

New Mexico FAQs

Gross Receipts Tax

How is the New Mexico gross receipts tax (GRT) rate determined on payroll handling fees after July 1, 2021?

As of July 1, 2021, the GRT rate for payroll handling fees is determined by the physical address where the “first use” of **each** week’s payroll file takes place. Every physical address in New Mexico is assigned a “Location Code”. Each “Location Code” has a corresponding GRT rate. For example, if “first use” of the payroll information is by the payroll accountant located at Santa Fe Studios, 1 Santa Fe Studios Rd., Santa Fe, NM, then the “Location Code” is 01-001 and the corresponding GRT rate for is 6.875%, as of July 1, 2024. Note, New Mexico GRT rates may change each January 1st and July 1st.

When “first use” of the weekly payroll file occurs **outside** of New Mexico (think pre-production and post-production), GRT is not applicable and will not be charged on the payroll handling fee (provided Cast & Crew has been properly notified), even if the payroll was processed by our New Mexico office.

Please include Form NM-HFLC (New Mexico Gross Receipts Tax Rate Determination for Handling Fee Location Code) with **each** week’s payroll information to ensure the proper GRT rate is charged on the payroll handling fee. Providing the incorrect “Location Code” may **IMPACT THE ABILITY TO QUALIFY PAYROLL HANDLING FEES** for the New Mexico film incentive program.

What is “first use”?

“First use” occurs where someone from the production team first uses **each** week’s payroll information. The payroll information is the payroll file that is produced by Cast & Crew. Each week stands on its own. Because the first week’s payroll information was first used outside New Mexico does not necessarily mean “first use” of each week’s payroll information thereafter will be outside New Mexico. As production shifts from preproduction to production to post production the location of “first use” of the payroll file may change.

Here are some examples of how the GRT rate on the payroll handling fee is determined.

My payroll accountant is in Texas, but we are in preproduction in New Mexico. If the payroll accountant first uses the payroll file in Texas, then “first use” of the payroll information occurs outside New Mexico and GRT is not applicable. Complete and submit Form NM-HFLC along with the weekly payroll to Cast & Crew. The handling fee will not qualify because GRT was not applicable.

After the third week of working from Texas, the payroll accountant relocates to the production office in New Mexico and first uses the payroll file from that location. Complete and submit Form NM-HFLC along with each weekly payroll to Cast & Crew but this time include the “Location Code” based on the physical address of the production office. Cast & Crew will charge GRT that week based on the applicable Location Code rate for the production office. The payroll handling fee will qualify for the New Mexico incentive if the payroll was processed by our New Mexico office.

The project is doing post production in Los Angeles, but the payroll accountant function is staying in New Mexico and will now be working from home. If the payroll accountant first uses the payroll file produced by Cast & Crew in New Mexico, then GRT is applied at the rate determined by the applicable Location Code associated with the payroll accountant's home address. Complete and submit Form NM-HFLC along with each weekly payroll to Cast & Crew. The payroll handling fee will qualify for the New Mexico incentive if the payroll was processed by our New Mexico office.

The project continues post production in Los Angeles where the post accountant is located. "First use" of the payroll information now takes place outside of New Mexico. Because "first use" of the payroll information is outside New Mexico, GRT is not applicable. Complete and submit Form NM-HFLC along with each weekly payroll to Cast & Crew. The payroll handling fee will not qualify because GRT was not applicable.

Where do I find the "Location Code"?

The five-digit "Location Code" can be found by entering the physical address where the "first use" of the payroll information occurs in the search box found next to GROSS RECEIPTS RATES at this link: [New Mexico Gross Receipts Location Code and Tax Rate Map](#). Please note, there are multiple "Location Codes" for Albuquerque and other cities, so it is crucial to use the actual address to ascertain the correct "Location Code". If, for whatever reason, the "first use" address changes, notify Cast & Crew immediately by completing and submitting Form NM-HFLC, as the GRT rate may change.

When should I provide Form NM-HFLC to Cast & Crew?

Form NM-HFLC should be completed and submitted to your Cast & Crew payroll coordinator with **each** week's payroll.

How does this GRT rate change impact the incentive on the payroll handling and tech fee?

- **If payroll is processed in New Mexico and "first use" occurs in New Mexico**, then the handling fee, tech fee, and the GRT on both fees will qualify for the incentive.
- **If payroll is processed in New Mexico and "first use" occurs outside New Mexico** - GRT is not applied to the handling fee or tech fee (because "first use" occurs outside New Mexico) and neither fee will qualify for the incentive because they are not subject to GRT.
- **If payroll is processed by a Cast & Crew office outside New Mexico and the "first use" occurs in New Mexico** - GRT is charged on the payroll handling and tech fee based on the "Location Code" provided on Form NM-HFLC. The GRT charged will qualify for the incentive, but the handling and tech fee will not qualify because the payroll processing service is performed outside New Mexico.

Does it matter what state the cast and crew are working in?

The GRT rate is determined solely by "first use" of the payroll information. For example, if the project is filming in Texas but the person that first uses the payroll information is in New Mexico, then the payroll handling fee is subject to the GRT rate in effect at the location of the person using the file in New Mexico.

How will the GRT rate change impact the Super Loan Out (SLO) company?

As of July 1, 2021, the GRT rate on services billed through Cast & Crew's SLO will increase from 5.125% to the applicable rate as determined by the "Location Code" of the address of the **production office** in New Mexico. Everything else about the SLO transaction remains the same. Complete and submit Form NM-SLOLC (New Mexico Gross Receipts Tax Rate Determination for Super Loan Out Location Code) using the address of the production office in New Mexico to determine the "Location Code" and GRT rate.

When should I provide Form NM-SLOLC to Cast & Crew?

Submit a completed Form NM-SLOLC to your Cast & Crew payroll coordinator with **each** week's SLO payroll.

Do I need to provide Cast & Crew with any information if I am not using Cast & Crew's SLO?

Yes, make your payroll coordinator aware that you are not using Cast & Crew's SLO to ensure the required amount of state income tax is withheld on payments made to qualifying above-the-line workers.

What is a Super Loan Out Company?

A Super Loan-Out Company (SLO) is a specialized entity that facilitates tax compliance (withholding and gross receipts tax) for nonresident performing artists. When these artists contract with the production company through their personal loan out company, the SLO is used to withhold the proper amount of New Mexico state income tax and collect and remit New Mexico Gross Receipts Tax. Although the production company is paying the gross receipts tax on behalf of the loan out company, this arrangement ensures the production company that the payments made to the artist's loan out company for services in New Mexico will qualify for New Mexico's film incentive.

New Mexico Film Partner

What is the definition of a "New Mexico Film Partner"?

A "New Mexico Film Partner" is a film production company that has made a commitment to produce films or commercial audiovisual products in New Mexico **and** has purchased or executed a ten-year contract to lease a qualified production facility.

Who are the current New Mexico Film Partners?

Currently, Netflix, NBCUniversal, and 828 Productions are New Mexico Film Partners.

Why is it important for Cast & Crew to know if your project will qualify as a New Mexico Film Partner?

Additional steps are required when processing payroll for New Mexico Film Partners. Mark the appropriate box on Form NM-SLOLC and communicate with your payroll coordinator.

Have additional questions? We're here to help.

Contact Joe Bessacini by email at joe.bessacini@castandcrew.com or by phone at 661-492-3530.