
PERSONAL INCOME TAXES

1. Does New Mexico have a personal income tax?

Yes. New Mexico imposes a tax on the net income of every resident. Residents are taxed on the net income from employment, unearned income, gambling, pensions, annuities, and income from real or personal property in this state or from businesses located in this state. Non-residents are taxed on the net income from property, employment or business in New Mexico.

New Mexico's personal income tax "piggybacks" on the federal return and uses the federal adjusted gross income figure as its base. Net income usually equals federal taxable income, although some special deductions are available. New Mexico uses the same dollar amounts as the federal government for personal exemptions, standard deductions and itemized deductions.

2. What is New Mexico's personal income tax rate?

New Mexico uses a four-bracket, graduated-rate table ranging from 1.7% to 5.3% of taxable income.

3. Who is required to file?

Two situations require you to file personal income tax returns in New Mexico:

1. If you are required to file a federal tax return with the IRS and you are a New Mexico resident, you must file a state income tax return.
2. If you are required to file a federal income tax return with the IRS and you are a nonresident with income or loss from *any business transaction, property, or employment within New Mexico*, you must file a state income tax return

4. How do I determine if I'm a resident or a nonresident?

In general your *domicile* is the place you intend to be your permanent home or the state where your permanent home is located. It is the home to which you intend to return when you are away on vacation, business, educational leave, military assignment, Peace Corps service or some other temporary absence. A *resident* is an individual domiciled in New Mexico at the end of the tax year, whether or not the individual was physically present. Residents include:

- military personnel who were residents of New Mexico at the time they entered military service or who established New Mexico residence by choice, no matter where they were stationed during the tax year;
- anyone married to a New Mexico resident but who lives in another state, provided the couple intends to make New Mexico its place of residence;
- any person registered to vote in New Mexico who has not subsequently registered to vote elsewhere, and any person holding a valid New Mexico driver's license.

A *nonresident* is an individual who was not domiciled in New Mexico at the end of the tax year or who moved out of New Mexico on or before the last day of the tax year intending to reside permanently outside New Mexico. Nonresidents are:

- military personnel and other individuals who are not New Mexico residents but who are temporarily in New Mexico, and
- any person married to a nonresident but who is living temporarily in New Mexico.

5. What forms do I need to file New Mexico personal income taxes?

The forms you need depend on two factors: your financial status and your residency category. The following are some general guidelines to follow:

- Those who may use the **PIT-1 form** are full-year residents who have no special additions to New Mexico taxable income, those who are not eligible for or who do not claim any special New Mexico deductions except the deduction for persons age 65 or older or blind, and those who are filing to claim a refund of New Mexico income tax withheld or any of the refundable rebates or credits.
- First-year residents must use the **PIT-1 form** and attach a **PIT-B allocation and apportionment schedule**. The PIT-B allocation and apportionment schedule allocates income from the state of New Mexico and from elsewhere so tax liabilities can be distributed appropriately. Residents (other than first-year residents) who do not intend to claim deductions from base income, tax rebates or credits and who do not report any lump-sum distributions on the federal tax return may use the PIT-1 form.
- Nonresidents must use the **PIT-1 form** and may also need to attach either the **PIT-B allocation and apportionment schedule** or **Alternative Tax Schedule - Schedule CC**. The Alternative Tax Schedule - Schedule CC is for taxpayers who have no business activities in New Mexico other than sales, do not own or rent real estate in New Mexico, and have annual gross sales in or into New Mexico of \$100,000 or less.
- The **PIT-1-RC rebate and credit schedule** is used to claim the low-income comprehensive tax rebate, the property tax rebate for persons age 65 or older, and the child day care credit. (Attach the **PIT-1-RC schedule** to the **PIT-1 form**.)
- The **PIT-ADJ schedule of additions and deductions** applies to taxpayers with certain adjustments to federal adjusted gross income or to those eligible for certain non-refundable credits. Check instructions carefully and attach the completed form to the **PIT-1**.
- **PIT-D New Mexico voluntary contribution form** allows tax refunds to be directed to one or more recipients (wildlife, national cemetery, substance abuse education, reforestation, and New Mexico political parties). The contribution cannot be more than the amount of the refund. Attach the form to the **PIT-1**.
- The **PIT-S Dependent Exemption form** is a supplemental attachment for taxpayers with more than four federal qualifying dependent exemptions. Attach the completed **PIT-S** form to the **PIT-1**.
- The **PIT-X form** is used by taxpayers who have filed a return (for tax year 2005 or later) and require an amendment to that return.

6. Does New Mexico offer a tax break for low-income filers?

Yes. The state's low-income comprehensive tax rebate is for resident filers whose modified gross income is \$22,000 or less (for tax year 2000 or later) who also meet other qualifications.

7. Does New Mexico offer a tax break to retirees?

Yes, there are two. Depending on income level, taxpayers who are 65 years old or older may be eligible for a deduction from taxable income of up to \$8,000 each. Low-income taxpayers may also qualify for a property tax rebate even if they rent their primary residence. See more about the Property Tax Division by clicking on that link on the left-hand side of our homepage.

8. Does New Mexico offer a credit for income tax paid to another state?

Yes, but only for New Mexico state residents. The credit is based on the tax imposed by the other state on the portion of gross income that is also included in New Mexico gross income. The credit may not exceed the New Mexico income tax liability, nor can it exceed 5 1/2% of the income taxable in the other state.

9. Does New Mexico require Quarterly Estimated Tax Payments as the IRS does?

Yes, if the tax shown on your state tax return exceeds any amount withheld by \$500 or more. First-year residents and nonresidents filing in New Mexico for the first time are **NOT** subject to the estimated payment requirement. To obtain the estimated payment forms PIT-ES and instructions contact one of the [local tax offices](#). Publication FYI-320: PIT-ES: PERSONAL INCOME TAX ESTIMATED PAYMENTS is also available at the local tax offices or from the Tax Information and Policy Office. This publication is also available on our website by clicking the "Publications" link on the left-hand side of the homepage.