

GENERAL INFORMATION

WHO MUST FILE

New Mexico Residents

You must file a New Mexico return if you meet any of the following conditions:

- You have to file a federal return.
- You want to claim a refund of any New Mexico state income tax withheld from your pay.
- You want to claim any of the New Mexico rebates or credits.

Partnerships/Limited Liability Partnerships or Companies

Partnerships, including limited liability partnerships (LLP), limited liability companies (LLC) and limited liability investment companies (LLIC), are not subject to New Mexico personal income tax, but individual members of the partnership or company are. If your partnership has any partner who is a New Mexico resident, or if the partnership has any income from New Mexico sources, it must provide each partner with the information necessary for them to file a New Mexico personal income tax return. In certain circumstances, a partnership may file a block return on behalf of all non-resident partners of a partnership with New Mexico source income. Please contact Taxpayer Information at (505) 827-0909 for details on block return filing requirements.

Estates & Trusts

Estates and trusts are subject to the New Mexico personal income tax. Except for grantor trusts, the fiduciary for an estate or trust must file Form FID-1, Fiduciary Income Tax Return. See the instructions for Form FID-1 for more details.

Each beneficiary of an estate or trust must include his or her share of the estate or trust income on their New Mexico personal income tax return, even if the estate or trust was not required to file Form FID-1.

Deceased Taxpayers

If a taxpayer died before filing a return for 1997, the taxpayer's spouse or personal representative may have to file and sign a return for that taxpayer. A personal representative can be an executor, administrator or anyone who is in charge of the deceased taxpayer's property. If a taxpayer did not have to file a federal return, but had New Mexico income tax withheld, a New Mexico return must be filed to get a refund. If a joint federal income tax return was filed for the deceased taxpayer and the surviving spouse, a joint New Mexico return must be filed. The filing due date is the same as if the taxpayer had lived. The person who files the return for the deceased should put an "X" in the appropriate box directly below the name and address section of the return.

If the return shows an overpayment, Form RP-20, Affidavit to Obtain Refund of New Mexico Tax, must be attached, with any required documents. Call or write us for this form.

Members of the Armed Forces

If you are a member of the military and a resident of New Mexico, the amount of your military pay that is subject to federal income tax is also subject to New Mexico income tax.

If your permanent home (domicile) was in New Mexico when you entered the military, and you have retained New Mexico as your home of record for military purposes, you are still a New Mexico resident and must file a resident return even if you are presently serving outside New Mexico.

If your permanent home (domicile) was in New Mexico when you entered the military, but you meet the conditions for non-resident status, your military pay is not subject to New Mexico income tax.

Member of an Indian Nation, Tribe or Pueblo.

The income of an Indian who worked or lived off the lands of the nation, tribe or pueblo of which they are a member is taxable by New Mexico and a return is required.

An enrolled member of an Indian nation, tribe or pueblo who lived on the lands of the nation, tribe or pueblo of which they are a member and whose entire income was earned from work on those lands is not required to file a New Mexico income tax return. Lands include formal and informal reservations, dependent Indian communities, and Indian allotments, whether restricted or held in trust by the United States.

First-year, Part-year and Non-Residents

If you were not a New Mexico resident for 1997, or if your New Mexico resident status changed during 1997, and you had New Mexico source income, you will have to file a Form PIT-B, Allocation and Apportionment Schedule, with your New Mexico Form PIT-1. For more information, see the instructions for Form PIT-B.

Resident, First-year, Part-year and Non-Resident Defined

You may have to pay income tax as a New Mexico resident even if you are not considered a resident for other purposes. For income tax purposes, your resident status depends on where you were domiciled and where you maintained a permanent place of abode during the taxable year.

In general, your *domicile* is the place you intend to have as your permanent home. Your domicile is, in effect, the **state** where your permanent home is located. It is the place you intend to return to whenever you may be away (as on vacation, business assignment, educational leave, or military assignment).

You can have only one domicile. Your New Mexico domicile is not

changed until you can demonstrate that you have abandoned your New Mexico domicile and established a new permanent domicile outside the state of New Mexico.

A change of domicile must be *clear and convincing*. Easily controlled factors are NOT the primary factors to be taken into consideration in determining where you are domiciled. If you move to a new location but intend to stay there only for a limited amount of time (no matter how long), your domicile does not change. If your domicile is in New Mexico and you go to a foreign country because of a business assignment by your employer, or for study, research or any other purpose,

your domicile does not change unless you show that you definitely do not intend to return to New Mexico.

You are a New Mexico **resident** if your domicile was in New Mexico for the entire year, even if you were not physically present in the state for all or a portion of the year.

You are a New Mexico **first-year resident** if you moved to New Mexico during the tax year with the intent of making New Mexico your permanent place of residence. Former New Mexico residents who return to New Mexico may file as first-year residents if they have been a non-resident for at least one full year.

You are a New Mexico **part-year resident** if you were a New Mexico resident for only part of the year but, on December 31, were no longer domiciled in New Mexico and had moved to another state with the intent of maintaining domicile status in that other state.

You are a New Mexico **non-resident** if you were not domiciled in New Mexico for any part of the taxable year, whether or not you lived in New Mexico for any part of the year, as long as you intended to maintain domicile status outside of New Mexico.

WHICH FORM TO FILE

Regardless of which federal form you file, you should file New Mexico's shorter return Form PIT-A, instead of Form PIT-1, if:

- √ both you and your spouse were full year residents;
- √ you do not have any special additions for New Mexico taxable income;
- √ you are not eligible for or do not claim any of the special New Mexico deductions except for the deduction for persons age 65 or older or persons who are blind;
- √ you are filing to claim a refund of New Mexico income tax withheld or any of the refundable rebates or credits.

No matter which federal form you file, you must use New Mexico Form PIT-1 if:

- √ you were a first-year, part-year, or non-resident;
- √ you are eligible and claim any of the following New Mexico adjustments to income:
 - additions for interest income on state and local bonds;
 - you have a New Mexico net operating loss carryover;
 - you have interest income from U.S. government securities;
 - you have non-taxable railroad retirement income;
 - you, or your spouse, or both of you, are members of an Indian nation, tribe or pueblo and have income earned on the lands of that nation, tribe

or pueblo;

- you, or your spouse, or both of you, are age 65 or over or blind and your adjusted gross income is not over \$51,000 for a joint return, \$28,500 for a single taxpayer, or \$25,500 for married taxpayers filing separately; (this is the only adjustment that may be claimed on the Form PIT-A);
 - you have adopted a special needs child.
- √ you wish to claim the credits for rehabilitating a historic structure or a qualified business facility;
- √ you have income from sources both within and outside New Mexico.

The Low Income Comprehensive Tax Rebate, Property Tax Rebate for Persons 65 and Over, the Child Care Credit, and the Prescription Drug Credit can be claimed on either the Form PIT-1 or Form PIT-A.

If you did not have to file a federal return, but you must file a New Mexico return, use your federal instructions to determine your filing status, your income, adjustments to income, and the number of exemptions/dependents you may claim.

Other Forms or Attachments You May Have to File

Form PIT-PV, Payment Voucher. If your return shows a balance due, you

will need to complete Form PIT-PV to include with your check or money order.

Form PIT-ES, Estimated Income Tax Payment Voucher. The total amount you must pay for 1998 through withholding and estimated tax is the lesser of:

1. 90% of the tax shown on your 1998 return, **or**
2. 100% of the tax shown on your 1997 return. However, if you did not file a 1997 return, or your 1997 return did not cover a full 12 months, this item 2 does not apply.

For more information, see the instructions for Form PIT-ES.

You do not have to pay estimated tax if you expect to owe less than \$500 after deducting tax withheld and credits you are entitled to claim.

PIT-1-RC, Rebate and Credit Schedule. Use this schedule if you are a New Mexico resident at year end to claim the Low Income Comprehensive Tax Rebate, Property Tax Rebate (for low income persons 65 or older) or Child Day Care Credit. To see if you qualify for the credits, see page 1A of the Form PIT-1-RC instructions.

PIT-B, Allocation and Apportionment Schedule. Use this schedule if you are a full year resident taxpayer who has income or losses from business or property located outside of New Mexico or if you are a first-year or part year resident of New Mexico.

A non-resident taxpayer who has income earned from wages, business or property within New Mexico must file Forms PIT-1 and PIT-B to allocate and apportion income and losses.

PIT-110, Adjustments to New Mexico Income Worksheet. Use this worksheet if you are a non-resident and your employment location is in this state, but your job assignment requires you to be temporarily assigned outside of New Mexico.

Schedule CC, Alternative Tax Schedule. Use if you are a non-resident who qualifies to pay tax using the Alternative Tax Method.

Human Services Department Certification. Required to claim the deduction for adoption of Special Needs Children.

PIT-4, Cultural Property Claim Form. Use this form to claim the Preservation of Cultural Property Credit.

Historic Preservation Division Certification. Required in conjunction with the Form PIT-4.

PIT-5, Qualified Business Facility Rehabilitation Form. Use this form to claim the Qualified Business Facility Rehabilitation credit for building renovations within New Mexico enterprise zones.

Form RP-20, Affidavit to Obtain Refund of New Mexico Tax and copy of death certificate. Use to claim a refund for a deceased taxpayer.

PIT-D, Refund Donation Form. Use to contribute to any of the voluntary contribution funds.

Community Property Allocation of Income and Payments. If you are married filing separate returns or if you were divorced during 1997, you must attach a statement reflecting a correct

division of community income and payments.

Other States' Forms. Attach a copy of the other states' completed return and all allocation schedules to claim credit for taxes paid to another state by a New Mexico resident on income taxable in both New Mexico and another state.

Federal Forms and Schedules. The Department may require you to furnish a true and correct copy of your federal income tax return including attachments.

New Mexico and Federal Extension of Time to File. Please DO NOT attach a copy of any federal extension request that is automatically granted, but DO check the box that you have an automatic federal extension. If the Internal Revenue Service or the Taxation and Revenue Department grant an optional extension, attach a copy of the approved federal or state extension.

WHEN AND WHERE TO FILE YOUR RETURN

File your return as soon as you have all the necessary information, but not later than the filing deadline of **APRIL 15, 1998**. If you file or pay late, you may have to pay penalties and interest. See *Penalties & Interest* on page 5. The due date for fiscal year taxpayers is the 15th day of the fourth month following the close of their fiscal year.

A New Mexico income tax return is filed on time if the United States Post Office postmark on the envelope bears a date on or before the due date. If the due date falls on a Saturday, Sunday, state or national legal holiday, the tax return is filed timely if the postmark bears the date of the next business day.

Use the preaddressed envelope that came with your tax packet. If you do not have one, address your envelope to:

Taxation & Revenue Dept.
P.O. Box 25122
Santa Fe, NM 87504-5122

Extension of time to file. New Mexico recognizes and accepts any extension of time to file granted by the Internal Revenue Service. If you expect to file your federal return by the original due date, but will need additional time to file your New Mexico return, ask for an extension of time by filing New Mexico Form RP-27, Extension of Time to File. Form RP-27 must be filed on or before the April 15, 1998 due date for filing a return. The approved state extension must be attached to your return when it is filed.

If the extension is automatically granted by the Internal Revenue Service to August 15 (or an earlier date), check the box on the return that you are under automatic federal extension. It is NOT necessary to attach a copy of the automatic extension request (fed-

eral Form 4868). If the Internal Revenue Service must approve an extension request (Form 2688), attach a copy of the approved federal extension.

Requesting an extension of time to file does NOT increase your chances of being selected for audit. Returns for a particular tax year are not selected for audit until after the closing of the filing period, and each return filed faces an equally random chance of being selected for audit.

An extension of time to file your return does NOT extend the time to pay. If you expect to owe additional tax when your return is filed, you may make an estimated payment using an estimated payment voucher. Please make sure that you put the correct tax year on both the voucher and your check or money order to minimize the possibility of having the payment credited to the incorrect tax period.

KEEP COPIES OF YOUR TAX RECORDS AND RETURN

Please remember to keep a copy of your completed income tax return for at least 3 years after you file it. Also keep copies of any books, records, schedules, statements or other documents.

You may be asked by the Department to provide copies of these records after you have filed your income tax return.

FEDERAL / STATE TAX AGREEMENT

Under authority of federal and New Mexico laws, the New Mexico Taxation and Revenue Department and the Internal Revenue Service have entered into a federal/state agreement for the mutual exchange of tax information.

Annually, New Mexico participates in a program which matches New Mexico return information with federal return information. If you receive notification from the New Mexico Taxation and Revenue Department advising you of a discrepancy between the state and federal information or notification of

nonfiling, it is to your advantage to respond promptly and provide any information you have which will clear your record of this discrepancy. If you do not respond, the discrepancy notification will be presumed to be correct and an assessment of taxes due will be issued for the amount of underpaid taxes, plus penalty and interest.

PRIVACY NOTIFICATION

The right of the Secretary of the Taxation and Revenue Department and the Taxation and Revenue Department to collect and maintain personal information, including mandatory disclosure of social security numbers in the manner required by tax regulations, instructions and forms, is found in Section 7-1-12 NMSA 1978 and 3 NMAC 1.1.15.2.

The Taxation and Revenue Department will use this information primarily to determine and administer tax liabilities due the state. We will also use this information for certain tax offset and exchange of tax information programs authorized by law, and for any other purpose authorized by law.

1099G and 1099INT INFORMATION RETURNS

New Mexico is required to report to the Internal Revenue Service all New Mexico income tax refunds, and any interest paid on those refunds, to taxpayers. New Mexico is also required to report the same information to you on a Form 1099.

The state reports the amounts of any Low Income Comprehensive Tax Rebate, Child Day Care Credit, Property Tax Rebate, Credit for Prescription Drugs, Preservation of Cultural Property Credit, or Qualified Business Facility Rehabilitation Credit, whether or not an actual refund was issued to you.

The amount reported on the Forms 1099G and 1099INT may or may not be federally taxable to you. You may wish to consult your tax preparer or the Internal Revenue Service to determine if the amount should be reported as income for federal income tax purposes.

PENALTIES AND INTEREST

Interest. Interest will be charged on income tax that is not paid on or before the due date of your return, even if you received an extension of time to file your return. Interest is a charge for the use of money and, by law, cannot be waived. Interest is calculated at the statutory rate of 15% per year (1.25% per month) for each month or fraction of a month that payment is late.

If you are due a refund, you may also be entitled to receive interest on your overpayment at the same rate charged for underpayments. No interest is payable if the refund is made within 75 days after the later of the due date of your return, or the date it is received by the Department. However, interest will not be paid to you if the interest is less than \$1.00 or if your return cannot be processed. To be processed, your return must show your name, address, social security number, signature and the information needed to mathematically verify your tax liability.

Negligence Penalty for Late Filing or Late Payment. If you file late, or if you do not pay your tax when due, you

will be charged a penalty of 2% of the tax due for each month, or part of a month, the return is not filed or the tax is not paid, to a maximum of 10%.

This penalty may be imposed when your failure to file or pay is because of negligence or disregard of the rules and regulations, but without intent to defraud.

Fraudulent returns. In the case of failure to pay when due any amount of tax required to be paid, with willful intent to evade or defeat any tax, a civil penalty of 50% of the tax due will be charged. The minimum penalty is \$25.00.

Penalty for Underpayment of Estimated Tax. If your 1997 withholding and estimated tax payments do not equal the "Required Annual Payment" of 1) 100% of the prior year tax liability, or 2) 90% of the current year tax liability, you may be subject to a penalty. Exceptions to avoid the penalty are provided in law.

If you have not made the Required Annual Payment, the Department will calculate and assess the penalty. You will be able to provide additional information if you believe the penalty to be in error.

Returned Check Penalty. A check that is not paid by a financial institution does not constitute payment. A penalty of \$20 will be assessed for a check not paid in addition to other penalties that may be assessed for late payment.

Failure of Paid Preparers to Conform to Certain Requirements. A penalty of \$25 per return or claim for refund will be assessed a paid preparer for:

- failure to sign the tax return or claim for refund; or
- failure to include the identifying number of the paid preparer.

A penalty of \$500 per item will be assessed against any tax return preparer who endorses or otherwise negotiates, either directly or through an agent, any refund check issued to a taxpayer other than the tax return preparer.

REMINDERS

Rebates and Credits. Even if you do not have to file a return, you should file to get a refund if New Mexico income tax was withheld from your pay. You may also qualify for one or more of the credits or rebates offered by New Mexico. The **general qualifications** for claiming the rebates are:

- you must have been a resident of New Mexico on the last day of the tax year; **and**
- you must have been physically present in New Mexico for at least six months during the tax year in order to claim the Low Income Comprehensive Tax Rebate, the Property Tax Rebate, and the Credit for Prescription Drugs, **and**
- you were **not** claimed as a dependent of another taxpayer for the tax year, **and**
- you were **not** an inmate of a public institution for more than six months of the tax year.

In addition, there are other specific eligibility requirements for the various rebates and credits. For details, see the instructions for the Form PIT-1-RC.

Name and Social Security Number.

You must enter your name and social security number (or individual taxpayer identification number) on all forms you send to us. If you are making a payment with your tax return, write your social security number and "1997 PIT-1" on your check or money order that you send with your Form PIT-PV, Payment Voucher. Payments of estimated tax should have your social security number and "1998 PIT-ES" written on your check or money order that you send with your Form PIT-ES, Estimated Payment Voucher.

Resident aliens who do not have, or are not eligible to obtain, a social security number, but are required to file a federal income tax return, may obtain a federal individual taxpayer identification number (ITIN) by filing Form W-7 with the Internal Revenue Service. This ITIN may be used instead of a social security number when filing your New Mexico income tax return. Contact the

Internal Revenue Service for forms and information on the ITIN program.

Separating Payments of Tax Due and Estimated Payments. Please do NOT combine payments for tax due on your 1997 return and payments of your 1998 estimated income tax liability on the same check or money order. If you combine payments, it is likely the payments will not be credited to your account in the way that you would like them to be credited.

Whole Dollar Amounts. All money items on your return must be rounded to the nearest whole dollar. There is no space for entering cents. For example, enter \$10.49 as \$10. and \$10.50 as \$11.

Computer Filled-In Returns. If you use a computer to fill in your return, be sure you meet these requirements:

- If you do not use the official income tax forms provided by the Department, any computer-generated form you use must comply with the specifications issued by the Department. Specifications are available by calling (505) 827-6852.
- Your software must conform to current federal and state income tax laws.

Filing on the Internet. If you are claiming a refund, and are eligible to file Form PIT-A, you may file directly through the Internet. More detailed instructions are available with the Form PIT-A.

Paid Preparers Must Sign Your Return. Anyone you pay to prepare your return must sign it and fill in the other blanks in the preparer's area of your return. The preparer required to sign your return must sign it by hand; signature stamps are not acceptable. If someone prepares your return and does not charge you, that person should not sign it. You should, however, record the name of the person who prepared the return and how to contact them in case there are questions after the return is filed.

Paid preparers are subject to certain requirements. For more information, see *Penalties and Interest* on page 4.

Keep Copies of Your Tax Return and Records. Please remember to keep a copy of your tax return and all related books, records and other documents for at least three years after the close of the year in which you file the return.

When to Call About Your Refund. Generally, early filers get their refund checks first. If you file after April 1, you may not receive your refund check for up to 12 weeks. If you have to call to ask where your refund check is, please wait until after April 22 and then call (505) 827-0827. Have a copy of your tax return available when you call.

Electronically filed returns claiming a refund are generally processed within 3 weeks.

Need Help With Your Return? We will answer your questions if you call us (*see below*), but we can not fill in your return for you or assist you in calculating your estimated tax payments.

Assistance in preparing your tax return may be available from:

- Volunteer Income Tax Assistance (VITA) and Tax Counseling for the Elderly (TCE). Volunteers will give free or low-cost help to lower income, elderly, and handicapped individuals. Watch for VITA and TCE information in your community for the site nearest you.

- Some senior citizens centers; contact center for dates and times.

- Some social service agencies can provide assistance or direct you to other free or low-cost tax preparation assistance programs.

Information and Forms. For general information on New Mexico income taxes, call (505) 827-0827.

Forms can be ordered by calling (505) 827-2206.

If you want to write instead of call, address your letter to Taxpayer Information Unit, Taxation and Revenue Department, P.O. Box 630, Santa Fe, NM 87504-0630.

If you order forms or write for information after April 1, you should not rely on receiving the forms or a response to your correspondence in advance of April 15.

Forms and instructions are also available on our Internet Home Page. Our address is: <http://www.state.nm.us/tax/>

Amended Returns. An amended return is required for any change to New Mexico taxable income, credits or rebates and for changes to federal taxable income. An amended return is **REQUIRED** by law to be filed within 90 days of the date any adjustment to your federal return becomes final.

Form PIT-X, Amended New Mexico Personal Income Tax Form, should be used when filing amended returns for tax years 1994 through 1997. If you need to file an amended return for an earlier tax year, please use a form for

the appropriate year, and check the box labeled "Amended Return" at the top of the New Mexico return form.

If you are amending your New Mexico return to change the amount of withholding reported, you must attach legible photocopies of all Forms W-2 and similar forms.

Please do not file an amended return for 1997 on Form PIT-X until after April 15, 1998. Prior to that date, use another Form PIT-1 or PIT-A to supersede the earlier filing.

Withholding on Pensions

Retired members of the Army, Air Force, Navy, Marines, Coast Guard, U.S. Civil Service, the National Oceanic and Atmospheric Administration, and the U.S. Public Health Service may request that New Mexico income tax be withheld from their retirement pay by contacting by mail or telephone the appropriate retirement pay office.

Army Finance and Accounting Center
Retired Pay Operations Dept.
Indianapolis, IN 46249
1-800-428-2290

Defense Finance & Accounting Service
Cleveland Center
1240 E. 9th St.
Cleveland, OH 44199-2055

Navy Finance Center
Retired Pay Department
1240 E. 9th St.
Anthony J. Celebrezze Federal Bldg.
Cleveland, OH 44199
1-800-321-1080

Marine Corps Finance Center
Retired Pay Branch
1500 E. Bannister Road
Kansas City, MO 64190
1-800-645-2024

U.S. Coast Guard Pay & Personnel Center
Retired Pay Branch
444 S.E. Quincey St.
Topeka, KS 66683
(Also for retired members of the National Oceanic and Atmospheric Administration)

U.S. Public Health Service
Compensation Branch
5600 Fisher Land
Rockville, MD 20857

Office of Personnel Management
P.O. Box 961
Washington, DC 20044-0001
Retirement Information Office
1-202-606-0500
Annuitant Express
1-800-409-6528
(New Mexico dial pad equivalent is "66")

STEPS FOR PREPARING YOUR RETURN

Prepare your federal return first; much of the information on your New Mexico return will be the same. Even if you are not required to file a federal return, you will probably find it easier to prepare your New Mexico return if you complete a sample federal return first. Most New Mexico income tax laws are based on federal income tax laws. In these instructions, we point out only the differences and explain those items which are unique to New Mexico law. No instructions are provided for those items that are self-explanatory (for example, when a line requires just addition or subtraction).

STEP 1 **Get all forms and publications you need.**

If you need any forms or additional instructions, see *Information and Forms* on page 6.

STEP 2 **Get your tax records together.**

If you received a salary or wages, get all your 1997 wage and tax statements together. The federal Form W-2 can be issued or corrected only by your employer. Do not alter the Form W-2 in any way. If you have not received your wage and tax statements by February 15, or if the form you received is incorrect, contact your employer. If New Mexico taxes were withheld in error by your employer, a written explanation from your employer is required.

If you had tax withheld from annuities, pensions, retirement pay or IRA payments, gather all your federal Form(s) 1099-R.

If you did not have tax withheld, but would like to in the future, see *Withholding on Pensions* on page 7.

If you had tax withheld from gambling or lottery winnings, you will need your federal Form W-2G.

If you paid income taxes to another state on income that will also be taxable in New Mexico, you will need a copy of that state's return.

If you made New Mexico estimated tax payments during the year, you will need your records of those payments.

If you plan to claim any of the rebates or credits, get all the supporting information and records you will need.

STEP 3 **Fill in your return.**

Fill in your return using the line instructions that begin on page 9. Then continue with **STEP 4** on page 14.

LINE INSTRUCTIONS FOR FORM PIT-1

All information on your return, except for your mailing address, should be for the calendar year January 1, 1997 through December 31, 1997, or for your fiscal year. If you are filing for a fiscal year, enter the month and day your tax year began, and the month, day and year that it ended at the top of the front page.

Filling in your tax return.

You will notice that Form PIT-1, and other selected forms and attachments are designed to let us use the latest scanning and image-processing equipment.

Boxes have been printed on the forms to guide you in making your handwritten entries. This will enable our scanning equipment to read your return more accurately and let us process it more efficiently. Please spend a moment reviewing the method below for making your entries:

- Please type or print (using a blue or black pen; no pencils, please) all "X" marks and money amounts in the boxes and spaces provided;

- Write your numbers like this:

1	2	3	4	5	6	7	8	9	0
---	---	---	---	---	---	---	---	---	---

- Do not use dollar signs (\$), commas (,), decimal points (.) or any other punctuation marks or symbols. We have already printed the appropriate commas and the decimal points to assist you;

- If you show a loss on any line, place a negative sign (-) in the box **immediately to the left** of the loss amount. Do not use brackets or parentheses;

- Carefully enter your money amounts so that the dollar amount **ends** in the box immediately to the **left** of the preprinted decimal point. All money amounts should be rounded to the nearest whole dollar. There is no space on the form to enter cents;

- Make your money amount entries

in the boxes allowing one numeral for each box;

- Leave **blank** any spaces and boxes that do not apply to you.

Example: If your federal adjusted gross income is \$23,742.48, your money field entry on line 5 of your Form PIT-1 should look like this:

	2	3	7	4	2	00
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Name and Address Box

If you were sent a Personal Income Tax package, your name and address is preprinted on one of the two Forms PIT-1 included in the package. The blank form can be used as a worksheet and the numbers transferred to the preprinted form before filing.

If you do not use your preprinted form, it may cause a delay in processing your return and your refund, if you are entitled to one.

STEP 5 on page 14 of these instructions will tell you how to complete this section of your return.

LINES 1 and 2 Social Security Number(s) and Residency Status

Enter your Social Security number and the Social Security number of your spouse in exactly the same order as they are shown on your federal return.

If you, or your spouse, do not have a social security number, but do have an individual taxpayer identification number (ITIN) assigned by the Internal Revenue Service, enter your ITIN in the spaces provided.

Your return is not complete and can not be processed if you do not provide your social security number or individual taxpayer identification number.

Full year and first-year residents enter an "X" in the Resident box. Part-year and non-residents enter an "X" in the Nonresident box. **NOTE:** First year,

part year and non-residents must file a Form PIT-B with their Form PIT-1.

LINE 3, BOXES 1 - 5 Filing Status

Show your filing status by marking an "X" in only **one** box. You must use the same filing status on your state return that you used on your federal return. If you did not have to file a federal return, use the same filing status that you would have used for federal income tax purposes.

NOTE: New Mexico is a community property state. For married persons filing separately or persons divorced during 1997, both your New Mexico and federal returns should be filed reflecting a correct division of **community income and payments.** Attach a copy of your federal form and a statement explaining the division. Include your spouse's or former spouse's Social Security number on the statement.

If you put an "X" in box 3, enter your spouse's social security number on line 2, but do not include your spouse's name on the return.

If you put an "X" in box 4, enter the name of the person who qualifies you as head of household under federal regulations.

If you put an "X" in box 5, also put an "X" in the box to indicate the year of your spouse's death.

LINE 4 Exemptions/Dependents

Enter the number of exemptions you claimed on your federal return for yourself, your spouse, and your dependents. **If you are a dependent of another taxpayer, your allowable exemptions/dependents are "0".**

If more than one-half of your income that is used to support your minor child or children is received from public assistance programs, you may not in-

clude your child or children as a dependent. You will be able to claim them as a qualifying dependent ONLY on the Form PIT-1-RC, Rebate and Credit Schedule RC.

**LINE 5
Federal Adjusted Gross Income**

If you were not required to file a federal return, enter "0" on line 5.

Medical Care Savings Account

If your employer has established a Medical Care Savings Account on your behalf, the entry on line 5 must be modified. Use the following worksheet to calculate the number to enter on line 5 of the Form PIT-1. Also, write "MCSA" on line 5.

Federal Adjusted Gross Income	\$ _____
Less: Federal Taxable Wages per Form(s) W-2	\$ _____
Difference	\$ _____
Add: New Mexico Taxable Wages per Form(s) W-2	\$ _____
Modified Federal Adjusted Gross Income (enter on line 5)	\$ _____

If you have more than one Medical Care Savings Account, or you and your spouse each have a Medical Care Savings Account, combine the amounts on all Forms W-2 to calculate the amount to enter on line 5.

Education Trust Board Account

If you have entered into a College Investment Agreement or a Prepaid Tuition Contract on or after June 20, 1997, with the New Mexico Education Trust Board under the provisions of the Education Trust Act, the entry on line 5 must be modified using the following worksheet and you should write "ETB" on line 5.

A husband and wife who file separate returns for the taxable year in which they could have filed a joint return may each claim only one-half of the modification that would have been allowed on the joint return. Individuals allocating and apportioning their income on Form

PIT-B must also allocate and apportion this modification.

Federal Adjusted Gross Income	\$ _____
Less: Payments Made during the Taxable Year to the Agreement or Contract	\$ _____
Less: Earnings during the Taxable Year on the Agreement or Contract	\$ _____
Modified Federal Adjusted Gross Income (enter on line 5)	\$ _____

Royalty Income of Non-residents

Nonresident taxpayers who elect to compute tax on gross royalty income under \$5,000, in lieu of filing complete Forms PIT-1 and PIT-B, must complete lines 1-5, 32-34, 39-41, 44, and 13-20. Enter your total **gross** royalty income from New Mexico sources on line 12. By computing your tax in this manner, you are not allowed to reduce your income by the standard deduction or exemption amounts. Attach a statement that you are a non-resident paying taxes on gross royalty income from New Mexico sources.

**LINE 6
Additions to Income from Lines 21 and 22**

Line 21. Enter the interest or dividend income you received from all state and municipal bonds which was not included in federal Adjusted Gross Income. This includes all federally exempt interest reported on line 8b of Forms 1040 or 1040A. Expenses related to tax exempt investment income, if deducted in determining federal taxable income, must be added back in determining New Mexico taxable income. A deduction for New Mexico tax exempt interest and dividends is allowed on line 24.

Line 22. Enter the amount of any net operating loss carry forward included in line 21 of federal Form 1040. Enter as a positive amount because this amount is to be added to your income reported on line 5 of the Form PIT-1. See line 25 instructions for additional

information on the deduction for a New Mexico net operating loss carryover.

**LINE 8
Federal Deduction Amount**

If you itemized your deductions on your 1997 federal income tax return, mark an "X" in the box provided and enter the amount of your federal itemized deductions on line 8.

If you filed federal Form 1040 1040A, or 1040EZ and did not itemize your deductions, use the following table to find the amount to enter on line 8:

If Your Filing Status is:	Enter on Line 8
Single	\$ 4,150
Head of Household	\$ 6,050
Married Filing Jointly and Surviving Spouses	\$ 6,900
Married Filing Separately	\$ 3,450

**LINE 9
Federal Exemption Amount**

The 1997 federal exemption amount is \$2,650 per exemption and dependent multiplied by the number on line 4.

**LINE 10.
Other Deductions from Lines 24 through 30**

Line 24. Enter the total interest or dividend income you received from obligations of the State of New Mexico or its agencies, institutions, instrumentalities or political subdivisions or obligations of the Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa or Northern Mariana Islands.

NOTE: Interest on taxable bonds issued by the State of New Mexico, which is taxable for federal income tax purposes, may be deducted on this line. If the amount on line 24 exceeds the amount on line 21, attach an explanation to your return.

Line 25. If your federal tax return includes the application of a net operating loss carry forward amount, or if you have an unused net operating loss carry forward amount for New Mexico tax purposes, enter the amount of

available carry forward to be applied against New Mexico taxable income for 1997. When calculating taxable income and the application of a net operating loss carry forward amount, federal rules apply for modifications to exemptions and taxable income; a net operating loss carry forward must be applied against taxable income before applying your personal and dependents exemptions amount. Attach a schedule to your return showing the taxable year in which each net operating loss being carried forward occurred, and the amount of each loss applied in each taxable year to which was carried forward, including 1997. New Mexico does not allow a net operating loss created after December 31, 1990 to be carried back.

Line 26. Enter the amount of interest income you received from U.S. Government obligations (U.S. savings bonds, treasury bills, Federal Home Loan Bank obligations, etc.). This amount includes interest on U.S. obligations included in your share of income from partnerships, S Corporations, limited liability companies or a distribution from a unit investment or simple trust.

Dividends from mutual funds invested in U.S. Government obligations may also be deducted based on the percentage of the total fund invested in U.S. Government obligations. The fund is required to provide investors with a statement of the amount of the dividend which represents interest income from investments in U.S. Gov-

ernment obligations.

Expenses related to tax exempt investment income, if deducted in determining federal taxable income, must be added back in determining New Mexico taxable income.

NOTE: Interest from the Government National Mortgage Association (Ginnie Mae), Federal National Mortgage Association (Fannie Mae), or Federal National Home Loan Mortgage Association (Freddie Mac) are **NOT** deductible as interest on U.S. Government obligations.

Line 27. If you deduct taxable Railroad Retirement Act annuities and benefits and taxable sick pay under the Railroad Unemployment Insurance Act which were included in your federal taxable income, attach Form(s) RRB-1099 and RRB-1099R.

NOTE: Because New Mexico is a community property state, married persons filing separate returns may each deduct one-half of an annuity, unless all or part of the annuity is separate, non-community property.

Line 28. If you or your spouse, or both of you, are an enrolled member of an Indian nation, tribe or pueblo, any income earned on the lands of that nation, tribe or pueblo of which you or your spouse are a member while you resided on those lands is deductible from your New Mexico base income. Enter the amount of that income on line 28. Also enter the name of your

nation, tribe or pueblo and your tribal or pueblo enrollment or census number in the space provided.

CAUTION: Income earned off the lands of your or your spouse's nation, tribe or pueblo is subject to New Mexico income tax, regardless of where you reside.

Line 29. If you are 65 or older or are blind for federal income tax purposes you may be eligible for a deduction of up to \$8,000 based on your filing status and federal adjusted gross income (from line 5 of Form PIT-1). From the table below, find the column that corresponds to your filing status and the row that includes your federal adjusted gross income. Read across to the amount in the last column to determine the amount of any deduction available. On a joint return, if both husband and wife were 65 or older or blind at the end of the tax year, the amount shown in the table would apply to each taxpayer. **Make sure** you check the appropriate box on line 29 if you are 65 or older or blind or if your spouse is 65 or older or blind. If you do not check the box(es), your deduction will be denied. Your age is determined as of the last day of the taxable year. Proof that you are blind for federal income tax purposes may be requested by the Department, but should not be attached to your return.

EXAMPLE: If both you and your spouse are age 65 or older, married filing jointly, and your federal adjusted gross income is \$35,000, the deduction amount would be \$12,000 (\$6,000 x 2).

DEDUCTION TABLE FOR PERSONS 65 OR OLDER OR BLIND (See line 29 instructions)						
Married Filing Jointly, Head of Household, Surviving Spouse		Single		Married Filing Separately		Amount for each taxpayer 65 or older, or blind for federal income tax purposes
Adjusted Gross Income Line 5, Form PIT-1		Adjusted Gross Income Line 5, Form PIT-1		Adjusted Gross Income Line 5, Form PIT-1		
Over	But Not Over	Over	But Not Over	Over	But Not Over	
	\$30,000		\$18,000		\$15,000	\$ 8,000
\$30,000	33,000	\$18,000	19,500	\$15,000	16,500	7,000
33,000	36,000	19,500	21,000	16,500	18,000	6,000
36,000	39,000	21,000	22,500	18,000	19,500	5,000
39,000	42,000	22,500	24,000	19,500	21,000	4,000
42,000	45,000	24,000	25,500	21,000	22,500	3,000
45,000	48,000	25,500	27,000	22,500	24,000	2,000
48,000	51,000	27,000	28,500	24,000	25,500	1,000
51,000		28,500		25,500		0

If both you and your spouse are both age 65 or older and both are blind, the deduction would be the same \$12,000.

EXAMPLE: If you are married filing jointly, age 65 or older, your spouse is blind and your adjusted gross income is \$28,000, the deduction amount would be \$16,000 (\$8,000 x 2).

Line 30. If you have adopted a special needs child on or after January 1, 1988, you may claim a deduction of \$2,500 (\$1,250 if you are married filing separately) for each such child you can claim as a dependent for federal income tax purposes. Attach a copy of the certification issued by the Human Services Department or the licensed child placement agency for each child for whom a deduction is claimed.

LINE 13.
Tax and Non-Refundable Credits from Lines 32 through 38.

Line 32. First-year, part year and non-residents must complete Form PIT-B. New Mexico residents also use Form PIT-B if they have income from New Mexico and other states. Mark an "X" in the appropriate box to indicate the source of your tax calculation.

Line 33. If you are a New Mexico resident who received a lump sum payment and are utilizing the federal special five or ten year averaging on federal Form 4972, use the worksheet to compute your New Mexico averaged tax. You are not eligible to use the New Mexico averaging method if you did not use the federal averaging methods available.

Line 34. If you used Form PIT-B to calculate your New Mexico tax liability on Line 32 and also used the special federal and New Mexico averaging methods to calculate your tax on a lump sum distribution on Line 33, DO NOT add Lines 32 and 33. Instead, enter the amount from Line 32 on Line 34.

Line 35. A resident of New Mexico who must pay tax to another state on income that is also taxable in New

Mexico may take a credit against his New Mexico tax liability for an amount of tax owed to the other state. Use the worksheet on page 13. This credit is based on the tax imposed by the other state on only that portion of gross income that must also be included in New Mexico gross income. The amount of tax withheld is not a factor in calculating the allowable credit. If the specific item of income is not subject to taxation in both states, no credit will be allowed. The credit may not exceed the New Mexico tax liability on line 34; it also may not exceed 5-1/2% of the income taxable in the other state. Attach a copy of the complete income tax return(s) from the other state(s).

Income taxes paid to any municipality, county, or other political subdivision of a state or paid to any central government of a foreign country can not be included in the calculation of the credit.

The term "state" includes states and provinces of foreign countries, but does not include the central governments.

NOTE: Effective for retirement income received after December 31, 1995, federal law prohibits any state from imposing an income tax on certain retirement income (primarily pension income) of an individual, unless that person is a resident of, or domiciled in the

state imposing the tax. For example, if you receive a pension from your former California employer, but you now reside in New Mexico, California is barred from attempting to impose their income tax on that retirement income.

Line 36. Attach the Historical Preservation Division Certification form and the Form PIT-4, Cultural Properties Claim. Calculate the amount of credit available by multiplying the percentage of your share of the preservation project by the approved cost and divide in half. Enter this amount, to a maximum of \$25,000, on line 36.

Line 37. A credit is available for portions of the costs of restoration, rehabilitation or renovation of a qualified business facility located in a New Mexico enterprise zone that is suitable for use and is put into service in the manufacturing, distribution or service industry immediately following the restoration, rehabilitation or renovation project. This credit is limited to 50% of costs, not to exceed \$50,000. Attach the completed Qualified Business Facility Rehabilitation Form PIT-5 to claim this credit. Contact the State Enterprise Zone Program Director at (505) 827-0300 to obtain the Form PIT-5 and Economic Development Department advance approval and certification for your project.

WORKSHEET FOR COMPUTING TAX ON LUMP SUM DISTRIBUTIONS	
1. Taxable income from line 12 of Form PIT-1	1. _____
2. Amount of lump sum income reported for purposes of 5 or 10 year averaging or capital gains election on federal Form 4972	2. _____
3. MULTIPLY line 2 by .20 and enter	3. _____
4. ADD lines 1 and 3	4. _____
5. Enter the tax from the tax rate tables on the amount on line 4	5. _____
6. Enter tax from line 32 of Form PIT-1	6. _____
7. SUBTRACT line 6 from line 5 and enter difference	7. _____
8. MULTIPLY the amount on line 7 by 5. (This is the additional averaged tax due on the lump sum income.) Enter on line 33 of Form PIT-1	8. _____

WORKSHEET FOR COMPUTATION OF ALLOWABLE CREDIT FOR TAXES PAID TO OTHER STATES BY NEW MEXICO RESIDENTS

NOTE: Complete a separate worksheet for each other state which imposed tax on income that is also taxed in New Mexico.

Name of State _____

1. Enter amount of tax paid to the other state 1. _____
2. Enter total gross income (see note) on which the tax on line 1 was figured 2. _____
3. DIVIDE line 1 by line 2 (this is the average effective tax rate on total other state income). Calculate to four decimal places (i.e. 0.0463) 3. _____
4. Enter the smaller of line 3 or 0.0550 (5½% maximum) ... 4. _____
5. Enter the amount of income that is subject to tax in both New Mexico and the other state 5. _____
6. MULTIPLY line 5 by line 4. This is the credit allowed for tax paid the other state 6. _____

Enter the amount from line 6 on this worksheet (or the sum of line 6 amounts from each worksheet completed for each state) on line 35 of your Form PIT-1.

NOTE: Total income on which the other state's tax was figured means the gross income subject to tax in the other state. **Do not enter** the other state's taxable income on line 2 of this worksheet.

3. not a dependent of another taxpayer; and
4. not an inmate of a public institution for more than 6 months during the year.

In order to qualify, insulin and other prescribed drugs must have been purchased in New Mexico, prescribed by an authorized health practitioner, and dispensed by a licensed pharmacist or physician. **Drugs purchased outside of New Mexico or purchased from out-of-state mail order companies DO NOT qualify for the credit.** No credit may be claimed for prescriptions for oxygen, prosthetic devices and other non-pharmaceutical items.

Drug purchases paid for or reimbursed by health insurance DO NOT qualify. Only actual out-of-pocket expenses to the consumer, including drug purchase insurance co-payments, may be included.

**LINE 14
Payments and Refundable Credits From Lines 40 through 44**

Line 40. Enter the total of all New Mexico income tax withheld as shown on your Form(s) W-2, 1099, 1099-R, and W-2G.

Line 41. Enter the total of New Mexico estimated tax payments made for 1997 as shown in your records. Include your last installment even if it was paid in 1998.

If any estimated payments were made using different name(s) or social security number(s), attach a schedule to your return showing how each estimated payment was made.

EXAMPLE: Prior to their marriage in August, 1997, a taxpayer made 2 estimated tax payments in her name and social security number only. Two additional estimated tax payments were made after the wedding, but they showed the name of both the taxpayer and her new spouse and both of their social security numbers. The total of the estimated payments made should

be entered on line 41, and a schedule attached that shows the name(s) and social security number(s) reported with each payment.

Line 42. A tax credit equal to 3% of New Mexico **resident** consumers' out-of-pocket, unreimbursed cost of prescription drugs purchased in New Mexico is available. The maximum credit allowable is \$300. To qualify, the person claiming the credit must, during the tax year, have been:

1. a New Mexico resident, and
2. present in the state for at least 6 months; and

You should keep all receipts for prescription drug purchases for which you are claiming credit, but do not send them with your tax return. Keep your purchase receipts in case you are selected for verification of your claim.

Use the worksheet below to calculate your allowable credit.

Line 43. If you are claiming any of the special New Mexico rebates or credits, complete and attach the Form PIT-1-RC.

WORKSHEET FOR COMPUTING NEW MEXICO RESIDENTS CREDIT FOR PRESCRIPTION DRUGS

1. Enter amount of unreimbursed purchases made in New Mexico 1. _____
 2. MULTIPLY by X 0.03
 3. Tentative credit amount 3. _____
- Calculation of Limitation:
4. Multiply the number of exemptions claimed ____ X \$150 ... 4. _____
 5. Maximum credit allowable 5. ____ \$300 ____
 6. Enter the **smallest** of lines 3, 4 or 5 6. _____

Enter the amount from line 6 of the worksheet on line 42 of Form PIT-1.

NOTE: Married couples filing separately may claim only one-half of the credit that would have been allowable on a joint return.

LINE 15.**Amount You Owe.**

If line 13 is more than line 14, the difference is the amount you owe. If you owe one dollar or more, include full payment with your return. Make sure to also complete the Form PIT-PV, Payment Voucher included in your forms packet. Make your check or money order payable to **Taxation and Revenue Department**. Please write your social security number and "1997 PIT-1" on your payment. **DO NOT SEND CASH.**

Please do NOT combine payment for the amount due on your return with payment for any other tax or estimated payment.

A \$20 penalty will be assessed for any check that is not honored by the bank on which it is drawn for any reason. This penalty is in addition to any other late filing and late payment penalties that may be assessed.

LINE 16.**Overpayment and Refund, Lines 16 through 20.**

If line 13 is less than line 14, you have an overpayment. Your over-payment can be:

- used for voluntary fund contributions (see instructions for Form PIT-D), or
- refunded to you (enter on line 19), or
- applied to your 1998 estimated tax (enter on line 20), or
- any combination of these.

Any overpayment credited toward your 1998 estimated tax can not be refunded after April 15, 1998. The Department will not refund an amount of one dollar or less unless you attach to your return a signed statement asking for it.

Collection of Debts From Your Refund. The Department will keep all or part of your overpayment if you owe other taxes to the Department, and apply that amount to the liability.

Also, the Department is required to transfer all or part of your overpayment if you owe money for past-due child support, educational assistance loans,

unemployment compensation, medical support, public assistance or food stamp overpayments, or fines, fees and costs owed to district, municipal, magistrate or metropolitan courts.

Any amount over your liability or debt will be refunded to you.

If you receive notification that all or part of your refund was transferred to one of these agencies and you wish to protest, you must contact that agency at the address below. If your refund was transferred to a claimant agency in error, that agency must correct their error and issue you your refund.

New Mexico Educational Assistance
Foundation
Contract Servicing Department
Default Collections
P.O. Box 25136
Albuquerque, NM 87125-0136
(505) 345-3371, ext. 250

Human Services Department
Child Support Enforcement Division
P.O. Box 25109
Santa Fe, NM 87504
(505) 827-7211/827-7760

Human Services Department
Medical Assistance Division
Third Party Liability Unit
P.O. Box 2348
Santa Fe, NM 87504-2348
(505) 827-1340

Human Services Department
Income Support Division
Restitution Unit
P.O. Box 2348
Santa Fe, NM 87504-2348
(505) 827-7296

New Mexico Department of Labor
Unemployment Insurance Benefit
Payment Control
P.O. Box 1928
Albuquerque, NM 87103
(505) 841-8417

For information on specific courts, contact:

Administrative Office of the Courts
237 Don Gaspar, Rm. 25
Santa Fe, NM 87501
505-827-4800

Now continue with Step 4

STEP 4**Check the figures on your return and any attachments.**

If you have not already entered your figures on the form preprinted with your name and address, do so now. Be careful to transfer the figures accurately from your working copy. Enter the figures in blue or black ink; please do not use pencil.

STEP 5**Complete the top of the front page of your return.**

If you received a form preprinted with your name, address and social security number, please check to make sure the information on it is complete and correct. Any incorrect information should be lined through and the correct information entered on the form.

If your form is not preprinted, print or type your (and your spouse's, if filing jointly) first name, middle initial and last name in the appropriate spaces. Names on a joint return should be entered in the same order as on the federal return. Print or type your complete and current mailing address, including apartment number, city, state and zip code.

If you changed your last name during the year, put your former last name in parentheses following your current last name. Taxpayers filing a joint return should enter their names and social security numbers in the same order each year to avoid processing delays.

NOTE: If you move after filing your return and you are expecting a refund, you should notify both the post office serving your old address and the Department of your change of address. This will help in forwarding your refund to your new address as quickly as possible. Always include your social security number in any correspondence with the Taxation and Revenue Department.

Deceased Taxpayers. If either the taxpayer or spouse died during 1997 or in 1998 prior to the filing of the 1997 return, enter an "X" in the appropriate box below the name and address section. Include the decedent's social security number on the return. If a refund is due, a Form RP-20, Affidavit to Obtain Refund of New Mexico Tax, must be completed and attached to the tax return, along with a copy of the death certificate.

STEP 6

Sign and date your return at the bottom of the front page. Complete the Form PIT-PV, Payment Voucher if your return shows a balance of tax due.

You must sign and date your original return. If you are married and filing a joint return, you must both sign it. **Your return can not be processed if you do not sign it.**

You should keep a copy of your original return and attachments in a safe place in case you need to refer to them at a later date. If someone prepares your return for you, be sure to get a copy for your records.

Parents of minor children, guardians of dependent taxpayers, surviving spouses, or estate administrators must sign the tax return on behalf of the minor child, dependent or deceased taxpayer. Print or type the relationship under the signature.

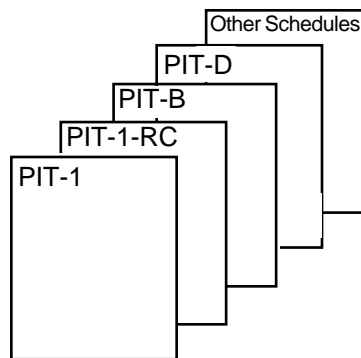
A paid tax return preparer must also sign your return and fill in the other blanks in the preparer's section of the return.

STEP 7

Assemble Your Return

Illustrated below is the correct way to assemble your return and the various attachments for the most efficient handling. You can help ensure that your return (and your refund, if you are entitled to one) is processed as quickly as possible by taking a few moments to assemble your forms as shown:

- Form PIT-1
- Form PIT-1-RC, if required
- Form PIT-B, if required
- Form PIT-D, if desired
- Other required schedules or attachments
- Copy of any federal or New Mexico extension of time to file that was not automatically granted
- Please use a single staple, if possible, in the upper left corner
- You are not required to include state copies of federal Form W-2 unless you are claiming an overpayment on Line 16 of \$5000 or more.



Your Form PIT-PV, Payment Voucher and payment should be assembled and mailed separately from your Form PIT-1, if possible, to minimize processing errors.

STEP 8

Checklist

Before you mail your return, a quick check will help you avoid common errors that may delay your return. Did you:

- verify the accuracy of your name, address, social security number and residency status?
- mark an "X" in the correct filing status box?
- mark an "X" if you have an automatic federal extension of time to file?
- enter the number of exemptions/

dependents claimed on your federal return?

- mark an "X" in the correct boxes on line 29, if you or your spouse are age 65 or older or blind?
- correctly complete and attach Form PIT-B, if required?
- correctly complete and attach Form PIT-1-RC, if you are eligible to claim any New Mexico rebates or credits?
- use the correct tax table(s) and column(s)?
- attach any other required statements or documents?
- sign your return (both husband and wife must sign a joint return)?
- complete the Form PIT-PV, Payment Voucher if tax is due?
- make your check or money order payable to Taxation and Revenue Department for the full amount of 1997 income tax you owe?
- write your social security number and "1997 PIT-1" on your check or money order?

STEP 9

Use the preaddressed mailing envelope.

To speed your refund, use the preaddressed envelope that came with your tax package. If you are claiming a refund, mark an "X" in the box on the front of the envelope. If you do not have a preaddressed envelope, address your envelope:

For refund returns:

Taxation & Revenue Department
ATTN: Refund '97
P.O. Box 25122
Santa Fe, NM 87504-5122

For all other returns:

Taxation & Revenue Department
P.O. Box 25122
Santa Fe, NM 87504-5122

YOUR RIGHTS UNDER THE TAX LAW

The Tax Administration Act governs how the Income Tax Act is administered by the Department and gives you specific rights and responsibilities.

The best ways to avoid tax problems are to keep accurate tax records and to keep abreast of changes in the tax law. These instructions and other Department publications contain information that can help you do both.

While most tax problems can be resolved informally, it is important for you

to understand that certain rights provided to you under law must be exercised within specific time frames. If an adjustment is made to your return, a notice will be sent to you explaining the adjustment, along with a description of procedures you may use if you disagree with the Department's adjustment.

At any time after filing your return, the return may be subject to further review, verification or correction. If your tax return is adjusted or an assessment of additional tax is issued, you will be pro-

vided a copy of publication FYI-402, Taxpayer Remedies, outlining your rights and obligations and describing in detail how to dispute a Department action through either the Claim for Refund procedure or the Protest procedure. You should read these procedures carefully to ensure you take the necessary steps to protect your rights.

Publication FYI-402 is available by contacting Taxpayer Services at (505) 827-0909.

INSTRUCTIONS FOR PIT-D, NEW MEXICO REFUND DONATION FORM

Due to the number of voluntary contribution funds available, a separate Refund Donation Form, PIT-D must be attached to the Form PIT-1 or PIT-A for any contribution you choose to make.

Voluntary contributions can be made only if your return shows an overpayment. Your contribution(s) may not exceed the amount of your overpayment.

Please consider your contributions carefully, since your contribution cannot be changed or refunded should you change your mind. Also, contributions may not be changed on an amended return.

The Taxation and Revenue Department will deduct your contribution from your refund amount and transfer it to the appropriate fund. In the case of a joint return, both individuals are agreeing to the contributions.

If you are not due a refund, but wish to contribute to any of the funds, do NOT mail the contributions to the Taxation and Revenue Department. Please send your contributions directly to the appropriate address listed below or on the Form PIT-D.

SHARE WITH WILDLIFE.

This program is administered by the

New Mexico Game and Fish Department, but is funded by donation only. Its purpose is to assist nongame or endangered species in need. Of the collected contributions, 90% go directly to benefit wildlife through research, habitat protection, public education, and wildlife rehabilitation. **To contribute, enter your donation amount on line 2 of the Form PIT-D.** *Contact: Share with Wildlife, P.O. Box 25112, Santa Fe, NM 87504-5112.*

VETERANS' NATIONAL CEMETERY FUND

This fund is administered by the New Mexico Veteran's Service Commission and is to be used to increase the size of the Santa Fe National Cemetery. **To contribute, enter your donation amount on line 3 of the Form PIT-D.** Any contributions received in excess of \$1,070,000 shall be distributed to the Substance Abuse Education Fund. *Contact: Veteran's Service Commission, P.O. Box 2324, Santa Fe, NM 87503-2324*

NEW MEXICO SUBSTANCE ABUSE EDUCATION FUND

This fund is administered by the State Department of Education and is to be used to provide substance abuse education programs in New Mexico schools. **To contribute, enter your donation amount on line 4 of Form**

PIT-D. *Contact: Department of Education, School Health Unit, 120 S. Federal Place, Room 206, Santa Fe, NM 87501*

NEW MEXICO FOREST RE-LEAF PROGRAM

This fund is administered through the Conservation Planting Revolving Fund by the Forestry and Resources Conservation Division of the New Mexico Energy, Minerals and Natural Resources Department. The contributions are to be used for a tree planting grant program for communities in New Mexico. **To contribute, enter your donation amount on line 5 of the Form PIT-D.** *Contact: Forestry and Resources Conservation Division, P.O. Box 1948, Santa Fe, NM 87504-1948*

NEW MEXICO POLITICAL PARTIES CONTRIBUTION

You may contribute \$2 to the state political party of your choice. If you are filing a joint return, each spouse may contribute \$2 to the political party of their choice. **To contribute, enter the number designation of the state political party to which you choose to make a donation.**

NOTE: If the indicated contribution(s) exceed the refund determined to be due, NO contribution(s) will be deducted from the refund due.

1997 NEW MEXICO PERSONAL INCOME TAX RETURN

FORM PIT-1 INSTRUCTIONS

PLEASE READ THE INSTRUCTIONS COMPLETELY. There have been several changes in the New Mexico income tax forms for 1997 to accommodate statutory and processing changes.

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