file your New Mexico return, review New Mexico Schedule PIT-RC carefully, whether or not you prepare that return. You may qualify for:

- A Working Families Tax Credit (equal to 25% of the Earned Income Tax Credit)
- A New Mexico Child Tax Credit (up to \$637/child)
- A Low-Income Comprehensive Tax Rebate (up to \$837/household)
- A Child Day Care Credit (up to \$1,200 per household)

Get your taxes prepared for free!

The IRS will begin accepting tax returns on January 26. Have a trained VITA or TCE volunteer prepare your taxes, either in-person or online. To find a free preparer near you, visit irs.treasury.gov/freetaxprep.

- In north-central New Mexico (including Albuquerque), the major free (VITA) tax prep provider is Tax Help New Mexico. Call **211** or visit TaxHelpNM.org to make an appointment, beginning around January 20, 2026.
- Throughout New Mexico, a major tax prep provider for seniors *and* low-income taxpayers is AARP TaxAide. To find an AARP site near you, call **888-227-7669**, beginning February 2.
- Other free options include GetYourRefund.org and MyFreeTaxes.com – both these websites can connect you with IRS-certified volunteers to help you prepare your taxes, either online or over the phone.

Don't assume a commercial preparer is qualified: studies show very high error rates.

If you can't find a free preparer, choose an **Enrolled Agent (EA)**. EAs must pass a rigorous IRS test and complete 72 hours of continuing education every three years. To find an enrolled agent near you, call the NM Society of Enrolled Agents at **505-877-1598**, or visit the directory at nmsea.net or taxexperts.naea.org.

You can also find preparers, including attorneys, CPAs, and EAs, through the IRS directory at irs.treasury.gov/rpo/rpo.jsf.

Albuquerque Tax Preparer Ordinance.

If your taxes are prepared in Albuquerque, your rights under the local Tax Preparer Ordinance include:

- ✓ Seeing a fee schedule (in English or Spanish) before agreeing to tax preparation
- ✓ Seeing your preparer's qualifications (in English or Spanish)
- ✓ Receiving a copy of your tax forms as filed *without charge*
- ✓ Having your personal documents returned upon request

Learn more at www.cabq.gov/office-of-consumer-protection/tax-preparers-and-consumer-rights-ordinance/consumer-rights-information.

Avoid tax preparation loans.

"Advances" of your refund are really loans with high interest rates—up to 36% on loans under \$10,000 and up to 100% on larger amounts. A \$5,000 "refund advance" at 36% interest (compounded daily) will cost you over \$200 in just one month.

It's not too late to claim refunds for 2022-2024.

If you haven't filed yet for 2022, 2023 or 2024, you can still claim your refund for excess withholding, EITC, and CTC (as well as any New Mexico tax benefits) if you file within three years of the filing deadline. File your 2022 returns by April 20, 2026; your 2023 returns by April 15, 2027; and your 2024 returns by April 15, 2028.

VITA and TCE preparers will typically prepare prior year returns only after the 2026 filing deadline (April 15, 2026). Plan now to file your 2022 returns if you have not already filed.

Are you self-employed or an independent contractor?

If you're self-employed or an independent contractor, **good record keeping** is essential to minimize taxes. Bring complete records of both income and expenses to your tax preparer. You can find detailed information on what's required in IRS Publication 334: www.irs.gov/forms-pubs/about-publication-334.

Forms 1099-K.

You will receive a Form 1099-K if you received more than \$20,000 from more than 200 transactions in 2025 using e-commerce platforms like Zelle, Venmo, eBay, or PayPal. Whether or not you receive a Form 1099-K, you must **report any income** you receive from online apps or marketplaces. You will be able to **deduct** related expenses, like gas or the cost of goods sold. Again, **keeping good records** of all income and expenses is a must!

Remember Gross Receipts Tax (GRT)!

If you're self-employed or an independent contractor in New Mexico, be sure to collect and pay **New Mexico Gross Receipts Tax (GRT)**. To determine if you need to pay GRT and file GRT returns, visit www.tax.newmexico.gov/businesses/gross-receipts-overview/who-must-file/.

File even if you owe \$\$\$.

There are separate IRS penalties for not filing and for not paying. If you owe \$\$\$ and file more than 60 days late in 2026, the minimum IRS penalty for not filing can reach \$525. Penalties for failure to pay are additional, as are New Mexico penalties.

Need more time?

Avoid failure to file penalties by filing Form 4868 (www.irs.gov/pub/irs-pdf/f4868.pdf) with the IRS before this April 15.

More questions?

Call the NMLA Tax Team: Nathaniel Puffer (Director), 505-814-6593;
Grace Allison, 505-768-6134; or Anne Rothrock, 505-545-8543.
For new cases, call the Legal Help Intake Line 833-545-4357.