

APPLICATION FOR INVESTMENT CREDIT

Who Must File: A taxpayer who qualifies for an investment tax credit pursuant to the Investment Credit Act, Sections 7-9A-1 through 7-9A-11, NMSA 1978 must complete and submit this application within one year following the end of the calendar year in which the qualified equipment for the manufacturing operation is purchased or introduced into New Mexico. For questions regarding the application or status of credit approval, send an e-mail to TRD-BusinessCredit@state.nm.us or call (505) 795-1735.

Claiming the Credit: Once approved, the credit may be applied against a maximum of 85% of a taxpayer's gross receipts, compensating and then withholding tax liability. When claiming an investment credit on Form CRS-1 return **Form RPD-41212, Investment Credit Claim Form** must be submitted with the return.

About this credit: The Investment Credit Act provides a credit for certain equipment purchased or brought into New Mexico in connection with a manufacturing operation. The credit does have a specific employment requirement that is associated with the cost of the equipment being claimed. Legislative changes made throughout the years are seen below. The requirements are based upon the day the taxpayer applies for the credit. The date the taxpayer applies for the credit is the date of the postmark, if mailed.

Employment requirements: The employees used to meet the employment requirement for this claim cannot have been counted toward the employment requirement for any prior claim and must be in addition to the number of full-time employees employed on the day one year prior to the day on which the taxpayer applied for the credit. (Certain employees hired solely for purposes of training may qualify even if hired more than one year prior to the date of the claim. See Section 7-9A-7.1(C), NMSA 1978.)

For applications submitted on or after June 20, 2003 but before July 1, 2020:

- 1) You must have employed one additional full-time employee for every \$500,000 (or portion of that amount) in value of qualified equipment for which the credit is claimed on the application, up to a value of \$30 million, and
- 2) You must have employed one additional full-time employee for every \$1,000,000 (or portion of that amount) in value of qualified equipment over \$30 million.

For applications submitted on or after July 1, 2020 but before July 1, 2030:

- 1) You must have employed one additional full-time employee for every \$750,000 (or portion of that amount) in value of qualified equipment for which the credit is claimed on the application, up to a value of \$30 million, and
- 2) You must have employed one additional full-time employee for every \$1,000,000 (or portion of that amount) in value of qualified equipment over \$30 million.

Example: If you apply for the investment credit on qualified equipment with a value of \$31,725,000, you must show that you have hired 62 additional full-time employees: 60 employees for the first \$30 million; 1 employee for the next \$1,000,000; 1 employee for the remaining \$725,000.

Credit calculation: Prior to July 1, 2020, the credit is equal to 5.125% of the value of certain equipment purchased or brought into New Mexico in connection with a manufacturing operation.

However, starting July 1, 2020:

- (1) If the qualified equipment was subject to compensating tax in New Mexico, the credit is equal to 5.125% of the value of the qualified equipment;
- (2) If the qualified equipment sale was subject to gross receipts tax in New Mexico, the credit is equal to the gross receipts tax paid multiplied by the value of the qualified equipment; **or**
- (3) If the purchase of the qualified equipment was not subject to gross receipts tax or compensating tax, the credit is equal to 5.125% of the value of the qualified equipment

About the Application: The application must be completed in full and the additional documentation identified in Section 4 on the next page must be provided with the application. The instructions for this application start on page 5.

SECTION 1: Identifying Information			
Name:	New Mexico CRS identification number:		
Physical Address:	City:	State:	Zip Code:
Mailing Address:	City:	State:	Zip Code:
Name of Contact:	E-mail Address:	Phone Number:	

APPLICATION FOR INVESTMENT CREDIT

SECTION 2: Qualifying Information		
1. Description of your manufacturing operation: _____ _____ _____		
2. Qualified Equipment (7-9A-6) - check yes or no for 2a through 2f	YES	NO
2a. Was the qualified equipment previously used in New Mexico?		
2b. Was the qualified equipment previously approved for a credit under the Investment Credit Act?		
2c. Was the qualified equipment owned by the taxpayer (listed above)?		
2d. Was the qualified equipment owned by the United States, the State of New Mexico or a political subdivision thereof and leased or subleased to the taxpayer?		
2e. Was the qualified equipment incorporated into the taxpayer's manufacturing operation within one year of being introduced into New Mexico?		
2f. If the qualified equipment was subject to compensating tax, was the credit under Section 7-9-79 NMSA 1978 claimed against the compensating tax due?		
3. Employment requirements (7-9A-7) - check yes or no for 3a through 3b	YES	NO
3a. Were any of the employees counted for this application to meet the employment requirement counted for a prior Investment Credit claim with the Department?		
3b. Were all of the employees counted employed for one year prior to the date of this claim?		
SECTION 3: Calculation of Credit Claimed		
1. Enter the Total Amount of Credit Claimed (From <i>Schedule B</i> , pg 4)		
2. Enter the total number of new full-time employees hired (Itemized on <i>Schedule A</i> , pg 3)		
SECTION 4: Additional Documentation Checklist		
1. Schedule A (page 3) or excel document in the <i>Schedule A</i> format;		
2. Schedule B (page 4) or excel document in the <i>Schedule B</i> format;		
3. Form ACD-31102, Tax Information Authorization Tax Disclosure (if anyone other than the qualifying taxpayer is applying for this credit on behalf of the taxpayer);		
4. Invoices for the purchase of each piece of qualified equipment;		
5. Federal Form 4562, Depreciation and Amortization Schedule and a detailed depreciation worksheet that is reconciled with Federal Form 4562;		
6. Payroll register for all New Mexico employees listing hours worked for the pay period ending on the date the application was submitted or post marked, as well as, the pay period one year prior to the submission or post marked date;		
NOTE: Additional Information may be requested to complete the review as outlined in Section 7-1-10(F) NMSA 1978.		

Under penalty of perjury and subject to the applicable penalty outlined in Section 7-9G-1(L) NMSA 1978. I declare I have examined this application, including accompanying invoices, schedules and/or statements, and to the best of my knowledge and belief this application is true, correct and complete.

Printed Name: _____

Title: _____

Signature*: _____

Date: _____

*This application must be signed by a corporate officer, partner, or fiduciary who has been previously identified as such to the Department or an authorized individual representative with the authority to receive Federal and State confidential information in behalf of the taxpayer.

Application Submission: The completed application, **Form RPD-41167, Application for Investment Credit** and all supporting documentation can be submitted by:

- Uploading to the applicants Taxpayer Access Point (TAP);
- Emailing to the TRD-BusinessCredit@state.nm.us; or
- Mailing to the New Mexico Taxation and Revenue Department, Business Credits, P.O.Box 8485, Albuquerque, NM 87198-8485.

New Mexico Taxation and Revenue Department
APPLICATION FOR INVESTMENT CREDIT
SCHEDULE A

For the New Mexico Taxation and Revenue Department to verify that employment requirements for claiming the investment credit are met, please provide the following information for each **new** employee. (Attach additional sheets or an excel document in the same format, if necessary.)

	Employee Name	Social Security Number	Date Hired	Is this individual currently employed with you? [Yes or No]	Hours per week
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					
11.					
12.					
13.					
14.					
15.					
16.					
17.					
18.					
19.					
20.					
21.					
22.					
23.					
24.					
25.					
26.					
27.					
28.					
29.					
30.					
				Total Hours Per Week	
				Divided by 40	

New Mexico Taxation and Revenue Department
APPLICATION FOR INVESTMENT CREDIT
SCHEDULE B

For the New Mexico Taxation and Revenue Department to verify that the qualified equipment requirements for claiming the investment credit are met, please provide the following information for each piece of qualified equipment. (Attach additional sheets or an excel document in the same format, if necessary.)

	Qualified Equipment A	Asset Number B	Date purchase or introduction into New Mexico (mm/dd/yyyy) C	Value of the Equipment D	Tax Rate (%) E	Amount of Credit Claimed [D X E = F] F
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
16.						
17.						
18.						
19.						
20.						
21.						
22.						
23.						
24.						
25.						
26.						
27.						
28.						
29.						
					Total amount of credit claimed:	

New Mexico Taxation and Revenue Department
APPLICATION FOR INVESTMENT CREDIT
INSTRUCTIONS

SECTION 1: Identifying Information

Enter the name, New Mexico CRS identification number, physical address, and mailing address for the taxpayer applying for the investment tax credit. Next, enter the name, e-mail address, and phone number of the individual who will be the contact person for the investment tax credit that is being applied for. If this individual is not the taxpayer, a corporate officer, partner, or fiduciary, or authorized representative that has been previously identified to the Department the individual will have to complete and submit **Form ACD-31102, Tax Information Authorization Tax Disclosure** to the Department.

SECTION 2: Qualifying Information

Line 1: Briefly describe your manufacturing operation.

"manufacturing" means combining or processing components or materials, including recyclable materials, to increase their value for sale in the ordinary course of business, including genetic testing and production, but not including: (1) construction; (2) farming; (3) power generation, except for electricity generation at a facility other than one for which both location approval and a certificate of convenience and necessity are required prior to commencing construction or operation of the facility, pursuant to the Public Utility Act and the Electric Utility Industry Restructuring Act of 1999; or (4) processing natural resources, including hydrocarbons.

"manufacturing operation" means a plant, including a genetic testing and production facility, employing personnel to perform production tasks, in conjunction with equipment not previously existing at the site, to produce goods.

Line 2 (2a through 2f): Qualified Equipment - Check either the yes or no column next to each question.

"equipment" means an essential machine, mechanism or tool, or a component or fitting thereof, used directly and exclusively in a manufacturing operation and subject to depreciation for purposes of the Internal Revenue Code by the taxpayer carrying on the manufacturing operation. "Equipment" does not include any vehicle that leaves the site of the manufacturing operation for purposes of transporting persons or property or any property for which the taxpayer claims

Line 3 (3a through 3b): Employment Requirements - Check either the yes or no column next to each question.

SECTION 3: Calculation of Credit Claimed

Line 1: Enter the total amount of credit being claimed. This information is located at the bottom of the *Schedule B* on page 4.

Line 2: Enter the total number of full-time employees hired. This information should match the information provided on the *Schedule A* on page 3.

SECTION 4: Additional Documentation Checklist

This section is provided for you to check off the documents that will need to be submitted with you application in order to be considered complete. **Note**, the Department may ask for additional information if it is needed to complete a full review of the application to verify eligibility of the credit or the credit amount.

Line 1: Provide a completed *Schedule A* (page 3) or an excel document in the same format of that schedule.

Line 2: Provide a completed *Schedule B* (page 3) or an excel document in the same format of that schedule.

Line 3: If the individual that the Department is asked to contact is not the taxpayer, a corporate officer, partner, or fiduciary, or authorized representative that has been previously identified to the Department the individual will have to complete and submit **Form ACD-31102, Tax Information Authorization Tax Disclosure** to the Department.

Line 4: Copies of the invoices for each piece of qualified equipment that you are claiming the investment tax credit for will need to be submitted to the Department.

Line 5: Federal Form 4562, Depreciation and Amortization Schedule - To qualify for the credit, equipment must be subject to depreciation for purposes of the Internal Revenue Code. A copy of a depreciation schedule that can be reconciled to your Federal Form 4562 and that contains a detailed description of the equipment for which the credit is claimed must accompany your application. If you have not filed a federal income tax return since the date the equipment was acquired, provide a pro forma Form 4562 using the method you will use to calculate depreciation for federal income tax purposes.

New Mexico Taxation and Revenue Department
APPLICATION FOR INVESTMENT CREDIT
INSTRUCTIONS CONTINUED

Line 6: Payroll register for all New Mexico employees for the pay period ending on the date that the application is submitted or postmarked and for the pay period one year prior to the submission or postmarked date. This register must include the employees listed on the *Schedule A* and the hours worked for that pay period.

Printed Name, Title, Signature, and Date:

The application must be signed by a corporate officer, partner, or fiduciary that has previously been identified to the Department. By signing this application you are certifying that this application is true, correct, and complete.

SCHEDULE A: Employment Requirements

For each row, enter the name of the employee, their social security number, the date they were hired (mm/dd/yyyy), enter yes or no for if the individual is currently still employed with you at the time of this application, and the average hours per week worked.

At the end of the spreadsheet total the hours per week worked by all employees and divide that number by 40.

SCHEDULE A: Qualified Equipment Requirements

For each row, enter the following information:

Column A - Qualified Equipment - Enter a brief description of the equipment

Column B - Asset Number - Enter the asset number associated with that piece of qualified equipment.

Column C - Date of purchase or introduction into New Mexico - Enter the date (mm/dd/yyyy) that the equipment was purchased or introduced into New Mexico.

Column D - Value of the Equipment - Use the equipment's adjusted basis for federal income tax purposes as reflected in the depreciation schedule filed with your federal income tax return. If you have not filed a federal income tax return since the date the equipment was acquired, establish the adjusted basis you will use to calculate depreciation for federal income tax purposes. You may be asked to provide the Department with a copy of your federal depreciation schedule at the time it is filed with the IRS. The value of qualified equipment shall be adjusted basis established under the applicable provisions of the Internal Revenue Code of 1986 (Section 7-9A-7 NMSA 1978).

Column E - Tax Rate - Enter the tax rate paid on the equipment. If the equipment was purchased from outside of the state of New Mexico and compensating tax was paid on the purchase enter 5.125%. If the piece of equipment was purchased inside of New Mexico enter the tax rate that was paid on the equipment. If the equipment was not subject to gross receipts tax or compensating tax enter 5.125%.

Column F - Amount of Credit Claimed - Multiply column D by Column E to get the amount of credit that is eligible for the investment tax credit if the employment requirement is fulfilled.