

## Sales/Use/Indirect:

### New Mexico Court of Appeals Reverses 2023 Ruling to Hold that Out-of-State Staffing Company is Exempt from Gross Receipts Taxation

*Case No. A-1-CA-41090*, N.M. Ct. of App. (5/30/25). The New Mexico Court of Appeals (Court) reversed a 2023 ruling issued by the New Mexico Administrative Hearings Office (AHO) [see *Case No. 19.03-027A*, D&O 23 – 09, N.M. Administrative Hearings Office (4/7/23), and *State Tax Matters*, Issue 2023-17, for more details on this 2023 ruling] to hold that an out-of-state company providing medical professional staffing services to medical facilities located nationwide, including in New Mexico, successfully showed that it performed all of its recruitment services outside New Mexico and thus was exempt from New Mexico gross receipts taxation (GRT) for the prior periods at issue (*i.e.*, for the audit period from January 31, 2010 through May 31, 2017). In doing so, the Court noted that the actual medical services provided in New Mexico were provided only by the underlying medical professionals, rather than by the staffing company, and these in-state medical services “cannot be imputed” to the staffing company. The Court also explained that, under the provided facts, the staffing company’s service activities were performed electronically from offices located outside New Mexico, and the record failed to show that the staffing company performed its primary services, for which it was contracted, in New Mexico. According to the Court, the staffing company’s recruiting and placement services were initially used by the buyers, the healthcare operators, when a qualified medical professional arrived at the New Mexico facility to perform medical services.

**URL:** <https://coa.nmcourts.gov/wp-content/uploads/sites/43/2025/05/May-30-2025-Vista-Staffing-Solutions-Inc.-v.-New-Mexico-Taxation-and-Revenue-Department-No.-A-1-CA-41090.pdf>

**URL:** <https://www.tax.newmexico.gov/all-nm-taxes/wp-content/uploads/sites/9/2023/04/23-09-Vista-Staffing-Solutions.pdf>

**URL:** [https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230428\\_9.html](https://dhub.deloitte.com/Newsletters/Tax/2023/STM/230428_9.html)

Note that the GRT exemption at issue in this case was subsequently amended in 2019, potentially rendering a different result for future tax periods under the amended version of the exemption statute. Please contact us with any questions.

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