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SENATE BILL 735

44TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1999

INTRODUCED BY

Manny M Aragon

AN ACT

RELATING TO TAXATION; CHANGING CERTAIN PROVISIONS OF THE CORPORATE INCOME AND FRANCHISE TAX ACT RELATING TO REPORTING METHODS.

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

Section 1. Section 7-2A-8.3 NMSA 1978 (being Laws 1983, Chapter 213, Section 12, as amended by Laws 1993, Chapter 307, Section 4 and also by Laws 1993, Chapter 309, Section 2) is amended to read:

"7-2A-8.3. COMBINED RETURNS. --

A. A unitary corporation that is subject to taxation under the Corporate Income and Franchise Tax Act [and that has not previously filed a combined return pursuant to this section or a consolidated return pursuant to Section 7-2A-8.4 NMSA 1978 may elect to] shall file, except as

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1 otherwise provided in this section, a combined return with
2 other unitary corporations as though the entire combined net
3 income were that of one corporation unless the corporation
4 elects to file a consolidated return pursuant to Section
5 7-2A-8.4 NMSA 1978. The return filed under this method of
6 reporting shall include the net income of all the unitary
7 corporations. Transactions among the unitary corporations may
8 be eliminated by applying the appropriate rules for reporting
9 income for a consolidated federal income tax return. Any
10 corporation that has filed an income tax return with New
11 Mexico pursuant to Section 7-2A-8.4 NMSA 1978 shall not file
12 pursuant to this section unless the secretary gives prior
13 permission to file on a combined return basis.

14 B. Once corporations have reported net income
15 through a combined return for any taxable year, they shall
16 file combined returns for subsequent taxable years, so long as
17 they remain unitary corporations, unless the corporations
18 elect to file pursuant to Section 7-2A-8.4 NMSA 1978 or unless
19 the secretary grants prior permission in accordance with
20 Section 7-4-19 NMSA 1978 for one or more of the corporations
21 to file individually.

22 ~~[C. For taxable years beginning on or after~~
23 ~~January 1, 1993, no unitary corporation once included in a~~
24 ~~combined return may elect, or be granted permission by the~~
25 ~~secretary, for any subsequent taxable year to separately~~

1 ~~account pursuant to Paragraph (4) of Subsection A of Section~~
2 ~~7-2A-8 NMSA 1978.] "~~

3 Section 2. APPLICABILITY. -- The provisions of this act
4 apply to taxable years beginning on or after January 1, 1999.

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