

2009 New Mexico Personal Income Tax (PIT)

QUICK REFERENCE LINE INSTRUCTIONS FOR FORM PIT-1

The *Quick Reference Line Instructions for Form PIT-1* provide filers a quick and easy summary of the 2009 New Mexico personal income tax return and are not intended to replace the full instruction set. Depending upon your tax situation and your understanding of the New Mexico tax laws, the quick reference line instructions may require additional explanation. See the section addressing the subject or line item of the full Form PIT-1 Instructions for additional details.

New Mexico's law says every person who has income from New Mexico sources and who is required to file a federal income tax return must file a personal income tax return in New Mexico. This includes non-residents who have income from wages, rents, royalties, businesses, estates...every New Mexico source. Even foreign nationals and persons who reside in states that do not have income taxes must file here when they have a federal filing requirement and have income from any New Mexico source whatsoever.

GETTING STARTED

Prepare your federal return first. Much of the information on your New Mexico return will be the same. Even if you are not required to file a federal return, complete a sample federal return *before* you prepare your New Mexico return. See *Steps for Preparing Your Return* on page 14 of the PIT-1 Instructions.

Everyone who files a New Mexico personal income tax return must complete and file a Form PIT-1, New Mexico Personal Income Tax Return. Depending upon your residency status and your own personal situation other forms and schedules also may be necessary. See *Required Forms and Attachments* on page 6 of the PIT-1 Instructions.

FILLING IN YOUR RETURN

Complete all required information on your form. Do not leave required fields blank.

See "Filling in your tax return" on page 16 of the PIT-1 Instructions.

- Please leave blank all spaces and boxes that do not apply to you.
- Round all numbers and enter only whole dollar amounts; for example, enter \$10.49 as \$10 and \$10.50 as \$11.
- Type or print using blue or black ink -- no pencils.
- Write your numbers clearly and legibly.
- For a loss, place a minus sign (-) immediately to the left of the loss amount. Do not use brackets or parentheses.

SUMMARY LINE INSTRUCTIONS

Complete the top of page 1 of Form PIT-1. Make sure your name(s), address and social security number(s) are legible, complete and correct. Mark the box above the name-and-address block if you moved or changed your address since your last filing.

If you are filing for a fiscal year, enter at the top of the first page the month and day your tax year began, and the month, day and year that it ended.

Your tax year must match the tax year of your federal return. Do not file short year returns unless allowed by the Internal Revenue Code.

LINE 1. Social Security Number(s), Residency Status and Deceased Taxpayer Information.

Enter your name and social security number (SSN) and if applicable, the name and social security number of your spouse in exactly the same order as on your federal return. Your spouse's social security number is necessary even if you are "married filing separately". If you or your spouse

do not have an SSN, refer to page 16 of the PIT-1 Instructions for additional requirements.

Indicate your residency status and, if applicable, your spouse's residency status. Enter "R" if a resident, "N" if a non-resident, "F" if a first-year resident and "P" if a part-year resident. See pages 1 and 17 of the PIT-1 Instructions for more information.

Mark the appropriate box and enter the date of death (month, day and year) if **the taxpayer or the spouse named on the return died before the filing of this return.** Enter the claimant's name and social security number if the refund must be made payable to the order of a person other than the taxpayer or spouse. See *Representatives of Deceased Taxpayers* on page 3 of the Form PIT-1 Instructions.

LINE 2. Exemptions

Enter the number of exemptions allowed on your federal return for yourself, your spouse if filing a joint return, and your qualifying dependents. New Mexico uses the same definitions and qualifications as the Internal Revenue Service to determine if someone is your dependent.

If you or your spouse were a dependent or qualify as a dependent of another individual for federal income tax purposes, *whether or not* you or your spouse were claimed as a dependent on the other person's federal return, do not count the dependent spouse as an allowable exemption. Add 1 exemption for each dependent claimed on line 6.

LINE 3. Extension of Time to File

Put an "X" in the extension checkbox on line 3 of Form PIT-1 and enter the date the extension expires if you have a federal or New Mexico extension of time to file. It is not necessary to attach a copy of the extension request to your Form PIT-1 if the federal extension was automatic, or you have received approval for a New Mexico extension.

LINE 4. Checkbox Indicating Federal Form(s) 8886 is Required to be Attached

Put an "X" in the box if federal Form(s) 8886, *Reportable Transaction Disclosure Statement*, is required to be attached to your 2009 New Mexico personal income tax return and attach the form. See page 17 of the PIT-1 Instructions for more information.

LINE 5. Filing Status, Boxes 1 - 5

Show your filing status by marking an "X" in the box to the left of the filing status. Use the same filing status on your state return that you used on your federal return. If you did not file a federal return, use the filing status that you would have used for federal income tax purposes.

If you put an "X" in box 3 of line 5 Filing Status, *Married Filing Separately*, you must include your *spouse's name* in the address block and your *spouse's social security number* next to the name on line 1.

If you put an "X" in box 4 of line 5 Filing Status, enter the name of the person who qualifies you as head of household if that person is a child and not eligible to be included as a qualified dependent exemption under federal regulations.

LINE 6. Dependents

Enter the *name, social security number and date of birth* of each dependent reported on your federal return. If you have more than five dependents, enter the additional dependents on Schedule PIT-S.

You must enter the **dependent's date of birth** following the format on the form. To indicate the dependent's date of birth, enter a two-digit month, two-digit day and four-digit year. See page 18 of the PIT-1 Instructions for more information.

LINE 7. Federal Adjusted Gross Income

Enter the federal adjusted gross income as reported on your federal form,

If you filed Federal form:	Enter the amount from:
1040	Line 38
1040A	Line 22
1040EZ	Line 4

LINE 8. Additions to Federal Adjusted Gross Income

You must file Schedule PIT-ADJ if you:

- received interest and dividends from federally tax-exempt bonds;
- have a net operating loss;
- have had contributions refunded when closing a New Mexico-approved Section 529 college savings plan account, or
- have had certain contributions rolled out of a New Mexico-approved Section 529 college savings plan account.

See the instructions for lines 1 through 4 on 2009 Schedule PIT-ADJ.

LINE 9. Federal Deduction Amount

Enter on PIT-1 line 9, your allowable federal **itemized deductions** from Form 1040 line 40a, if you itemized your deductions on your 2009 federal Form 1040, and mark checkbox 9a.

If you did not itemize your deductions, enter on Form PIT-1 line 9 the allowable federal **standard deduction** from Form 1040 line 40a, or 1040A line 24a.

Check box 9b only if your standard deduction amount includes a federal net disaster loss, real estate tax deduction amount or a new motor vehicle tax deduction amount claimed on federal Schedule L, Forms 1040 or 1040A.

If you donated land to private-nonprofit or public conservation agencies for conservation purposes from which you claimed **land conservation incentives** tax credit on Schedule PIT-CR and you claimed a charitable deduction for the contribution in your federal itemized deductions on your federal personal income tax return, reduce the itemized deduction amount by that charitable deduction claimed on your federal Form 1040, Schedule A.

Filers of federal Form 1040EZ should enter only the amount from Form 1040EZ, line 5. That amount includes

both your standard deduction and your dependency exemption, so you will not have an entry on line 10 of New Mexico Form PIT-1. See line 10 below.

LINE 10. Federal Exemption Amount

Enter on line 10 the federal exemption amount from line 42 of the federal Form 1040, or the amount from line 26 of federal Form 1040A. If you filed federal Form 1040EZ, leave line 10 blank -- your deduction for personal exemptions is included in the amount on line 9. If you are claiming an additional exemption amount for housing individuals displaced by storms, tornadoes or flooding in a Midwestern disaster area, enter on line 10a the number of individuals you claimed in part 1, federal Form 8914, *Exemption Amount for Taxpayers Housing Midwestern Displaced Individuals*.

LINE 11. New Mexico Low- and Middle-Income Tax Exemption

Depending upon your filing status (Line 5, Form PIT-1) and your federal adjusted gross income (Line 7, Form PIT-1), you may be eligible for the New Mexico Low- and Middle-Income Tax Exemption.

You qualify if:

- your filing status is single and your federal adjusted gross income is \$36,667 or less;
- your filing status is married filing separately and your federal adjusted gross income is \$27,500 or less, or
- your filing status is married filing joint, surviving spouse or head of household and your federal adjusted gross income is \$55,000 or less.

Taxpayers must use the worksheet on page 20 of the PIT-1 Instructions to determine the amount of exemption to claim.

LINE 12. Deductions/Exemptions from Federal Adjusted Gross Income
File Schedule PIT-ADJ if:

- you have interest income on New Mexico state and local bonds;
- you have a New Mexico net operating loss carryover;
- you have interest income from U.S.

- government securities;
- you have railroad retirement income not taxable by New Mexico;
- you or your spouse, or both, are members of an Indian nation, tribe or pueblo and your income was wholly earned on the lands of the reservation or pueblo of which the individual is an enrolled member while domiciled on that reservation, tribe or pueblo;
- you or your spouse -- or both -- are age 100 or over *and* you are not dependents of another taxpayer;
- you or your spouse -- or both -- are age 65 or over or blind and your adjusted gross income is not over \$51,000 for a joint return, \$28,500 for a single taxpayer, or \$25,500 for married taxpayers filing separately;
- you have a New Mexico Medical Care Savings Account;
- you contribute to a New Mexico-approved Section 529 college savings plan;
- you have net capital gains for which you can claim a deduction of up to \$1,000, or 50% of your net capital gains, whichever is greater;
- you have military wages or salary from active duty service;
- you or your spouse -- or both -- are age 65 or over and you have unreimbursed or uncompensated medical care expenses of \$28,000 or more for yourself, your spouse or dependents;
- you, your spouse or dependents have expenses related to donating human organs for transfer to another person;
- you received a reimbursement from the New Mexico National Guard Service Member's Life Insurance Reimbursement Fund, or
- you received a payment of the 2005 income tax energy rebate in 2009 and are required to report all or a portion of the rebate as income on your 2009 federal income tax return.

See the instructions for lines 5 through 19 on 2009 Schedule PIT-ADJ.

LINE 13. Medical Care Expense Deduction

Any taxpayer who files a New Mexico PIT-1 Personal Income Tax Return,

including out-of-state residents with income tax responsibility to New Mexico, may claim a deduction for medical care expenses paid during the tax year for medical care of the taxpayer, the taxpayer's spouse or a dependent. Use the worksheet on page 21 and the instructions on beginning on page 19 of the PIT-1 Instructions to determine your deduction amount that you enter on line 13, Form PIT-1. **Important: You must also complete line 13a or your deduction will be denied.**

LINE 13a. Unreimbursed and Uncompensated Medical Care Expenses

Enter the qualifying unreimbursed and uncompensated medical care expenses used to compute the medical care expense deduction on line 13, Form PIT-1. See the instructions to determine qualifying expenses.

LINE 14. New Mexico Taxable Income

Add lines 9, 10, 11, 12 and 13 and subtract the total from the sum of lines 7 and 8. Enter zero if negative. This is your New Mexico taxable income.

LINE 15. New Mexico Tax

Calculate your tax. Use either the rate tables beginning on page 1T of the PIT-1 Instructions or Schedule PIT-B. Mark the checkbox "R" if you used the rate tables, or "B" if you used Schedule PIT-B to calculate your tax. **MAKE SURE** you use the taxable income amount on line 14 when computing your tax using the rate tables.

Complete Schedule PIT-B to calculate your tax if you have income from sources inside and outside New Mexico.

If you qualify to file Schedule CC, *Alternative Tax Schedule*, then enter only the amount from line 3 of Schedule CC, on line 15. Schedule CC is to be used by taxpayers who:

- have no business activities in New Mexico other than sales,
- do not own or rent real estate in New Mexico, and
- have annual gross sales in or into New Mexico of \$100,000 or less.

LINE 16. Tax on Lump-Sum Distributions

If you are a **resident** of New Mexico who received a lump-sum payment and are using the federal special ten-year tax option on federal Form 4972, see the full instruction set to compute your New Mexico averaged tax. You are not eligible to use the New Mexico averaging method if you did not use the federal averaging methods available on federal Form 4972.

NOTE: If you used Schedule PIT-B to calculate your New Mexico tax liability on line 15 and also used the federal special tax option and New Mexico averaging methods to calculate your tax on a lump-sum distribution on line 16, see the instructions for line 14 of Schedule PIT-B before completing line 19, Form PIT-1.

LINE 17. Credit for Taxes Paid to Another State

A **resident** of New Mexico who must pay personal income tax to another state on income that is also taxable in New Mexico may take a credit against New Mexico tax for tax paid to the other state. If you qualify, see the instructions for this line in the PIT-1 Instructions.

LINE 18. Non-refundable Credits

File Schedule PIT-CR if you are eligible to claim one or more of the following non-refundable credits:

- Cultural Properties Preservation Credit;
- Business Facility Rehabilitation Credit;
- Credit for the Welfare-to-Work Program;
- Rural Job Tax Credit;
- Technology Jobs Tax Credit;
- Electronic Card-Reading Equipment Tax Credit;
- Job Mentorship Tax Credit;
- Land Conservation Incentives Credit;
- Affordable Housing Tax Credit;
- Solar Market Development Tax Credit;
- Blended Biodiesel Fuel Tax Credit;
- Sustainable Building Tax Credit;
- Angel Investment Credit;
- Rural Health Care Practitioners Tax

- Credit;
- Agricultural Water Conservation Tax Credit, or
- Advanced Energy Tax Credit.

See the instructions for lines 1 through 16, Schedule PIT-CR.

LINE 19. Net New Mexico Income Tax

Add lines 15 and 16, then subtract the sum of lines 17 and 18. This amount cannot be less than zero.

LINE 21. Rebates and Credits

Complete and attach Schedule PIT-RC if you claim any of the special New Mexico rebates or refundable credits.

- Low Income Comprehensive Tax Rebate;
- Property Tax Rebate (for low-income persons 65 or older);
- Additional Low Income Property Tax Rebate for Los Alamos or Santa Fe County residents;
- Child Day Care Credit;
- Refundable Medical Care Credit for Persons 65 Years of Age or Older;
- Film Production Tax Credit;
- Working Families Tax Credit if you are eligible for the Federal Earned Income Tax Credit;
- Special Needs Adopted Child Tax Credit, or
- Renewable Energy Production Tax Credit.

LINE 22. New Mexico Income Tax Withheld

Enter the total of all New Mexico income tax withheld as shown on your annual withholding statements, Form(s) W-2, 1099, 1099-MISC other than income from oil and gas proceeds, 1099-R, W-2G or W-K, *New Mexico Income and Withholding from Pass-Through Entities*. Include a copy of the forms with your Form PIT-1.

LINE 23. New Mexico Income Tax Withheld From Oil and Gas Proceeds

Enter the total of all New Mexico income tax withheld from oil and gas proceeds as shown on your annual withholding statements, 1099-MISC, or RPD-41285, *Annual Statement of Withholding of Oil and Gas Proceeds*. Also include tax withheld and reported

on New Mexico Form WT, *Statement of Certain Trust Distributions of Withholding from Oil and Gas Proceeds*. Be sure to include a copy of the forms with your Form PIT-1. See page 24 in the PIT-1 Instructions for more information.

LINE 24. New Mexico Estimated Tax Payments Made

Enter the total of New Mexico estimated tax payments made for 2009 as shown in your records. Include your last installment even if you pay it in 2010. Also be sure to include any 2008 overpayments you applied to your 2009 estimated taxes. **Important:** Do not include any extension payments made with Form PIT-EXT or return payments made with Form PIT-PV. Report extension and return payments on Line 25. Report only overpayments from prior year returns and payments made with Form PIT-ES.

If any estimated payments were made using different name(s) or social security number(s), attach a schedule to your return showing how each estimated payment was made.

LINE 25. Other Payments

Enter the total payments made toward the 2009 personal income tax liability not included on line 24. Include return payments made with Form PIT-PV, and extension payments using Form PIT-EXT. Include payments made through the Department's Internet web site using the PIT-PV or PIT-EXT option.

Note: You do not need to include payments you submitted at the time the return is filed or after the return has been submitted to the Department.

LINE 27. Tax Due/Amount You Owe

If line 20 is greater than line 26, the difference is the amount of tax you owe. Enter the difference on line 27, Form PIT-1.

LINE 28. Penalty on Underpayment of Estimated Tax

Enter the amount of penalty on underpayment of estimated tax that you owe. You may leave this line blank if you owe underpayment of estimated personal tax penalty and you wish the Department to compute the penalty

for you. The Department will send you a bill or if a refund is due, will reduce your refund by the amount of the penalty due. Penalty on underpayment of estimated tax can be complicated to compute. NOTE: Effective January 1, 2008, the rate used to compute penalty on underpayment of estimated tax is subject to change quarterly.

If you wish to compute your underpayment of estimated tax penalty, see the instructions for PIT-ES, *Estimated Income Tax Payment Voucher*.

**LINE 29
Special Method Allowed for Calculation of Underpayment of Estimated Tax Penalty**

If you owe penalty for underpayment of estimated personal income tax using the standard method of computing the penalty **and** you qualify for a special penalty calculation method, enter 1, 2, 3, 4 or 5 in the box on line 29 on Form PIT-1 to indicate the method you elect to use to calculate your underpayment penalty and attach Form RPD-41272, *2009 Calculation of Estimated Personal Income Tax Underpayment Penalty*.

Leave the box blank if you do not qualify for a special method of computing the underpayment of estimated tax penalty. Also leave the box blank if you do not owe estimated tax using the standard method of computing the underpayment of estimated tax penalty. You must mark line 29 to indicate the special method used. You must also attach Form RPD-41272 to your 2009 New Mexico Personal Income Tax Return to be allowed the special penalty calculation.

LINE 30. Penalty

Add penalty if you file late and owe tax, or you do not pay the tax on or before the date the return is due. Calculate the penalty by multiplying the unpaid amount due on line 27 by 2%, then by the number of months or partial months for which the return or payment is late, not to exceed 20% of the tax due. If you wish the Department to compute the penalty for you, leave the line blank.

LINE 31. Interest

Add interest if you do not pay the income tax due on or before the original due date of your return even if you receive an extension of time to file. The formula for calculating daily interest is:

Tax due x daily interest rate for the quarter x number of days late = interest due.

If you wish the Department to compute the interest for you, leave the line blank. See page 26 of the PIT-1 Instructions for more information. The interest rate changes quarterly. The annual and daily interest rate for each quarter is posted on our web site at www.tax.state.nm.us.

LINES 33 through 36. Overpayment and Refund

If line 20 is less than line 26, you have an overpayment. Enter the difference. If you have penalty or interest due from lines 28, 30, or 31, reduce the overpayment by the sum. If you do not wish to compute any penalty or interest due, enter the difference. The Department will reduce your overpayment by the amount of penalty and/or interest computed.

Your overpayment can be:

- used for voluntary fund contributions (see *New Mexico Voluntary Contributions Form*, Schedule PIT-D), or
- applied to your 2010 estimated tax (enter on line 35), or
- refunded to you (enter on line 36), or
- any combination of these.

Refund Express

If you request an amount to be refunded to you on line 36, you may have

your tax refund deposited directly into your bank account through Refund Express. To choose Refund Express, complete the "Refund Express" portion on page 2 of Form PIT-1. All fields are required.

In order to comply with new federal banking rules, you must also indicate whether the refund will be going to or through an account outside the United States. If it is, you may not use this refund delivery option. You may use a different bank account or leave the Refund Express portion blank and a paper check will be mailed to the address on the return. If you answer the question incorrectly, your refund may be delayed, rejected or frozen by the National Automated Clearing House Association (NACHA) or the Office of Foreign Assets Control (OFAC).

Failure to complete all four fields properly will cause your Refund Express request to be denied, and the Department will mail you a paper check.

The Department will mail you a paper check if your bank does not accept your Refund Express information. Refund express is available for deposits to the taxpayer's account *only*. Taxpayers may not request the funds to be deposited into the account of another payee. See page 27 of the instructions for further details.

Check the figures on your return and on the attachments.

Sign and date your return at the bottom of page 2 of Form PIT-1. If you are married and filing a joint return, both spouses must sign it. **Include your telephone number.**

Paid preparers must sign your return. Anyone you pay to prepare your return must sign it and fill in the other blanks in the paid preparer's signature section of the return. The preparer may sign it by hand or any other method of electronic signature acceptable to the IRS. See page 28 of the PIT-1 Instructions for more information.

Submit only original, official state forms. **Keep a copy of your original return and attachments.**

If mailing payment with your return, complete the PIT-PV Payment Voucher. Put your social security number and the tax year on your check.

Do not cut or resize the bottom portion of the payment voucher in any way. When printing the document from the Internet, the printer setting "Page Scaling" should be set to 'none' to prevent resizing.

You may pay by electronic check through the Internet at no charge. Directions are available on the web site, www.tax.state.nm.us and click on E-services.

You may also pay by credit card. A convenience fee of 2.49% is charged to reimburse the Department for charges paid to the credit card company.

Checklist - Complete the Filing Checklist on page 30 of the PIT-1 Instructions. **Assemble your return (and Payment Voucher if your return shows tax due) as shown** on page 29 of the PIT-1 Instructions. Do not staple your return or attachments.

Mail your return and attachments to the address on Form PIT-1, page 2, or as instructed on page 10 of the instructions.