



New Mexico Legal Aid, Inc.
Low Income Taxpayer Clinic
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Gross Receipts Tax (GRT) Information Sheet

The NMLA Low Income Taxpayer Clinic (LITC) cannot assist with gross receipts tax (GRT) issues or questions except in unusual circumstances where there is a related federal tax issue.

GRT may be assessed by the NM Taxation and Revenue Department (NMTRD) when a person receives a Form 1099-NEC or 1099-MISC, or when a person files a federal tax return (Form 1040) that includes a Schedule C. Often, NMTRD applies, or assesses, GRT when it should not. This leaves the taxpayer in the difficult position of needing to prove to NMTRD that their income was not subject to GRT. This can be difficult to prove, especially many years after the income was received. The statute of limitations for non-filers is seven years¹.

Common types of income (“receipts”) that should not generally be subject to GRT include:

1. Sales of goods or services for resale, such as proceeds from non-retail sales to wholesalers. For example: Sales of jewelry to a dealer or reseller.
2. Pay for non-retail services such as income of some independent contractors, consultants and gig workers reported on Forms 1099-NEC or 1099-MISC. For example, some work using a ride-sharing or food delivery app; most labor performed for a general contractor.
3. Generally, the sale of goods or services outside New Mexico.

Taxpayers with GRT issues should try contacting NMTRD to resolve the issues:

- By phone: Call center **1-866-285-2996**
- Online: <https://www.tax.newmexico.gov/send-us-a-message/>
- Email: If unable to reach someone using the above information, you may try emailing: taxpayer.advocate@tax.nm.gov
(more at <https://www.tax.newmexico.gov/businesses/businesses/taxpayer-advocate/>)

More information on gross receipts tax is available here:

- <https://www.tax.newmexico.gov/businesses/gross-receipts-overview/>
- <https://www.tax.newmexico.gov/businesses/wp-content/uploads/sites/4/2022/12/FYI-105.pdf>

¹ NMSA 1978 Section 7-1-18(C).

If you need professional help, we recommend that you contact an Enrolled Agent (EA), Certified Public Accountant (CPA), or a tax attorney:

- Enrolled Agent: call NM Society of Enrolled Agents (NMSEA) at 505-877-1598, or <https://nmsea.net>.
- CPA: <https://www.nmcpa.org/resources/find-a-cpa>
- Attorney: <https://www.sbnm.org/For-Public/I-Need-a-Lawyer/Online-Bar-Directory> (select "Taxation" in the "Sections" and "Practice Area" fields)

Below is a sample "Substitute for NTTC² letter" that provides an example of the information and content that can, in some circumstances, be accepted by NMTRD as evidence that certain income is not subject to GRT. This sample letter can be used, ideally on letterhead of the payor (owner or wholesaler), when attempting to dispute GRT liability.

Name & Address of Wholesaler/Owner: _____ _____ _____
To: NM Taxation & Revenue Department P.O. Box 8485 Albuquerque, NM 87198-8485
My name is _____ [wholesaler/owner] and this letter is to inform you that _____ [taxpayer/seller], _____ [SSN], whose business tax ID number is _____, sold items to my business for resale only. My business tax ID number is _____.
Sales from _____ [taxpayer/seller] to my business in _____ [year] totaled \$ _____, for which I issued to him/her a Form 1099-NEC [or 1099-MISC]. Mr/Ms. _____ [taxpayer/seller] did not receive any money directly from retail purchasers in relation to these sales.
If you have any questions please feel free to contact me at _____ [phone].
Sincerely, _____ [owner]

² "Non-Taxable Transaction Certificate" (NTTC). When making a business transaction, it is generally the responsibility of a seller, where the sale is exempt from GRT, to obtain an NTTC or equivalent documentation.