

Media Contact: Charlie Moore
Charlie.Moore@state.nm.us
(505) 670-5406

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Reminder: GRT, Compensating Tax subject to destination sourcing

As of July 1, 2021, state law requires most businesses to report and calculate Gross Receipts Tax based on where their goods or the product of their services are delivered.

Previously, New Mexico used origin-based sourcing, in which most GRT was reported at the seller's place of business. For sales occurring on or after July 1, 2021, the reporting location for goods and general services is the buyer's delivery location.

One exception is that the GRT rate for professional services when not generally performed in person is the taxpayer's business location. However, if the professional services are related to a construction project, the reporting location is the location of the construction project. Services related to real estate commissions continue to use the property location.

The definition of "professional services" in statute is that the services either **require** a license from the state to perform or **require** a master's degree or higher. If the service being performed does not require either of these to perform the service, it is not considered a professional service even if the individual has a master's degree or a license.

Internet and other remote sales made to individuals on tribal and Pueblo lands for those tribes and Pueblos that have cooperative agreements with the state should use Class 1 rates. This means that internet sellers who are delivering to locations on those tribes' or Pueblos' land can assume that the purchaser is a member of the tribe or Pueblo.

Also pursuant to statute, beginning July 1, 2021 local option Compensating Tax will be imposed. Like the current local option GRT, local Compensating Tax rates enacted by local public bodies such as cities and counties must be added to the State

rate for transactions occurring on or after July 1.

An interactive GRT rate map, available at <https://www.tax.newmexico.gov/governments/gross-receipts-location-code-and-tax-rate-map/>, identifies tax rates at locations throughout New Mexico.

Questions?

For questions about destination-based sourcing, please email policy.office@state.nm.us. The Tax Call Center is also available by calling 1-866-285-2996.

More information is available in publications [FYI 200](#), [FYI 105](#), and in the [GRT filer's kit](#).

Information for marketplace providers is available in [FYI 206](#).

The Department has given several presentations on destination sourcing, which can be found on the Department YouTube channel, [New Mexico Taxation and Revenue](#).

The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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