

New Mexico Gross Receipts TAX FAQ

Why am I receiving this notice?

New Mexico changed how the Gross Receipts Tax (GRT) rate is determined. Prior to July 1, 2021, the rate charged (7.875%) was determined by the New Mexico payroll office's address that processed the payroll. As of July 1, 2021, the GRT rate is determined by the physical address where **each** week's payroll file is "first used".

Each physical address in New Mexico is assigned a "Location Code". Depending on where the "first use" occurs, the rate may be higher or lower than 7.875%. For example, if the payroll information is "first used" by the payroll accountant located at Santa Fe Studios, the "Location Code" is 01-001. On July 1, 2021, the GRT rate associated with "Location Code" 01-001 was 7.125%.

If "first use" of the weekly payroll information file occurs outside New Mexico, GRT is not applicable and should not be charged (provided Cast & Crew has been properly notified), even if the payroll was processed out of our New Mexico office.

Please include Form NM-HFLC with **each** week's payroll information to ensure the proper GRT rate is charged on the handling fee. Using the incorrect rate may **IMPACT THE ABILITY TO QUALIFY HANDLING FEES** for the New Mexico film incentive.

"First use" occurs where someone from production 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 used outside New Mexico does not mean "first use" of each week's payroll information thereafter will be outside New Mexico.

What are some examples of how the GRT rate on the 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 information 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.

After the third week of working from Texas the 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 the 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 for that week based on the rate in effect at the production office’s address.

The project is doing postproduction in Los Angeles but the payroll accountant function is staying in New Mexico and will be working from home. If the payroll accountant “first uses” the payroll information 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 the weekly payroll to Cast & Crew.

The project continues postproduction in Los Angeles but the post accountant has now moved to CA and “first use” of the payroll information now takes place outside New Mexico. If first use of the payroll information is determined to be outside New Mexico, then GRT is not applicable. Complete and submit Form NM-HFLC along with the weekly payroll to Cast & Crew.

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 NM-HFLC to Cast & Crew?

Form NM-HFLC should be completed and submitted to your Cast & crew payroll coordinator along with **each** payroll.

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

- **If payroll is processed in New Mexico and “first use” occurs in New Mexico**, the handling fee and the GRT on the handling fee and tech fee 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 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 handling fee is subject to the GRT rate in effect at the location of the person using the file in New Mexico.

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

The GRT rate on services billed through the SLO will increase from 5.125% to the applicable rate as determined by the “Location Code” of the address of the production office. Everything else about the SLO transaction remains the same. Complete and submit Form NM-SLOLC using the address of the production office in New Mexico to determine the “Location Code”.

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.