TAXATION & REVENUE
NEW MEXICO

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# Income tax extensions will not trigger interest charges

The Taxation and Revenue Department has determined that due to recent IRS action, it will not have to impose interest charges on taxpayers who take advantage of the 90-day extensions announced last week for filing and paying New Mexico personal and corporate income taxes. However, interest will need to accrue on withholding tax extensions.

"The due date for filing New Mexico income tax returns and payment is tied to the federal filing deadline, which was postponed by the IRS on March 20. This IRS action enables us to forgo imposing interest charges normally required under New Mexico law for extensions," said Taxation and Revenue Secretary Stephanie Schardin Clarke.

The Department on Wednesday also clarified that the extensions apply to the quarterly personal income tax estimated payments required of some taxpayers on April 15, which includes many self-employed New Mexicans, as well as to trusts, estates, and fiduciaries. All of these will now be due no later than July 15, 2020.

New Mexico personal and corporate income taxes normally due on April 15 will now be due on July 15. Governor Michelle Lujan Grisham and the Department announced the extensions taxes in recognition of the economic hardships many face as a result of the COVID-19 pandemic.

No penalties or interest will be assessed on income tax payments normally due on April 15 as long as payment is received by July 15. Payments normally due on later dates will incur interest charges but not penalties.

The state also extended deadlines to remit withholding taxes. Withholding filings that would normally be due March 25, April 25, May 25, and June 25 will instead be due on July 25. No penalties will be assessed on businesses that take advantage of the withholding extension. However, under New Mexico law, interest will accrue from the original due date.

The administration of Governor Lujan Grisham will ask the Legislature to create a one-time tax credit equal to the amount of interest paid under that extension the next time the Legislature meets.

Taken together, the extensions will provide hundreds of millions of dollars in fiscal support to the state's economy.

The Department also is assigning extra staff to help process income tax returns to expedite the payment of any refunds due to taxpayers who have already filed.

Anyone who has filed a return and is due a refund can check the status of that refund through the Taxpayer Access Point (TAP) at tax.newmexico.gov.

Taxpayers are encouraged to file electronically or through the TAP system, if possible, to expedite the processing of their returns.