

Overview of Tax & Rev Business Support

Presentation to Economic and Rural Development and Policy Committee
November 14, 2024

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Outline

- Tax & Rev Mission and Strategic Plan
- Tax & Rev customer experience initiatives
- Tax policy development
- Metropolitan Redevelopment Act
- 2025 session priorities

Core Values

RESPECT

- Promote safety, empowerment and inclusion
- Treat others with civility, empathy, and dignity
- Actively listen and value the contributions of others
- Ensure accessibility to all

INTEGRITY

- Adhere to the highest ethical standards
- Honor our commitments
- Protect our financial and human resources
- Safeguard customer information and rights

INNOVATION

- Challenge conventional thinking and be open to change
- Practice continuous improvement in efficiency and service quality
- Encourage and recognize diverse perspectives and creativity

COMMUNICATION

- Ensure timely, thoughtful and effective connections
- Promote respectful, meaningful exchanges of ideas
- Demonstrate transparency

EXCELLENCE

- Ensure accountability
- Deliver an exceptional customer experience
- Provide timely and consistent guidance
- Support team growth and development

3-Year Vision Statement

- Exceed expectations for customer and employee satisfaction
- Inspire a skilled, knowledgeable, and service-oriented team
- Foster a culture of integrity, respect, and inclusion
- Earn the trust of our customers
- Empower customers through outreach and education
- Offer innovative and secure solutions to maximize customer experience

Goal 1: Customer Experience

- 1.1 Expand Customer Outreach and Education
- 1.2 Expand Customer Options and Accessibility
- 1.3 Simplify Processes to Improve Customer Service and Compliance
- 1.4 Serve Government Customers through Strong Enforcement and Collection

Goal 2: Team Excellence

- 2.1 Grow and Develop Managers and Employees
- 2.2 Recruit and Retain Skilled, Qualified Employees
- 2.3 Create a Safe and Fair Workplace
- 2.4 Promote Internal Communication

Goal 3: Operational Excellence

- 3.1 Expand Governance Framework
- 3.2 Review Processes for Efficiency and Internal Control
- 3.3 Ensure Regulations and Statutes are Comprehensive, Consistent, and Informative
- 3.4 Monitor Disaster Recovery and Business Continuity Plans
- 3.5 Ensure Robust Oversight of Contractual Expenditures

- Tax & Rev’s strategic plan adopts core values for employees to embody
- Strategic Plan prioritizes Customer Experience, along with Team Excellence and Operational Excellence
- Customer Experience goals are organized around:
 - Expanding outreach and education
 - Expanding customer options and accessibility
 - Simplifying processes to improve customer service and compliance

Taxpayer Access Point: <https://tap.state.nm.us>

- Offers taxpayers secure and efficient self service options on demand 24-7
- Covers ALL +/- 40 tax programs administered by Tax & Rev except property tax
- Taxpayers can:
 - Make secure payments
 - Enter a payment plan
 - Check status of returns and refunds
 - Review their accounts
 - Submit documents
 - Register a business
 - Update contact information
 - Read FAQs
 - Ask questions to Speedy the Roadrunner – Tax & Rev’s own AI chatbot

New Mexico Taxation & Revenue Department

NM TAXATION & REVENUE Taxpayer Access Point (TAP)

Can I Help?

Warning: The New Mexico Taxation and Revenue Department prohibits the use of password sharing to gain third-party access to any tax account. The Department requires the use of a third-party logon to gain third-party access to an account. Please contact the department at 866-285-2996 with any questions on how to obtain third-party access. ACD-31102 Tax Information Authorization Tax Disclosure Form can be found here.

Logon
Password
Log in
Why sign up?
Forgot logon or password?
New to TAP?
Create a Logon

What are you looking for?

Help
Don't see what you're looking for? Let us help.
> View our TAP Frequently Asked Questions (FAQs)
> View our Cannabis Excise Tax page
> View the Interactive GRT Rate Map
> View Video Trainings and Tutorials

Payments
Make an online payment now.
> Make a Payment
> Enroll in a Payment Plan

Personal Income
View my refund status or 1099-G Statement.
> Where's My Refund?
> View My 1099-G Statement
> Verify My Identity
> Manufactured Home Title Clearance Request

Submissions
Search for previous submissions or submit a requested document.
> Find a Submission
> Submit a Document
> Respond to Best Communication Request

Businesses
Manage items for my business.
> Apply for a New Mexico Business Tax ID
> Check New Mexico Business Tax ID Status
> View Business Location Rates
> Update My Employer ID
> Learn More About Registering Your Business
> Tax Clearance Request

Oil and Gas
View Oil and Gas Severance reports.
> Oil & Gas Severance Reports

Tax & Rev YouTube Channel

- Averages over 2,000 views per month
- Most viewed videos are:
 - How to file a GRT return
 - Apply for a business tax ID number using Taxpayer Access Point (TAP)
 - Reporting locations and claiming deductions for GRT

TAXATION & REVENUE
NEW MEXICO

New Mexico Taxation & Revenue
@newmexicotaxationrevenue8012 · 1.73K subscribers · 36 videos
The mission of the New Mexico Taxation and Revenue Department is to serve New Mexico...
tax.newmexico.gov

Home Videos Playlists

Gross Receipts and Other Business Taxes ▶ Play all

- FILE A GROSS RECEIPTS TAX (GRT) RETURN IN AX-PAYER ACCESS POINT (TAP) 7:26
- REPORTING LOCATIONS AND CLAIMING DEDUCTIONS FOR GROSS RECEIPTS TAX 16:45
- GROSS RECEIPTS LOCATION CODE AND TAX RATE WEB MAP 12:39
- APPLY FOR A BUSINESS TAX ID USING TAXPAYER ACCESS POINT 12:09
- WORKSHOP FOR NEW BUSINESSES 20:03
- AX-PAYER ACCESS POINT (TAP) FILE AN AMENDED GRT RETURN AND REQUEST A REFUND 8:23

Taxpayer Access Point ▶ Play all

- APPLY FOR A BUSINESS TAX ID USING TAXPAYER ACCESS POINT 12:09
- REQUEST A LETTER OF GOOD STANDING 2:37
- SET UP A PAYMENT PLAN USING TAXPAYER ACCESS POINT 4:12
- HOW TO REQUEST A TAX CLEARANCE 6:25
- HOW TO APPLY FOR INNOCENT SPOUSE RELIEF 5:41
- APPLY FOR NM RESIDENT BUSINESS PREFERENCE CERTIFICATION 6:33

New Mexico Personal Income Tax (PIT) ▶ Play all

- FILE YOUR PERSONAL INCOME TAX RETURN 20:18
- WHERE'S MY REFUND? 4:39
- EL CRÉDITO TRIBUTARIO PARA FAMILIAS TRABAJADORAS 6:21
- USING PIT B AND CREDIT FOR TAXES PAID TO ANOTHER STATE 16:22

Business tax filing (CRS) in New Mexico is changing ▶ Play all

The New Mexico Taxation and Revenue Department is redesigning its Combined Reporting System (CRS) to create separate returns for withholding, gross receipts and compensating taxes and othe...

- WHAT YOU SHOULD KNOW ABOUT CHANGES TO NM TAX REPORTING 12:00
- AX-PAYER ACCESS POINT (TAP) FILE AN AMENDED GRT RETURN AND REQUEST A REFUND 6:23
- REVISED!!! TOUR OF THE NEW TAXPAYER ACCESS POINT (TAP) 7:40
- TAXPAYER ACCESS POINT (TAP) OLD VS NEW 6:54
- DESTINATION SOURCING AND BUSINESS TAX FILING 1:40:00
- NEW BUSINESS TAX ACCOUNTS CRS Redesign 14:28

New Business Workshop - YouTube

- Covers:
 - Buying an existing business
 - Applying for a Business Tax ID Number (BTIN)
 - Registration
 - GRT and Destination-Based Sourcing
 - Due dates, tax rates, tax calculation
 - Using TAP
 - Amended returns
 - Non-taxable transaction certificates (NTTC)
 - Collections, penalty and interest
 - Marketplace sales
 - Recordkeeping
 - Managed audit
 - Contacts



New Business Workshop

Taxes and Filing Requirements
for New Businesses

Presented by the
Taxation & Revenue Department
Audit & Compliance Division

New Employer Workshop

- Combines content from Tax & Rev, Department of Workforce Solutions, and Workers' Comp Administration



- Withholding and filing
- Calculating withholding
- Withholding due dates
- Using TAP
- Workers' comp insurance
- Workers' comp due dates
- Unemployment Insurance
- Employees vs independent contractors
- Contacts

New Employer Workshop Taxes & Regulations for New Employers

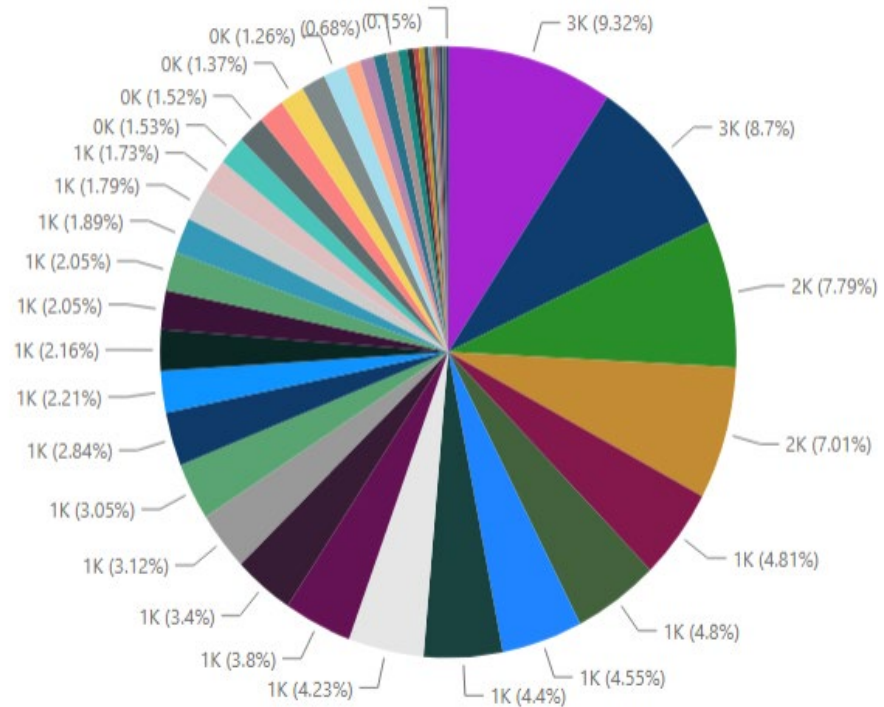
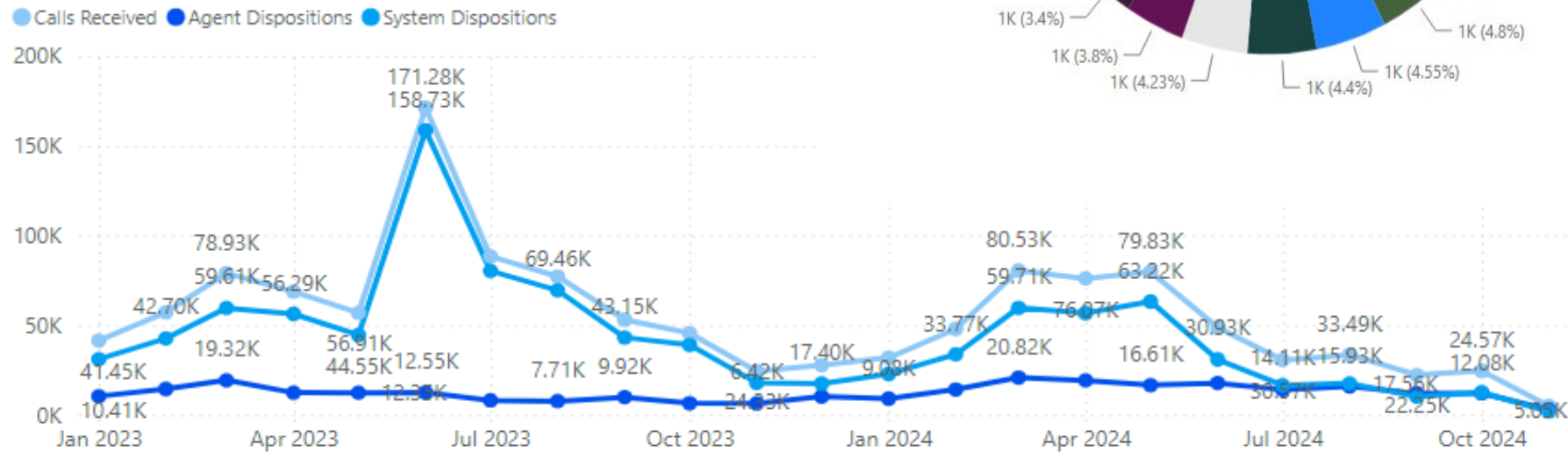
Presented By TRD Audit &
Compliance Division

Call Center Performance

Changes impacting performance

- Push towards more active management
- Dashboarding of metrics for decision making
- Contractor providing tier 1 call answering support and training
- Call tiering to include return processing staff
- Process adjustments based on disposition metrics

All Calls Received Including Duplicates by Month



- DISPOSITION**
- General questions
 - Business Registration Help
 - Caller Unauthorized
 - TAP Help
 - Payment plan
 - Return Assistance
 - Dead Air or Dropped Call
 - Transferred To 3rd Party
 - No Disposition
 - Refund Assistance
 - Balance Inquiry
 - TAP Help - Password Reset
 - QRU
 - Make Payment
 - Letter Received - Misc
 - TurboTax
 - NTTC help
 - Levy Inquiry
 - Payment misapplied or Not Received
 - Letter Received - Assessment

Procurement Preference Certificates

- Tax & Rev issues preference certificates for certain types of businesses
 - Resident businesses certificate:
 - 8% points awarded if certificate is produced
 - Veteran-owned business preference certificate:
 - 10% points awarded if certificate is produced
 - Certificates are valid for three years from date of issuance
 - Native American-owned business preference certificate:
 - 8 or 10% points awarded if certificate is produced, depending on if the Native American-owned business is also a veteran-owned business
 - State and local agencies have self-service option to verify the validity of a certificate on the Tax & Rev website

License Tax Compliance Clearances

- Taxpayers must be compliant with tax obligations for the renewal of certain business licenses by the Regulation & Licensing Department:
 - Liquor licenses: taxpayer must be compliant with liquor excise tax and GRT
 - Cigarette licenses: taxpayer must be compliant with cigarette excise tax and GRT
 - Cannabis licenses: taxpayer must be compliant with cannabis excise tax and GRT
- Compliance may require paying off delinquent debt, posting security for the tax debt, and filing all missing returns
- Tax & Rev has begun working more closely with RLD on license renewals
 - Gave RLD logons to get a "yes" or "no" on compliance in real time for cannabis renewals, working with Alcoholic Beverage Control to have them collect FEINs so they can do the same thing
- Added online tax clearance application for those who need to dissolve a corporation with the Secretary of State

Tax Credit and Deduction Administration

- Tax & Rev administers many tax incentives aimed at making New Mexico business friendly and attracting development
- Economic development-targeted tax **credits** include:
 - Angel investment PIT credit
 - Film and television production tax credit
 - High-wage jobs tax credit
 - Investment tax credit
 - Laboratory partnership with small business credit
 - Rural job tax credit
 - Technology jobs and R&D tax credit
 - Technology readiness GRT credit
- Economic development-targeted GRT **deductions** include:
 - Aircraft sales or services deduction
 - Small business Saturday deduction
 - Anti-pyramiding deductions
- **Other** economic development-related tax code features:
 - Apportionment Election of CIT for headquarters
 - Apportionment Election of CIT for manufacturers
 - Special GRT distributions to Local Economic Development Act (LEDA) fund
 - Tax Increment Development District (TIDD) GRT distributions
 - Metropolitan Redevelopment Act (MRA) GRT distributions

Tax Policy Development

- Tax & Rev continually works with stakeholders to identify tax-related obstacles to economic growth and opportunity
- Brings proposals forward to Governor's Office, legislative tax committees
- Submitted 209 FIRs in the last 60-day session, 108 FIRs in the last 30-day session
- Fixing statutes and regulations to allow incentives to work as intended
- Clarifying statutes and regulations to help taxpayers and prevent protests and litigation
- Resolving issues with forms and instructions to promote compliance
- Work with other agencies on proposals to bring business to New Mexico, leverage strategic strengths
 - Major partners:
 - Economic Development Department
 - Energy, Minerals and Natural Resources Department
 - Legislative Council Service
 - NM CPA Society
 - NM Chamber
 - Professional associations
 - Advocacy organizations

Compliance Continuum

- De-escalating tax disputes is a priority – saves resources for both taxpayers and Tax & Rev
- Major emphasis on taxpayer outreach and education since 2019, 18 events last quarter
- Expansion of managed audit in April 2020 significantly de-escalated Tax & Rev’s audit stance
- Modifications to processing is reducing backend processing are being requested via the C2 process, reducing risk and expense

Risk and Expense



	<u>Education</u>	<u>Processing</u>	<u>Compliance Campaigns</u>	<u>Audits</u>	<u>Collections</u>	<u>Litigation</u>	<u>Fraud Cases</u>
<u>Tax & Rev</u>	Forms, Instructions, Outreach, Training, and User Groups	Capture information and process payments	Discoveries using third party data, managed audit offers	Records reconstruction to identify assessments	Payment options and enforcement actions	Protests, legal defense, and settlements	Criminal charges for individuals and fraud rings
<u>Taxpayer</u>	Review information and gather documentation	File returns and make payments	Respond by paying, protesting, or move into collections	Provided records and contest the presumption of correctness	Set up payment plan, subject to levies or liens	Legally challenge the Agency position with AHO or in court	Legally challenge the Agency in court and pay restitution

Voluntary Compliance



Publications and Tax Guidance

- Taxpayers need certainty and guidance to be able to voluntarily comply with tax obligations
- Tax & Rev provides guidance through:
 - Regulations
 - Bulletins
 - FYIs
 - Quick Guides
 - Rulings – most formal form of guidance, binding upon Tax & Rev
- Policy.Office@tax.nm.gov is a great resource for questions requiring guidance on interpretation of tax law

2025 Session Priorities

- Priorities may include creation of new economic development-related tax credits, other recurring tax relief
- Tax & Rev will propose two agency bills that clean up the tax code
 - Presented drafts to interim Revenue Stabilization and Tax Policy Committee on October 18, 2024
 - Available to discuss in detail – StephanieS.Clarke@tax.nm.gov
- Agency budget:
 - Seeking to reduce funded vacancy rate. FY25 budget is insufficient to move below about 19% current vacancy rate
 - Special appropriation for bill implementation – difficult issue every year
 - Seeking three non-recurring IT appropriations:
 - Replace 12-year-old tax return imaging software – incorporate optical text recognition to streamline processing of paper tax returns
 - Tax return processing data analytics – incorporate machine learning to identify tax returns in greatest need for staff review and attention
 - MVD electronic vehicle titles and electronic liens – will greatly assist MVD customers and auto dealers

Metropolitan Redevelopment Act – GRT Distributions

- 2023 and 2024 legislation expanded funding for MRAs to include distributions of local option GRT revenue
- The intent of the legislation is to incentivize economic growth in specific, limited geographic areas
- To date, Tax & Rev has not received any requests from local governments to create MRA location codes for GRT distribution purposes
- Implementing these GRT distributions will be very costly for Tax & Rev – we do not plan to initiate the changes until we do receive a request from a local government – but at that point we may not have available budget
 - 2024 estimate was \$1.3 million contractual services to implement, plus \$290,000 staff time
- New MRC legislation requires Tax & Rev to program complex distribution changes into Gentax to move local option GRT revenue from one local fund to another local fund within the same local government
 - Local governing bodies have authority to appropriate that revenue themselves without Tax & Rev involvement
- Taxpayers located within any future MRAs will also share a burden – they will need to correctly source any gross receipts to a newly-created MRA location code on their GRT return
 - Taxpayer confusion may result in amended taxpayer returns, clawbacks to adjust revenue distributions

Thank you!

Questions?

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