

Sales/Use/Indirect:

New Mexico: Proposed New and Amended Rules Say Digital Advertising is Subject to Gross Receipts Taxation

Proposed New Rule 3.2.213.13 – Receipts of a Digital Platform that Displays Digital Advertising; Proposed Amended Rule 3.1.4.13 – Reporting According to Business Location; Proposed Amended Rule 3.2.1.12 – Engaging in Business, N.M. Tax. & Rev. Dept. (10/5/23). The New Mexico Taxation and Revenue Department (Department) issued proposed new and amended rules reflecting that receipts from certain digital advertising services are subject to New Mexico's gross receipts tax (GRT). Specifically, according to the Department, the proposed GRT rules are being amended to clarify the taxation of digital advertising, the correct reporting location to use when reporting these gross receipts and any deductions that may be available. As proposed, the rules detail which receipts from the sale of digital advertising services are subject to the GRT and which are deductible, and then clarify the sourcing rules for such receipts. Regarding sourcing methodology, the proposal states that "receipts of a provider of a digital platform that displays digital advertising services, whose digital platform may be accessed or viewed within New Mexico, from the sale of advertising services to advertisers within and without New Mexico are subject to the gross receipts tax." The proposed GRT also rules clarify "engaging in business" for those taxpayers that only have economic presence in New Mexico. Written comments on these proposals are due by November 9, 2023, and a related in-person and virtual public hearing is scheduled for the same date. Please contact us with any questions.

URL: https://www.tax.newmexico.gov/all-nm-taxes/wp-content/uploads/sites/9/2023/10/Mailing-Notice_RegulationHearing_11.09.2023.pdf

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