

NEW MEXICO BULLETIN



Federally-Funded Digital Converter Program Coupons

The United States Department of Commerce's National Telecommunications and Information Administration (NTIA) is administering a federally-funded coupon program that enables each household in the United States to receive up to two coupons, each good for up to \$40 off the purchase of a television converter box. This converter box will allow analog televisions receiving over-the-air broadcasts to continue to work even after the over-the-air television signals are converted to all digital signals. This conversion is scheduled to be completed by February 17, 2009. Only one coupon can be used towards each converter box purchased.

This bulletin explains the application of New Mexico's gross receipts tax to the receipts from the sale of these converter boxes when an NTIA-issued coupon is presented by the customer.

New Mexico's gross receipts tax is imposed on the sale of property in New Mexico, the leasing or licensing of property used in New Mexico, granting a right to use a franchise employed in New Mexico, the performance of a service in New Mexico and performance of services outside New Mexico the product of which is initially used inside New Mexico.

The retail sales of television converter boxes are considered sales of property in New Mexico, and they are subject to gross receipts tax. The use of an NTIA-issued coupon by customers to purchase the converter boxes does not change the taxability of the receipts.

Under this program, a retailer receives a reimbursement for each NTIA coupon redeemed, in the amount of either \$40 or the sale price of a converter box sold for less than that amount. The New Mexico Taxation and Revenue Department considers the NTIA-issued coupons to be equivalent to discount coupons, the taxability of which is addressed in Regulation 3.2.1.14 NMAC, which states:

The gross receipts attributable to a sale in which a seller accepts discount coupons provided by buyers are measured by the cash received plus the value of the coupon. However, if the discount coupon is not redeemable by the seller, the acceptance of the coupon constitutes a cash discount allowed and taken and is excluded from gross receipts.

Any reimbursements received by a retailer from the NTIA as a result of redeeming NTIA-issued coupons are subject to gross receipts tax, in addition to amounts received directly from customers for the purchase of television converter boxes.

New Mexico Taxation and Revenue Department
P.O. Box 630
Santa Fe, NM 87504-0630

BULLETIN

B-200.22

Local tax offices can provide full service and information about the Department's taxes, programs and forms and specific information about your filing situation.

ALBUQUERQUE (505) 841-6200

Taxation and Revenue Department
5301 Central NE
P.O. Box 8485
Albuquerque, NM 87198-8485

SANTA FE (505) 827-0951

Taxation and Revenue Department
Manuel Lujan Sr. Bldg.
1200 S. St. Francis Dr.
P.O. Box 5374
Santa Fe, NM 87502-5374

FARMINGTON (505) 325-5049

Taxation and Revenue Department
3501 E. Main St.
P.O. Box 479
Farmington, NM 87499-0479

LAS CRUCES (575) 524-6225

Taxation and Revenue Department
2540 El Paseo Building #2
P.O. Box 607
Las Cruces, NM 88001-0607

ALAMOGORDO (575) 437-2322

SILVER CITY (575) 388-4403
(above calls transfer to Las Cruces)

ROSWELL (575) 624-6065

Taxation and Revenue Department
400 N. Pennsylvania Ave., Suite 200
P.O. Box 1557
Roswell, NM 88202-1557

CARLSBAD (575) 885-5616

CLOVIS (575) 763-5515

HOBBS (575) 393-0163

(above calls transfer to Roswell)

Main Switchboard (Santa Fe): 505/827-0700

General Information: FYIs and Bulletins present general information with a minimum of technical language. All FYIs and Bulletins are free through all local tax office, the Tax Information and Policy office and on the Internet. The Taxation and Revenue Department's Internet address is:

<http://www.tax.state.nm.us>

This publication provides instruction or general information to the taxpayer. It does not constitute a regulation or ruling as defined under Section 7-1-60, *New Mexico Statutes Annotated, 1978*. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this publication.