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# FYI-225

New Mexico  
Taxation and Revenue Department

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## FOR YOUR INFORMATION

Tax Information/Policy Office ♦ P.O. Box 630 ♦ Santa Fe, New Mexico 87504-0630

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### SHORT-TERM LEASED VEHICLES

This FYI discusses the tax implications for persons engaged in the business of leasing motor vehicles under a short-term lease agreement.

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*Taxpayers should be aware that subsequent legislation, regulations, court decisions, revenue rulings, notices and announcements could affect the accuracy of this publication's contents. Please contact the district tax office nearest you (see the last page of this publication) or check the Department's web site at [www.tax.newmexico.gov](http://www.tax.newmexico.gov). Click on "forms and publications."*

## GENERAL INFORMATION

New Mexico's gross receipts tax is imposed on the gross receipts of persons engaging in business in New Mexico. "Gross receipts" is the total amount of money or the value of other consideration received from selling property in New Mexico, leasing or licensing property employed in New Mexico, granting a right to use a franchise employed in New Mexico, performing services in New Mexico, or selling research and development services performed outside New Mexico the product of which is initially used in New Mexico. Receipts from leasing vehicles are subject to this tax. The tax rate is the sum of the state and applicable local option rates.

*In addition to the gross receipts tax, receipts from certain short-term<sup>1</sup> leases are subject to the leased vehicle gross receipts tax **and** the leased vehicle surcharge. "Short-term" means any lease for a period of six months or less.*

## LEASED VEHICLE GROSS RECEIPTS TAX AND LEASED VEHICLE SURCHARGE

The leased vehicle gross receipts tax and the leased vehicle surcharge apply only to short-term leases of vehicles when the following four conditions are met:

1. The lease is for a term of six months or less;
2. The vehicle is part of a fleet of five or more leased vehicles;
3. The vehicle is a passenger automobile that will accommodate six or fewer adults; and
4. The lessor acquired the vehicle on or after July 1, 1991.

The leased vehicle gross receipts tax is imposed at a rate of 5% on the receipts from leasing vehicles. The leased vehicle surcharge is \$2.00 for each day each vehicle is leased (Section 7-14A-3.1 NMSA 1978).

### EXCLUSION

The leased vehicle surcharge does not apply to the lease of a temporary replacement vehicle if the lessee signs a statement that the temporary replacement vehicle is used as a replacement for another vehicle that is being repaired, serviced or replaced. The following is a sample statement that would be acceptable to the department.

"I affirm the vehicle I am renting is a "temporary replacement vehicle" as defined in Subsection B of Section 7-14A-3.1 NMSA 1978."

A "temporary replacement vehicle" means a vehicle that is; 1) used by an individual in place of another vehicle that is unavailable for use by the individual due to loss, damage, mechanical breakdown or need for servicing; and 2) leased temporarily by or on behalf of the individual or loaned temporarily to the individual by a vehicle repair facility or dealer while the other vehicle is being repaired, serviced or replaced.

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<sup>1</sup> The receipts from long-term leased vehicle payments are subject to the gross receipts tax but not the leased vehicle gross receipts tax or the leased vehicle surcharge.

## SUSPENSION OF THE MOTOR VEHICLE EXCISE TAX

Lessors who are subject to the leased vehicle gross receipts tax may apply for a suspension of the motor vehicle excise tax due on vehicles acquired for short-term leasing after June 30, 1991 (Section 7-14-7.1 NMSA 1978)<sup>2</sup>. The suspension is for a maximum of 12 months.

No special form is needed to obtain the suspension, but lessors must supply their CRS identification numbers to the motor vehicle service representative at any local motor vehicle field office at the time they first title the vehicle(s). The CRS identification number is proof that the lessor is registered to do business in New Mexico. When the CRS identification number is entered into the field office records, the system does not calculate the motor vehicle excise tax on a vehicle intended for short-term lease. "CRS" means "Combined Reporting System," which covers gross receipts tax, compensating tax and withholding tax. Application forms for CRS identification numbers are available through all New Mexico tax offices, by mail and from the TRD web site: [www.tax.newmexico.gov](http://www.tax.newmexico.gov).

## REPORTING REQUIREMENTS

### REPORT REQUIREMENTS: For All Leased Vehicle Gross Receipts Tax Taxpayers

File and pay any leased vehicle gross receipts tax and leased vehicle surcharge at the same time you file and pay gross receipts tax, compensating tax, and withholding tax using the CRS-1 Form. On a separate line on the CRS-1 Form, list "leased vehicle gross receipts tax" under Column A (Municipality/County Name) and enter 44-444 for Column C (Location Code). Use another line to list the leased vehicle surcharge under Column A. Enter location code 44-455 in Column C. See sample of completed CRS-1 Form on page 4.

### REPORT REQUIREMENTS: If You Are Suspending Payment of the Motor Vehicle Excise Tax

If you have been granted a motor vehicle excise tax suspension during the calendar year, you must submit an annual reconciliation report to the Motor Vehicle Division of the Taxation and Revenue Department on or before January 25th of the following year. Use Form RPD-41146, *Motor Vehicle Excise Tax and Leased Vehicle Gross Receipts Tax Annual Reconciliation Report*, which is available through any New Mexico tax office (available also on our web site at [www.tax.newmexico.gov](http://www.tax.newmexico.gov)). Failure to report in a timely way carries a penalty of 5% of the total amount of tax suspended.

Enter on form (RPD-41146) the total amount of motor vehicle excise tax *suspended* for vehicles purchased during the calendar year and the total amount of leased vehicle gross receipts tax *paid* during the calendar year. If the leased vehicle gross receipts tax paid during the year exceeds the motor vehicle excise tax suspended, the motor vehicle excise tax is permanently waived. The excess is **not** refundable.

If the leased vehicle gross receipts tax paid is less than the motor vehicle excise tax suspended for the calendar year, payment of the underpaid motor vehicle excise tax is due on or before the due date of the report (January 25th). A penalty of 2% per month (maximum 20%, minimum \$5)

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<sup>2</sup> Vehicles acquired for long-term leasing are exempt from the motor vehicle excise tax (Section 7-14-6 NMSA 1978).

and interest at .008219178% daily<sup>3</sup> on unpaid tax applies if the motor vehicle excise tax is not paid by January 25<sup>th</sup>.

If a change in vehicle ownership occurs before the end of the 12-month period, the balance due for motor vehicle excise tax on that vehicle must be paid. Use the same form, RPD-41146, in this case.

## HOW TO COMPLETE THE CRS-1 FORM

This example shows a partially completed CRS-1 Form for a company located in Albuquerque.

The company reports all its automobile lease receipts for the month of January totaling \$10,000. Of that \$10,000, \$7,500 represents gross receipts from short-term leases. \$2,500 represents gross receipts from long-term leases. No separate entry is needed to report receipts from long-term leases.

On the first line the company reports the full \$10,000 in gross receipts using the Albuquerque location code and tax rate. On the second line the company reports \$7,500 in short-term leased vehicle gross receipts, using the location code 44-444 and the tax rate of 5%. On the third line the company reports the amount of leased vehicle surcharge due, using the location code 44-455 and entering the surcharge. The company leased each of its 10 vehicles for 30 days during the month; the surcharge amount due is \$600 (10 vehicles x 30 days x \$2.00 per day).

The leased vehicle surcharge is entered only in Columns D and H. The *total gross receipts tax* (Line 1) includes all three entries in Column H.

In this example, amounts for compensating tax and withholding tax have not been entered.

## SAMPLE CRS-1 FORM

**NOTE: The sample below uses tax rates in effect from January 1, 2014, to June 30, 2014.**

A Municipality/County Name	B Special Code	C Location Code	D Gross Receipts (Excluding Tax)	E Total Deductions	F Taxable Gross Receipts	G Tax Rate	H Gross Receipts Tax
Albuquerque/Bern.		02-100	10,000.00	.00	10,000.00	7.000	700.00
Leased Vehicle GR		44-444	7,500.00	.00	7,500.00	5.00	375.00
Leased Vehicle Sur.		44-455	600.00	.00			600.00
Total Columns D, E and H			\$18,100.00	\$ .00	TOTAL GROSS RECEIPTS TAX	1	\$1,675.00
					COMPENSATING TAX	2	
					WITHHOLDING TAX	3	
					TOTAL TAX DUE	4	\$1,675.00
					PENALTY	5	
					INTEREST	6	
					TOTAL AMOUNT DUE	7	\$1,675.00

<sup>3</sup> The interest rates in this publication are based on the quarterly IRC rate for the first quarter of 2014. For current daily and quarterly rates, please visit our website at [www.tax.newmexico.gov](http://www.tax.newmexico.gov).

## TAXPAYER INFORMATION

The Department offers a variety of taxpayer information. Some information is free and other information must be purchased.

**General Information.** FYIs and Bulletins present general information with a minimum of technical language. All FYIs and Bulletins are free and available through all local tax offices, the Tax Information and Policy Office, and on the Internet. The Taxation and Revenue Department's Internet address is:

<http://www.tax.newmexico.gov>

**Regulations.** The Department establishes regulations to interpret and exemplify the various tax acts it administers. The Taxation and Revenue Department regulation book is available from the New Mexico Compilation Commission on a prepaid basis. The Compilation Commission also has a compact disk of all statutes and regulations. Specific regulations are also available at the State Records Center or on its web page at [www.nmcpr.state.nm.us/nmac](http://www.nmcpr.state.nm.us/nmac).

Order regulation books directly from:

### New Mexico Compilation Commission

<http://www.nmcompcomm.us/index.html>

**Rulings.** Rulings signed by the Secretary and approved by the Attorney General are written statements that apply to one or a small number of taxpayers. A taxpayer may request a ruling (at no charge) to clarify its tax liability or responsibility under specific circumstances. The request for a ruling must be in writing, include accurate taxpayer identification and the details about the taxpayer's situation, and be addressed to the Secretary of the Taxation and Revenue Department at P.O. Box 630, Santa Fe, NM 87504-0630. The taxpayer's representative, such as an accountant or attorney, may request a ruling on behalf of the taxpayer but must disclose the name of the taxpayer. While the Department is not required to issue a ruling when requested to do so, every request is carefully considered.

The Department will not issue a ruling to a taxpayer who is undergoing an audit, who has an outstanding assessment, or who is involved in a protest or litigation with the Department over the subject matter of the request. The Secretary may modify or withdraw any previously issued ruling and is required to withdraw or modify any ruling when subsequent legislation, regulations, final court decisions or other rulings invalidate a ruling or portions of a ruling. Taxation and Revenue Department rulings are compiled and available on the Department's web page free of charge at <http://www.tax.newmexico.gov/rulings.aspx>.

**Public Decisions & Orders.** All public decisions and orders issued by the hearing officers since July 1994 are compiled and available on the Department's web page free of charge at <http://www.tax.newmexico.gov/tax-decisions-orders.aspx>.

## FOR FURTHER ASSISTANCE

Local tax offices can provide full service and information about the Department's taxes, programs, and forms as well as specific information about your filing situation.

**ALBUQUERQUE (505) 841-6200**  
Taxation and Revenue Department  
5301 Central NE  
P.O. Box 8485  
Albuquerque, NM 87198-8485

**LAS CRUCES (575) 524-6225**  
Taxation and Revenue Department  
2540 S. El Paseo Bldg. #2  
P.O. Box 607  
Las Cruces, NM 88004-0607

**SANTA FE (505) 827-0951**  
Taxation and Revenue Department  
Manuel Lujan Sr. Bldg.  
1200 S. St. Francis Dr.  
P.O. Box 5374  
Santa Fe, NM 87502-5374

**ROSWELL (575) 624-6065**  
Taxation and Revenue Department  
400 Pennsylvania Ave., Suite 200  
P.O. Box 1557  
Roswell, NM 88202-1557

**FARMINGTON (505) 325-5049**  
Taxation and Revenue Department  
3501 E. Main St., Suite N  
P.O. Box 479  
Farmington, NM 87499-0479

Main switchboard (Santa Fe): (505) 827-0700

*This publication provides general information. It does not constitute a regulation, ruling, or decision issued by the Secretary of the New Mexico Taxation and Revenue Department. The Department is legally bound only by a regulation or a ruling [7-1-60, New Mexico Statutes Annotated, 1978]. In the event of a conflict between FYI and statute, regulation, case law or policy, the information in FYIs is overridden by statutes, regulations and case law. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this FYI.*