

Income/Franchise:

New Mexico: New Law Provides Flat Corporate Income Tax Rate and Includes Subpart F Income in Tax Base

H.B. 252, signed by gov. 3/6/24. Recently enacted omnibus tax legislation in New Mexico:

URL: <https://www.nmlegis.gov/Legislation/Legislation?Chamber=H&LegType=B&LegNo=252&year=24>

- Eliminates the lower 4.8% state corporate income tax rate applicable to income below \$500,000, leaving a flat 5.9% tax rate for all income groups, effective on January 1, 2025;
- Expands the state corporate income tax base to include Subpart F income effective on January 1, 2025; and
- Narrows an existing “80/20 company” water’s edge filing group exclusion to only corporations organized or incorporated outside the United States or its possessions or territories that have less than 20% of their property, payroll, and sales sourced to locations within the United States.

The omnibus tax legislation incorporates several other tax-related changes, including some impacting New Mexico’s corporate income tax, gross receipts tax, and individual income tax.

See forthcoming Multistate Tax Alert for more details on this omnibus tax legislation, and please contact us with any questions on the meantime.

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