
INSTRUCTIONS FOR 2008 PIT-CR SCHEDULE NEW MEXICO NON-REFUNDABLE CREDITS

GENERAL INFORMATION

New Mexico tax law provides for 15 non-refundable credits listed on 2008 Schedule PIT-CR. A non-refundable credit is a credit against existing tax liabilities only. Some credits allow an excess to be carried forward. Use Schedule PIT-CR to claim one or more of them. Do not complete this form if the items on Schedule PIT-CR do not apply to you.

A married couple filing separate returns may each claim half the allowable credit that would be allowed on a joint return.

For more information regarding eligibility and approval requirements, and for a complete description of the credit, see also FYI-106, *Claiming Tax Credits for CRS Taxes and Business-Related Income*, and the referenced forms for the non-refundable credit. Except for Form RPD-41280, *Job Mentorship Tax Credit Certificate*, forms described in these instructions may be found on the Department's web site at:

www.tax.state.nm.us

Please note: The non-refundable credits listed on this schedule, except the Electronic Card-Reading Equipment Tax Credit, (line 6) need advance approval.

STEP 1

Make sure you have all the necessary records, approvals, claim forms and certifications.

STEP 2

Fill in the 2008 Schedule PIT-CR.

Complete the 2008 Schedule PIT-CR, using the following line instructions.

STEP 3

Check the figures on your 2008 Schedule PIT-CR.

Be sure your arithmetic is correct.

Check that all entries are complete and correct.

STEP 4

Transfer the total on line 16 of Schedule PIT-CR to line 18 of your Form PIT-1.

Be careful to correctly transfer the total from the 2008 Schedule PIT-CR to your Form PIT-1. Make sure the social security number on the 2008 Schedule PIT-CR is correct and readable.

Continue with the line instructions and remaining steps for completing your 2008 Form PIT-1.

LINE INSTRUCTIONS

Enter the primary taxpayer's name and social security number from line 1 of the Form PIT-1.

To calculate the amount you may claim against your personal income tax liability, refer to the claim form for the non-refundable credit.

LINE 1

Cultural Property Preservation Credit. The credit for preservation of cultural property is 50% of the costs of a project for the restoration, rehabilitation or preservation of cultural property listed on the official New Mexico Register of Cultural Properties, not to exceed \$25,000. Attach the Historical Preservation Division Certificate and Form PIT-4, *Preservation of Cultural Properties Claim Form*.

Beginning in 2009, if the property is also located in an arts and cultural district certified by the state or a municipality pursuant to the Arts and Cultural District Act, a maximum of \$50,000 credit will be allowed.

For certification contact:
Department of Cultural Affairs
Historical Preservation Division
407 Galisteo Street, Suite 236
Santa Fe, NM 87501

(505) 827-6320

Rich Williams

New Mexico Main Street Director and
State Coordinator of New Mexico
Arts and Cultural District
Economic Development Department
Joseph Montoya Building
1100 St. Francis Drive
Santa Fe, NM 87505-4147
(505) 827-0168
rich.williams@state.nm.us

For assistance claiming the credit, call the Taxation & Revenue Department (TRD) at (505) 827-0827.

LINE 2

Business Facility Rehabilitation Credit. Credit is available for some pre-approved costs of restoration, rehabilitation or renovation of a qualified business facility located in a New Mexico enterprise zone. The facility must be suitable for use and put into service in the manufacturing, distribution or service industry immediately following the restoration, rehabilitation or renovation project. This credit is for 50% of the pre-approved costs. It may not exceed \$50,000. Attach the completed Form PIT-5, *Qualified Business Facility Rehabilitation*. Contact the Community Development Team Leader to obtain the Economic Development Department's advance approval and certification for your project.

For certification contact:

Economic Development Department
Community Development Team Leader
1100 So. St. Francis Drive
Santa Fe, NM 87503
(505) 827-0089 or
Business Development Team Leader
(505) 827-1734

For assistance claiming the credit, call TRD at (505) 827-0827.

LINE 3

Credit for Welfare-to-Work Program. Prior to January 1, 2008, certain businesses, located in mostly rural counties, that qualified for the federal Welfare-to-Work credit provided by

Section 26 U.S.C § 51A, may also have been eligible for the New Mexico Welfare-to-Work credit. Beginning January 1, 2008, Section 26 U.S.C § 51A was repealed and a new federal work opportunity credit was established. Employers who qualify for the new federal work opportunity credit will no longer qualify for the New Mexico Welfare-to-Work credit.

Employers who qualified and were approved for the New Mexico Welfare-to-Work credit under the laws existing prior to January 1, 2008 may continue to carry forward any balance on an approved credit for three consecutive tax years after the tax year for which the credit was approved.

For information about eligibility and certification contact:

Department of Workforce Solutions
301 W. De Vargas
Santa Fe, NM 87501
(505) 827-7434

For assistance claiming the credit, call TRD at (505) 476-3683.

LINE 4

Rural Job Tax Credit. A Rural Job Tax Credit is available for employers in rural areas of New Mexico who qualify for Job Training Incentive Program assistance. Eligible employers may earn the rural job tax credit for each qualifying job created after July 1, 2000. The employer must certify the wages paid to each eligible employee. See Form RPD-41247, *Certificate of Eligibility for the Rural Job Tax Credit*, on the TRD web site, www.tax.state.nm.us.

Calculate the Rural Job Tax Credit at 6-1/4% of the first \$16,000 in wages paid for each qualifying job for no more than four qualifying periods in a Tier 1 area, and no more than two qualifying periods in a Tier 2 area. The rural area excludes Albuquerque, Los Ranchos, Corrales, Rio Rancho, Tijeras, Santa Fe and Las Cruces and a ten-mile zone around these municipalities. Tier 2 areas are limited to Roswell, Clovis, Carlsbad, Hobbs, Gallup, Alamogordo and Farmington. Tier 1 is any rural area not part of a Tier 2 area. A qualifying period is 12 months.

The holder of the Rural Job Tax Credit document may apply all or part of the credit against the holder's combined state gross receipts, compensating and withholding taxes, or personal or corporate income tax. When you file your personal income tax return, indicate the amount of the credit you wish applied to your liability. Attach a copy of the *Rural Job Tax Credit Claim Form*, RPD-41243.

For Taxation and Revenue Department approval of Rural Job Tax Credit, complete Form RPD-41238, *Application for Rural Job Tax Credit*, and send it to the address on the form.

To see if you qualify for job training incentive program assistance, review the instructions for Form RPD-41238.

For assistance claiming the credit, call TRD at (505) 476-3683.

LINE 5

Technology Jobs (Additional) Tax Credit. The Technology Jobs Tax Credit is 4% of qualified expenditures for conducting research and development. An additional 4% credit is available if the taxpayer increases its annual payroll by at least \$75,000 for every \$1 million in qualified expenditures it claims in a tax year. The basic and additional credits double for businesses in rural areas.

The taxpayer must make the eligible expenditures for research and development at a qualified facility. For a list of qualified expenditures, see the instructions for *Application for Technology Jobs Tax Credit*, RPD-41239.

The holder of the Technology Jobs Tax Credit document may apply all or part of the credit against the holder's combined state gross receipts, compensating and withholding taxes. If you have earned additional credits, you may claim that amount on personal or corporate income taxes. When claiming the credit against your personal income tax, indicate the amount of the credit you wish applied to your liability. Attach a copy of the *Technology Jobs Tax Credit Claim Form*, RPD-41244.

For approval of the Technology Jobs Tax Credit, complete RPD-41239, *Application for Technology Jobs Tax Credit*. Send it to the address on the form.

For assistance claiming the credit, call TRD at (505) 476-3683.

LINE 6

Credit for Electronic Card-Reading Equipment. New Mexico has a one-time income tax credit for businesses that purchase electronic identification card-readers for age verification. A business may claim this credit on a New Mexico personal income tax return or corporate income and franchise tax return if:

- The business is licensed to sell cigarettes, tobacco products or alcoholic beverages, *and*
- The business has purchased and is using equipment that electronically reads identification cards to verify age.

The credit amount is \$300 for each business *location* using electronic identification card-readers. A partnership or other business association of which the taxpayer is a member may claim a credit in proportion to the taxpayer's interest in the partnership or association. The total credit claimed by all members of the partnership or association may not exceed \$300 for each business location.

Claim this non-refundable credit in the tax year the equipment was purchased and put into use. You cannot carry excess amounts forward or back into another tax year.

To claim the credit, complete and notarize Form RPD-41246, *Income Tax Credit for Electronic Identification Card Reader, Purchase and Use Statement*. Enter the amount of credit on Schedule PIT-CR. Submit the statement and the PIT-CR with the 2008 PIT-1 return. When the credit (\$300) is split among spouses, owners, partners, or other business associations, each claimant must show the division of the total credit (\$300 per business location) on page 2 of Form RPD-41246.

LINE 7

Job Mentorship Tax Credit. A taxpayer owning a New Mexico business may claim a Job Mentorship Tax Credit for employing qualified students who take part in a career preparation education program. The credit equals 50% of gross wages paid to a maximum of ten qualified students. The business must employ the students for up to 320 hours each during the tax year. A taxpayer may not claim a credit for one qualified individual for more than three tax years. The maximum credit for one tax year is \$12,000.

Obtain a Form RPD-41280, *Job Mentorship Tax Credit Certificate*, from the secondary school operating the career preparation education program for each qualified student you employ.

Complete Form RPD-41281, *Job Mentorship Tax Credit Claim Form*, and attach it to your Form PIT-1 with Schedule PIT-CR. Enter the credit claimed on Schedule PIT-CR. Also, attach a *Job Mentorship Tax Credit Certificate* for each qualified student employed during the tax year. You may carry unused credit forward for three consecutive years.

A partnership or other business association of which the taxpayer is a member may claim a credit in proportion to the taxpayer's interest in the partnership or association.

For assistance obtaining the certificate, contact the principal of the school that the student you employ attends.

For assistance claiming the credit, contact TRD at (505) 476-3683.

LINE 8

Land Conservation Incentives Credit. Persons who donate land, or interest in land, to private or public conservation agencies for conservation purposes may claim a credit from personal or corporate income tax, equal to 50% of the fair market value of the land or interest in land. New legislation allows a one-time transfer of the credit, subject to certain limitations, to another taxpayer for a conveyance of property made on or after January 1, 2008. The Energy, Minerals and Natu-

ral Resources Department certifies the donations for eligibility.

To claim the credit, complete Form RPD-41282, *Land Conservation Incentives Credit Claim Form*. Attach it to your Form PIT-1 with Schedule PIT-CR. Also, attach the letter received from the Energy, Minerals and Natural Resources Department certifying treatment as a qualified donation. Unused credit may be carried forward for up to 20 consecutive years following the year in which the qualified donation occurred.

For certification, contact:
Energy, Minerals & Natural Resources Department
Forestry Division
1220 So. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3347

For assistance claiming the credit, contact TRD at (505) 476-3683.

LINE 9

Affordable Housing Tax Credit. Beginning January 1, 2006, the Mortgage Finance Authority (MFA) issued vouchers to persons who have invested in affordable housing projects. The vouchers, good for up to 50% of the investment, may be sold or transferred, provided the MFA is notified of the transfer, and a voucher has been re-issued to the transferee. "Affordable housing" covers land acquisition, construction, building acquisition, remodeling, improvement, rehabilitation, conversion or weatherization for single-family residences approved by MFA and multi-family residential housing located in a county of fewer than 100,000 persons.

After receiving the vouchers from MFA, the taxpayer may apply them for a credit against gross receipts, compensating, withholding, personal income or corporate income tax liabilities and carry unused credits forward for five years. The MFA approves the projects and issues the vouchers.

To claim the credit, complete Form RPD-41301, *Affordable Housing Tax Credit Claim Form*. Attach it to your Form PIT-1 with Schedule PIT-CR.

To obtain approval, contact:
Mortgage Finance Authority
344 4th St. SW
Albuquerque, NM 87102
(505) 767-2262
(800) 444-6880

For assistance claiming the credit, call TRD at (505) 476-3683.

LINE 10

Solar Market Development Tax Credit. A taxpayer who has received certification from the Energy, Minerals and Natural Resources Department (EMNRD) for the purchase and installation of a qualified photovoltaic or solar thermal system in a residence, business or agricultural enterprise in New Mexico owned by that taxpayer may claim the credit. The photovoltaic or solar thermal system must be purchased and installed after January 1, 2006, but before December 31, 2015. The credit, which may not exceed \$9,000, is available for up to 30% of the purchase and installation costs of a qualified photovoltaic or solar thermal system, reduced by the allowable federal tax credit. Unused credit may be carried forward for a maximum of ten years.

To claim the credit, complete and attach Form RPD-41317, *Solar Market Development Income Tax Credit Claim Form*, to Form PIT-1 and Schedule PIT-CR. A copy of the letter from EMNRD certifying the project and approving the credit should also be attached. *Only the person to whom the certification is issued may claim the credit.*

To obtain approval, contact:
Energy, Minerals and Natural Resources Department
Energy Conservation and Management Division
1220 So. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3313

For assistance claiming the credit, call TRD at (505) 476-3683.

LINE 11

Blended Biodiesel Fuel Tax Credit. Beginning January 1, 2007, but not after December 31, 2012, a rack operator or supplier who is required to pay

the special fuel excise tax and who files a New Mexico personal or corporate income tax return may claim a credit against the tax due on the return for each gallon of blended biodiesel fuel on which that person paid the special fuel excise tax in the tax year, or would have paid the special fuel excise tax in the tax year, but for certain deductions allowed for special fuel sold or the treaty exemption for north Atlantic treaty organization use.

To qualify for the credit, a taxpayer must be a registered New Mexico supplier who files Form RPD-41306, *Combined Fuel Tax Report*, reporting qualifying biodiesel fuel receipts.

To apply for the credit use Form RPD-41322, *Blended Biodiesel Fuel Tax Credit Application*, for reporting qualifying biodiesel fuel receipts to establish eligibility for the credit. To claim the credit, complete Form RPD-41340, *Blended Biodiesel Fuel Tax Credit Claim Form*, and attach it to your Form PIT-1 with Schedule PIT-CR.

For assistance claiming the credit, call TRD at (505) 476-3683.

LINE 12

Sustainable Building Tax Credit. A credit is available for the construction in New Mexico of a sustainable building or for the renovation of an existing building in New Mexico into a sustainable building after January 1, 2007. The building may be for residential or commercial use, but is not available for a building owned by an entity that does not file a New Mexico corporate or personal income tax return. The amount of the sustainable building tax credit is calculated based on the certification level the building has achieved in the LEED green building rating system or the building green New Mexico rating system and the amount of qualified occupied square footage in the building. Unused credit may be transferred or carried forward subject to certain limitations.

To obtain a certificate of eligibility contact the Energy, Minerals and Natural Resources Department. You must also submit Form RPD-41327, *Sustainable Building Tax Credit Approval*, along

with a copy of the certificate of eligibility, to the Taxation and Revenue Department before claiming the credit on your New Mexico income tax return.

To claim this credit, complete Form RPD-41329, *Sustainable Building Tax Credit Claim Form*, and attach it to your Form PIT-1 with Schedule PIT-CR.

For certification, contact:
Energy, Minerals & Natural Resources Department
Energy Efficiency and Green Building Administrator
1220 So. St. Francis Drive
Santa Fe, NM 87505
(505) 476-3254

For assistance claiming the credit, contact TRD at (505) 476-3683.

LINE 13

Angel Investment Credit. A taxpayer who files a New Mexico personal income tax return, who is not a dependent of another individual, is an accredited investor and makes a qualified investment may claim a credit for 25% of the qualifying investment in a high-technology or manufacturing business. For the accredited investor, the maximum amount of investment in a business for which a credit may be allowed is \$100,000 per year for no more than three years. Accredited investors are allowed credits for two qualifying investments annually, provided that each investment is in a different qualified business. Unused credit may be carried forward for three consecutive years. A claim for the credit may not be made or allowed with respect to any investment made before January 1, 2007 or after December 31, 2011.

To claim the credit, complete Form RPD-41320, *Angel Investment Credit Claim Form*, and attach to your Form PIT-1 with Schedule PIT-CR.

For certification, contact
Economic Development Department
Angel Investment Tax Credit Program
1100 So. St. Francis Drive,
Joseph Montoya Building, Suite 1060
Santa Fe, NM 87504
(505) 827-0281
ellen.veseth@state.nm.us

For assistance claiming the credit, contact TRD at (505) 476-3683.

LINE 14

Rural Health Care Practitioners Tax Credit. Beginning January 1, 2007, a taxpayer who files a New Mexico personal income tax return, who is not a dependent of another individual, who is an eligible health care practitioner and who has provided health care services in New Mexico in a rural health care underserved area may claim a credit against personal income tax liability. The credit may be claimed and allowed in an amount that shall not exceed \$5,000 for eligible physicians, osteopathic physicians, dentists, clinical psychologists, podiatrists, and optometrists who qualify, and up to \$3,000 for dental hygienists, physician assistants, certified nurse-midwives, certified registered nurse anesthetists, certified nurse practitioners and clinical nurse specialists who qualify. If the amount of the credit claimed exceeds a taxpayer's tax liability for the taxable year in which the credit is being claimed, the excess may be carried forward for three consecutive tax years.

To qualify for the credit, an eligible health care practitioner shall have provided health care during a taxable year for at least 2,080 hours at a practice site located in an approved rural health care underserved area. An eligible rural health care practitioner who provides services for at least 1,040 hours, but less than 2,080 hours, at a practice site located in an approved rural health care underserved area during a tax year is eligible for one-half of the credit amount.

Before an eligible health care practitioner may claim the rural health care practitioner tax credit, the practitioner shall submit an application to the New Mexico Department of Health. Once approved, the Department of Health will issue a certificate to each qualifying eligible health care practitioner.

The New Mexico Department of Health compiles lists of approved rural practice locations. Separate lists will be available for different categories of health care practitioners. The lists are

compiled with the input of a program advisory group that includes representatives from several health professions. Lists of approved locations will be revised annually, reflecting any changes in the need for health practitioners throughout the state. Contact the Department of Health for the list at www.health.nm.us/care.html.

To claim this credit, complete Form RPD-41326, *Rural Health Care Practitioner Tax Credit Claim Form*, and attach it to your Form PIT-1 with Schedule PIT-CR. Also attach the certificate received from the Department of Health.

For certification, contact:
New Mexico Department of Health
New Mexico Rural Health Practitioner
Tax Credit Program
300 San Mateo NE, Suite 900
Albuquerque, NM 87108
(505) 841-5817

For assistance claiming the credit, contact TRD at (505) 476-3683.

**LINE 15
Agricultural Water Conservation
Tax Credit.** A taxpayer may claim a credit against the taxpayer's personal or corporate tax liability for expenses incurred by the taxpayer for eligible improvements in irrigation systems or water management methods. Eligible improvements means an improvement that is:

- made on or after January 1, 2008;
- consistent and complies with a water conservation plan approved by the local soil and water conservation district in which the improvement is located; and
- primarily designed to substantially conserve water on land in New Mexico that is owned or leased by the taxpayer and used by the taxpayer or the taxpayer's lessee to produce agricultural products, harvest or grow trees, or sustain livestock.

The amount of the credit is 35% of eligible expenses incurred in calendar

year 2008 and 50% of eligible expenses incurred in subsequent years through December 31, 2012. The total credit allowed in a tax year may not exceed \$10,000.

To claim the agricultural water conservation tax credit, you must first obtain a certificate of eligibility from the local Soil and Water Conservation commission within the district which encompasses the land upon which the improvement is or will be located. To find your local Soil and Water Conservation Commission district, visit www.nmda.nmsu.edu/natural-resources/soil-and-water-conservation-program, or call (575) 646-2642.

To claim the credit use Form RPD-41319, *Agricultural Water Conservation Tax Credit Claim Form*, and attach it to your Form PIT-1 with Schedule PIT-CR. Enter the credit claimed on line 15, Schedule PIT-CR.

For assistance claiming the credit, call (505) 476-3683.