



New Mexico Legal Aid, Inc.
Low Income Taxpayer Clinic
www.newmexicolegalaid.org/LITC
Legal Help Intake Line (833) 545-4357
Clinic Director (505) 814-6593

New Mexico Gross Receipts Tax (GRT) Information Sheet

The NMLA LITC cannot assist with New Mexico gross receipts tax (GRT) issues or questions except in unusual circumstances where there is a related federal tax issue. If you have received a letter from the NM Taxation and Revenue Department (NMTRD), **it is very important to respond to any tax-related letter by the deadline stated on the letter!**

GRT is often assessed by NMTRD when a person files a federal tax return (Form 1040) that includes a Schedule C. Often, NMTRD assesses GRT against people who have no idea what this tax is, and who have not claimed applicable deductions or exemptions from the tax. This leaves the taxpayer in the difficult position of needing to prove to NMTRD, many years later, that their income was not properly subject to GRT, or that an exemption or deduction applied. NMTRD has up to seven years to assess GRT against non-filers of GRT returns¹.

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 independent contractors, consultants and gig workers reported on Forms 1099-NEC or 1099-MISC. For example, most labor performed for a general contractor; work using some ride-sharing or food delivery apps.
3. Generally, the sale of goods or services outside New Mexico.

Taxpayers with GRT issues should attempt one or more of the following to resolve the issues:

- Call the phone number on the GRT letter by the due date stated.
- Or, call the NMTRD call center at 866-285-2996
- Contact NMTRD online: www.tax.newmexico.gov/send-us-a-message/
- Contact your State representative’s office. See: www.nmlegis.gov/members/find_my_legislator
- Consider contacting the NM taxpayer advocate: See: 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). “Non-filers” includes people who have not filed separate GRT returns, although they may have properly filed their personal tax returns.

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.nmscpa.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.