

1 SENATE BILL 568

2 **51ST LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2013**

3 INTRODUCED BY

4 George K. Munoz

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10 AN ACT

11 RELATING TO TAXATION; EXEMPTING FOREIGN SOURCE DIVIDENDS FROM A
12 CORPORATION'S BASE INCOME.

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14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

15 SECTION 1. A new section of the Corporate Income and
16 Franchise Tax Act is enacted to read:

17 "[NEW MATERIAL] EXEMPTION--FOREIGN SOURCE DIVIDENDS.--
18 Foreign source dividends received by a taxpayer are wholly or
19 partially exempt from the taxpayer's net income as follows:

20 A. seventy percent of the dividends included on
21 lines 13 and 14, Schedule C, federal form 1120 received from
22 corporations owned less than twenty percent by the taxpayer but
23 only if those dividends would have been subject to the seventy
24 percent deduction under 26 U.S.C. 243(a)(1) had the payor of
25 the dividends been a domestic corporation;

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underscoring material = new
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1 B. eighty percent of the dividends included on
2 lines 13 and 14, Schedule C, federal form 1120 received from
3 corporations owned twenty percent to eighty percent by the
4 taxpayer but only if those dividends would have been subject to
5 the eighty percent deduction under 26 U.S.C. 243(c) had the
6 payor of the dividends been a domestic corporation; or

7 C. one hundred percent of the dividends included on
8 lines 13 and 14, Schedule C, federal form 1120 received from
9 corporations owned more than eighty percent by the taxpayer but
10 only if those dividends would have been subject to the one
11 hundred percent deduction under 26 U.S.C. 243(a)(3) had the
12 payor of the dividends been a domestic corporation."

13 **SECTION 2. APPLICABILITY.**--The provisions of this act
14 apply to taxable years beginning on or after January 1, 2014.