

## Income/Franchise:

### New Mexico Taxation and Revenue Department Summarizes New Law on Flat Corporate Income Tax Rate and Subpart F Income

*New Mexico Bulletin – Legislative Summary: 2024*, N.M. Tax. & Rev. Dept. (4/8/24). The New Mexico Taxation and Revenue Department issued a summary of certain tax-related legislation enacted during the 2024 regular session, including newly signed omnibus tax legislation in New Mexico [see H.B. 252 (2024), and previously issued Multistate Tax Alert for more details on this new law] that:

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**URL:** <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/Tax/us-tax-multistate-tax-alert-new-mexico-enacts-flat-corporate-income-tax-rate-and-taxes-subpart-f-income.pdf>

- 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 summary incorporates several other tax-related changes, including some impacting New Mexico’s corporate income tax, gross receipts tax, individual income tax, and tax administration. Please contact us with any questions.

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