

INSTRUCTIONS FOR 2008 PIT-RC SCHEDULE NEW MEXICO REBATE AND CREDIT SCHEDULE

GENERAL INFORMATION

SECTION I

The questions in SECTION I must be answered to claim any of the rebates or credits reported in SECTIONS II through V.

The **general qualifications*** for claiming refundable rebates and credits in Sections II through V are:

- You must have been a resident of New Mexico during the tax year, **and**
- You must have been physically present in New Mexico for at least six months during the tax year (except for the Child Day Care Credit), **and**
- You were not eligible to be claimed as a dependent of another taxpayer for the tax year, **and**
- You were not an inmate of a public institution for more than six months of the tax year.

***NOTE: To claim the refundable tax credits in Section VI** (see page 8 RC) individuals do not need to meet "general qualifications." They may skip Section I when completing the PIT-RC schedule. See the instructions for lines 23 through 27 for further details.

ALLOWABLE HOUSEHOLD MEMBERS AND EXTRA EXEMPTIONS

When claiming the Low Income Comprehensive Tax Rebate in Section II,

you must calculate allowable household members and extra exemptions. You must complete lines 1 through 3 to claim the rebate.

Note: New Mexico uses the same definitions and qualifications as the Internal Revenue Service to determine if someone is your dependent. See the federal Form 1040, 1040A or 1040EZ instructions for dependent definitions and qualifications.

MODIFIED GROSS INCOME

Eligibility for all rebates and credits shown in Sections II through V depends on MODIFIED GROSS INCOME (MGI). MGI is different from federal adjusted gross income, federal taxable income or New Mexico taxable income. See *What is Modified Gross Income?* on page 3 RC for details and definitions.

NOTE: You may be eligible for an Earned Income Tax Credit (EITC) from the Internal Revenue Service (IRS) if you qualify for any of the low income rebates and credits on Schedule PIT-RC. If you qualify, you may also qualify for the Working Families Tax Credit on your New Mexico return. See the instructions for lines 25 and 25a, Schedule PIT-RC for more details.

The Federal EITC is a refundable federal income tax credit for low-income working individuals and families. The credit reduces the amount

of federal tax you may owe and may increase your refund from the IRS. To see if you may claim the credit, read the rules in the federal 1040, 1040A, and 1040EZ tax packages or see IRS Publication 596. You may also read about the EITC credit on the IRS web site at www.irs.gov and download the publication there.

The instructions for each rebate or credit provides additional, specific eligibility requirements.

*All claimants must complete **line 28**.*

In these PIT-RC instructions a line entry is explained only if additional guidance would be helpful or if the item is unique to New Mexico.

STEPS FOR PREPARING THE SCHEDULE PIT-RC

Prepare your federal return first. Even if you are not required to file a federal return, it is easier to complete the Schedule PIT-RC when you fill out a sample federal return first.

Also read the section *Filling in your tax return* on page 16 of the Form PIT-1 instructions.

STEP 1 - Gather all forms and publications you need.

If you need additional forms or instructions, see *Contacting the Department*

Modified Gross Income Limitations for 2008

If your modified gross income is:	You may qualify for;
\$22,000 or less	Low Income Comprehensive Tax Rebate
\$16,000 or less	Property Tax Rebate (if you are 65 or older)
\$27,248 or less	Child Day Care Credit

▼ Los Alamos County Residents Only ▼

\$24,000 or less	Low Income Property Tax Rebate for Los Alamos County residents.
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Refundable Tax Credits in Section VI, Schedule PIT-RC

- Refundable medical care credit for persons age 65 or older;
- Approved film production tax credit;
- Working families tax credit, if you also qualify for the federal Earned Income Tax Credit;
- Special needs adopted child tax credit; and
- Renewable energy production tax credit.

on page 12 of the Form PIT-1 instructions.

STEP 2 - Get your records together.

If you received a salary or wages, get all your 2008 wage and tax statements together.

If you received an annuity, pension, retirement pay, IRA distributions, Railroad Retirement or sick pay or social security benefits in 2008, gather your federal Form(s) 1099-R, 1099-RRB and 1099-SSA.

Collect your records of gambling or lottery winnings. You will need your 2008 federal Form W-2G if the form was issued to you.

If you received public assistance from Temporary Assistance to Needy Families (TANF), the New Mexico Works Act or similar program, welfare benefits or Supplemental Security Income (SSI) during 2008, you will need records of the amounts.

Gather the records of any other income you received in 2008 — whether or not taxable — such as an insurance settlement, a scholarship or grant, VA benefits, income from an inheritance or trust, gifts of cash or marketable property, alimony or child support.

To claim the Low-Income Property Tax Rebate for Los Alamos County Residents, you need records of the property tax billed for 2008 on your principal place of residence in Los Alamos County.

If you plan to claim the Property Tax Credit for those 65 or older, you need records of the property tax billed for 2008 or the rent paid on your principal place of residence.

If you plan to claim the Child Day Care Credit, you will need a *Caregiver's Statement*, Form PIT-CG, from each person who provided child day care during 2008.

To claim the refundable medical care credit for persons 65 or older you will not need to submit additional docu-

mentation with your return. However, as with all deductions, rebates and credits claimed on your tax return, you must keep receipts and records so that the Department may determine your correct tax due. The Department may require copies of your records to support your claim. See instructions for line 23.

To claim the film production tax credit, you will need Form RPD-41228, *Film Production Tax Credit Claim Form*. Prior approval from the Economic Development Department and the Taxation and Revenue Department is required. See instructions for line 24.

To claim the working families tax credit, you will need all documentation used to compute the Federal Earned Income Credit reported on the 2008 federal personal income tax return. See instructions for line 25.

In the first year you claim the special needs adopted child tax credit for a qualifying adopted child, you will need to attach a copy of the certificate issued by the Human Services Department or the licensed child placement agency for each child you adopted in that year. See instructions for line 26.

To claim the renewable energy production tax credit, you will need Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*. Prior approval from the Energy, Minerals and Natural Resources Department is required. See instructions for line 27.

STEP 3 - Fill in Schedule PIT-RC.

Complete Schedule PIT-RC using the line instructions that follow.

STEP 4 - Check the figures on your Schedule PIT-RC.

Make sure your arithmetic is correct and you limited your calculations to the maximum when required.

Check that the first page of Schedule PIT-RC shows your correct name and social security number, and if claiming one or more of the rebates and credits

under Sections II through V, you have completed Section I, and answered all required questions. Make sure your social security number is correct on page 2 of Schedule PIT-RC.

STEP 5 - Transfer the amount on line 28 to your Form PIT-1.

Be careful to enter the correct total amount of rebates and credits on line 21 on Form PIT-1. Continue with the line instructions and remaining steps for completing your 2008 Form PIT-1.

LINE INSTRUCTIONS

Enter the primary taxpayer's name and social security number exactly as it appears on Form PIT-1.

Individuals claiming rebates and credits under Sections II through V must complete Section I in its entirety, or the rebate or credit will be denied. Individuals claiming ONLY refundable tax credits in Section VI, skip Sections I through V. All claimants must complete line 28.

Section I: Qualifications for Credits and Rebates Reported in Sections II through V.

Question A. On a joint return check BOTH boxes if one spouse was a resident of New Mexico during the tax year and the other spouse was not.

Question B. Check BOTH boxes on a joint return if one spouse was physically present in New Mexico for at least six months and the other spouse was not.

Question C. If you were a dependent, or you qualify as a dependent of another individual for federal income tax purposes, check the YES box whether or not you were actually claimed as a dependent on the other person's federal return. If you were a dependent of another taxpayer, you may not claim any tax rebate or the Child Day Care Credit.

Inmate Checkbox. Check the appropriate box(es) if either spouse was an

inmate of a public institution for more than six months in 2008. A taxpayer who is an inmate of a public institution for more than six months does not qualify for rebates or credits and does not qualify as a household member for purposes of rebates or credit. If the inmate has a spouse who was not an inmate, the spouse of the inmate may still qualify to claim the rebates or credits.

LINE 1.
Number of Exemptions

Enter the number of exemptions from line 2, Form PIT-1. This is the same number of qualified federal exemptions as reported on your federal return. Refer to the instructions on your federal return to determine the correct entry.

LINES 2 and 3.
Allowable Household Members and Extra Exemptions for Purposes of Claiming Low-income Comprehensive Tax Rebates

LINE 2a.
Number of Household Members Who Do Not Qualify

Enter the number of household members who DO NOT qualify. If all household members qualify, leave this field blank.

Household members who do not qualify: You or your spouse must meet the general qualifications listed below or all members of your household do not qualify. You or your spouse must:

- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2008;
- be neither eligible to be claimed, nor actually claimed, as a dependent of another taxpayer for 2008, and
- not be an inmate of a public institution for more than six months during 2008.

If either you or your spouse meets the general qualifications, but not both, then the non-qualifying spouse is not eligible.

Dependents who are non-residents of New Mexico DO NOT qualify as a household member for purposes of claiming the low income comprehensive tax rebate. Include non-resident dependents on line 2a of Schedule PIT-RC. Dependents who are residents of New Mexico, *but are not physically present in New Mexico for six months*, qualify as household members for purposes of claiming the Low-Income Comprehensive Tax Rebate.

EXAMPLE: A married couple filing a joint return reports six exemptions on line 1 of Schedule PIT-RC. The husband lived out of state for seven months of the tax year. Since he was not physically present in New Mexico for six months, the family allowance is only five household members when claiming the Low-Income Comprehensive Tax Rebate. If both taxpayers lived out of state for seven months, none of the household members would qualify.

EXAMPLE: The taxpayer qualifies for the tax rebates, but has a dependent who is out of state temporarily to attend school. The dependent is still a resident of New Mexico. Although the dependent may be gone for most of the year, the taxpayer may claim a rebate counting that dependent as a household member.

EXAMPLE: If a citizen of another country is a resident of New Mexico, that person may claim the tax rebates. If the spouse, children or other dependents are not residents of New Mexico, the filer cannot claim a rebate based on exemptions for them.

LINE 2c. If you or your spouse (if filing a joint return) is blind as defined for federal income tax purposes, check the appropriate box(es) and enter the total number of boxes you checked in line 2c.

LINES 2e and 2f. Additional special exemptions are available if **you**, or **your spouse** if married filing jointly, are age 65 or older on the last day of the tax year. Complete the lines as instructed on the form.

LINE 2h. If you and your spouse are filing separately, you must exclude the number of household members and extra exemptions your spouse claimed on line 2g of his or her PIT-RC.

LINES 4 through 12.
Calculation of Modified Gross Income

Read *What is Modified Gross Income?* below before completing these lines.

What is Modified Gross Income?

Modified Gross Income (MGI) is unique to New Mexico law. In general, MGI is ALL income and other compensation you receive from ALL sources (regardless of whether that income is taxable by the U.S. Government or the state of New Mexico) for yourself, your spouse and your dependents. You may not reduce MGI by deductions or offset MGI by losses allowed for income tax purposes under the New Mexico Income Tax Act or under the Internal Revenue Code.

When calculating MGI, include the MGI of the taxpayer and all household members. Even if you are married but filing separate returns, the total modified gross income of both husband and wife must appear in the calculation.

The following items are excluded from the definition of MGI and DO NOT have to be reported:

- money lent to you that you are legally bound to repay;
- the face value of food stamps or WIC vouchers;
- payments by any party or by Medicare or any similar plan for hospital, dental, medical or drug expenses whether or not the payment is made directly to the insured/recipient or a third-party provider, and whether or not a premium is paid;
- money received during the year as low-income or property tax rebates or child day care credit;
- medical care payments made by Medicaid, the State Human Services Department, the County Indigent Hospital Claims Fund, Champus, Veterans' Administra-

- tion, or Workers' Compensation;
- rent subsidies, weatherization, energy and housing rehabilitation benefits (such as Section 8 housing assistance);
- stipends paid to foster grandparents; and
- free room and board when not considered compensation.

LINE 4. Enter wages, salaries, tips, etc.. If wages, salaries, tips, etc., were exempted or deducted from federal adjusted gross income on Schedule PIT-ADJ, they must be included on line 4, for purposes of computing modified gross income.

LINE 5. Enter the gross amount of social security benefits, other retirement benefits, including Railroad Retirement benefits and veterans' benefits, and amounts received from pensions and annuities WITHOUT deduction for Medicare premiums or other deductions.

LINE 6. Enter unemployment benefits from all sources and Workers' Compensation benefits received. Do not include medical benefits.

LINE 7. Enter amounts received from public assistance, TANF or a similar program, welfare and general assistance benefits, and Supplemental Security Income (SSI). DO NOT include medical care benefits, rent subsidies, weatherization, energy and housing rehabilitation benefits.

LINE 8. Enter your net profit from business, profession, farm or rentals. This includes income from self-employment. If it is a loss, enter zero. If you have more than one business, farm or rental property, you MAY NOT offset the loss of one business, farm or rental against the profit of another business, farm or rental or against any other source of income.

LINE 9. Enter your gross capital gains. Do not reduce them by capital losses. Include in capital gains any gain on the sale of a personal residence in 2008 that is deferred or not subject to federal income tax.

LINE 10. Enter all gifts of cash or marketable tangible items no matter who gave them to you. Gifts of tangible items must be given a reasonable value.

LINE 11. Enter all income not included on lines 4 through 10, regardless of whether it is taxable as federal or state income. This may include, but is not limited to:

- interest, including interest from U.S. Government securities and interest on state and municipal bonds;
- dividends;
- alimony, separate maintenance and child support payments;
- gross gambling, gaming and lottery winnings from any source. Do not reduce winnings by any losses;
- receipt of contribution withdrawals from deferred compensation plans;
- royalties from any source;
- distributions from employee stock ownership plans or other employee benefit plans, except for medical benefits;
- income from discharge of indebtedness (not involving bankruptcy);
- value of a legacy, devise, bequest or inheritance received;
- income from an estate or trust;
- distributions from partnerships, S corporations or similar pass-through entities;
- scholarships, fellowships, prizes, awards or grants;
- other cash prizes and awards;
- insurance or court settlements;
- amounts received from endowment contracts;
- the value of room and board received as compensation;
- all ordinary gains from dealing in or selling property; and
- cost-of-living, moving or other allowances received as compensation.

**LINE 14.
Low Income Comprehensive Tax Rebate**

To qualify for a rebate a claimant must:

- have a modified gross income of \$22,000 or less;
- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2008;
- be neither eligible to be claimed, nor actually claimed, as a dependent of another taxpayer for 2008, and
- not be an inmate of a public institution for more than six months during 2008.

Line 14. Turn to the Low-Income Comprehensive Tax Rebate Table (Table 1, page 5 RC). Go down the column on the left until you find the line that includes the Modified Gross Income you entered on line 13. Read across until you reach the column showing the number of exemptions you calculated on line 13a. This figure is your Low-Income Comprehensive Tax Rebate.

All taxpayers, other than married couples filing separate returns, enter this amount on line 14 of Schedule PIT-RC. Married couples filing separate returns must divide the amount from the table by 2 and enter the result on line 14 of Schedule PIT-RC. (Include this amount on line 28 of the Schedule PIT-RC.)

**LINES 15 through 17.
Property Tax Rebate for Persons 65 or Older**

The property tax rebate may not exceed \$250. (\$125 for a married taxpayer filing a separate return.)

There is no property tax rebate available for property that is not already subject to property tax.

To qualify for a rebate a claimant must:

- have a modified gross income of \$16,000 or less;

TABLE 1 - 2008 LOW INCOME COMPREHENSIVE TAX REBATE

Modified Gross Income from Line 13 of PIT-RC		Number of Exemptions from Line 13a of PIT-RC					
	But Not Over	1	2	3	4	5	6 or more
0	\$ 500	\$ 120	\$ 160	\$ 200	\$ 240	\$ 280	\$ 320
501	1,000	135	195	250	310	350	415
1,001	1,500	135	195	250	310	350	435
1,501	3,500	135	195	250	310	350	450
3,501	4,500	135	195	250	310	355	450
4,501	5,000	125	190	240	305	355	450
5,001	5,500	115	175	230	295	355	430
5,501	6,000	105	155	210	260	315	410
6,001	7,000	90	130	170	220	275	370
7,001	8,000	80	115	145	180	225	295
8,001	9,000	70	105	135	170	195	240
9,001	10,000	65	95	115	145	175	205
10,001	11,000	60	80	100	130	155	185
11,001	12,000	55	70	90	110	135	160
12,001	14,000	50	65	85	100	115	140
14,001	15,000	45	60	75	90	105	120
15,001	16,000	40	55	70	85	95	110
16,001	17,000	35	50	65	80	85	105
17,001	18,000	30	45	60	70	80	95
18,001	19,000	25	35	50	60	70	80
19,001	20,000	20	30	40	50	60	65
20,001	21,000	15	25	30	40	50	55
21,001	22,000	10	20	25	35	40	45

- be age 65 or older on the last day of the tax year;
- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2008;
- be neither eligible to be claimed, nor actually claimed, as a dependent of another taxpayer for 2008; and
- not be an inmate of a public institution for more than six months during 2008.

The rebate is for property tax billed or for rent paid during tax year 2008 on the rebate claimant's principal place of residence in New Mexico.

What is the Principal Place of Residence? "Principal place of residence" for purposes of the Property Tax Rebate for persons 65 or older is the dwelling and related structures

— whether owned or rented — and only the amount of land surrounding it reasonably necessary to use the dwelling as a home. The surrounding land may not exceed five acres for purposes of this rebate.

If you have more acreage than is reasonably necessary to maintain a dwelling, adjust the amount of property tax billed to reflect the principal place of residence only. You may use only this smaller amount to calculate the tax rebate.

EXAMPLE: If a taxpayer's principal place of residence is located on 25 acres, include the total amount of property tax billed for the house alone plus the portion of the land that is reasonably necessary to maintain the residence, but not more than 5 acres. If only one acre is reasonably necessary to maintain the residence, divide the tax due on the land by the total number of acres for which property

tax has been billed. Add the property tax billed on the home to the amount of property tax billed on the land. The total is the amount of property tax billed. Use that amount in computing this rebate.

LINE 15. Complete line 15 only if you own your principal place of residence and were billed property tax. See definition of "Principal Place of Residence" above.

NOTE: If you paid rent for your principal place of residence for part of the year and were billed property tax for your principal place of residence for the other part of the year, you may claim both portions. The property tax you would claim on line 15 is only that part of the annual property tax billed for the period you lived there. If you were billed property tax on your manufactured home and you also paid rent for your lot or space, you may claim both.

TABLE 2 - 2008 MAXIMUM PROPERTY TAX LIABILITY TABLE

Modified Gross Income from Line 13 of PIT-RC		Maximum Property Tax Liability	Modified Gross Income from Line 13 of PIT-RC		Maximum Property Tax Liability
	But Not Over			But Not Over	
\$ 0	\$ 1,000	\$ 20	\$ 8,001	\$ 9,000	\$ 60
1,001	2,000	25	9,001	10,000	75
2,001	3,000	30	10,001	11,000	90
3,001	4,000	35	11,001	12,000	105
4,001	5,000	40	12,001	13,000	120
5,001	6,000	45	13,001	14,000	135
6,001	7,000	50	14,001	15,000	150
7,001	8,000	55	15,001	16,000	180

LINE 16a. Complete line 16a only if you paid rent on your principal residence. Enter the total amount of rent you paid during 2008. Count any rent subsidy paid by a government entity to your landlord. Put an "X" in the box if applicable.

LINE 17b. See Maximum Property Tax Liability Table above (Table 2). Find the Modified Gross Income range for the amount you entered on line 13 of Schedule PIT-RC. Read across the table to the column showing your maximum property tax liability and enter the amount on line 17b.

LINE 17c. Taxpayers, other than married couples filing separate returns, subtract the amount on line 17b (Maximum Property Tax Liability) from the amount on line 17a (allowable amount of property tax billed and rent paid). Enter the difference on line 17c. If the amount is less than zero, enter "0". If the amount is over \$250, enter only \$250.

Married couples filing separate returns must subtract line 17b from line 17a, divide the difference by 2 and enter this amount on line 17c. If the amount is less than zero, enter "0". If the amount is over \$125, enter only \$125.

Be sure to include the amount on line 17c in the amount on line 28 of Schedule PIT-RC.

LINE 18. Property Tax Rebate for Low Income Residents of Los Alamos County

The property tax rebate may not exceed \$350 (\$175 for a married taxpayer filing a separate return).

You do not have to be 65 or older to be eligible for this rebate. If you are a Los Alamos resident who is age 65 or older on the last day of the tax year, you may be eligible for this rebate **AND** the Property Tax Rebate for Persons 65 or Older reported on line 17c. *You must attach a property tax statement to your return if the mailing address on your 2008 Form PIT-1 is not a Los Alamos County address.*

To qualify for the rebate a claimant must:

- have a principal place of residence in Los Alamos County;
- have a modified gross income of \$24,000 or less;
- be a resident of New Mexico during the tax year;
- be physically present in New Mexico for at least six months during 2008;
- be neither eligible to be claimed, nor actually claimed, as a dependent of another taxpayer for 2008; and
- not be an inmate of a public institution for more than six months during 2008.

This rebate is for the property tax billed during tax year 2008 on your principal place of residence in New Mexico.

There is no property tax rebate for property that is not already subject to property tax.

What is "Principal Place of Residence" for purposes of the low-income property tax rebate for Los Alamos County residents? Principal place of residence is the dwelling and related structures the taxpayer owns and occupies, and only that amount of land surrounding it reasonably necessary to use the dwelling as a home. For purposes of this rebate a principal place of residence does not include rented land or structures. The surrounding land may not exceed five acres.

If you have more acreage than is reasonably necessary to maintain a dwelling, adjust the amount of property tax billed to reflect the principal place of residence only. Only this smaller amount may be used to calculate the tax rebate.

LINE 18b. Go to the Low Income Property Tax Rebate Table for Los Alamos County Residents Only (Table 3). Find the Modified Gross Income range that includes the amount you entered on line 13 of Schedule PIT-RC. Read across the table to the column showing your property tax rebate percentage and enter the amount on line 18b.

LINE 18c. Taxpayers, other than married couples filing separate returns, multiply the percentage on line 18b (Property Tax Rebate Percentage) by the amount on line 18a (allowable property tax billed) and enter the result

on line 18c. If the amount is less than zero, enter "0". If the amount is over \$350, enter only \$350.

For example, the property tax billed to Los Alamos Resident A, on his principal place of residence was \$800 for calendar year 2008. On line 18a, A enters \$800. Because his modified gross income for 2008 was 19,000, A enters on line 18b the property tax rebate percentage of 45%. To compute line 18c, A multiplies \$800 by 45% (0.45). The result is \$360, but because the maximum rebate allowable is \$350, A enters \$350 on line 18c.

Married couples filing separate returns multiply 18a by 18b, divide the answer by 2, and enter this amount on line 18c. If the amount is less than zero, enter "0". If the amount is over \$175, enter only \$175.

Include the amount on line 18c in the amount on line 28 of Schedule PIT-RC.

**LINES 19 through 22.
Child Day Care Credit**

The Child Day Care Credit may not exceed \$1,200. (\$600 for a married taxpayer filing a separate return.) Please see Brochure #11, New Mexico Income Tax - Child Day Care Credit on the TRD web page. Click on "Publications".

A credit claimant must:

- have a Modified Gross Income of

- \$27,248 or less;
- be a resident of New Mexico during the tax year;
- furnish over half the cost of maintaining a household for one or more qualifying dependents for that part of the tax year for which the rebate is claimed (either separately or jointly with a spouse);
- be gainfully employed for that part of the tax year for which the credit is claimed. If they file a joint return, both spouses must have been gainfully employed unless one was disabled for that part of the tax year for which the credit is claimed;
- not be a recipient of public assistance under the Temporary Assistance for Needy Families program (TANF), the New Mexico Works Act or similar program, during that part of the tax year for which the credit is claimed, and
- not have been reimbursed or compensated for the amount of child day care expense for which a credit is being claimed. Reimbursed or compensated child day care expenses like those paid with pre-tax dollars under a cafeteria and similar benefit plans are also ineligible.

NOTE: The Department checks with appropriate state agencies to verify whether a claimant is receiving public assistance.

No credit can be claimed for amounts paid to a caregiver unless the caregiver:

- was at least 18 years old at the time care was provided;
- provided the day care service within New Mexico;
- provided day care for fewer than 24 hours daily; and
- could not be claimed as a dependent by you or your spouse for federal income tax purposes.

A husband and wife maintaining a household for one or more qualifying dependents, but filing separate returns for a tax year may each claim only half the credit allowed for a joint return.

Definitions You Need to Know to Claim the Child Day Care Credit.

1) "qualifying dependent" means a person under the age of 15 at the end of the tax year who has received the services of a caregiver. Dependent includes a child of divorced or legally separated parents when the taxpayer meets all requirements for claiming a federal child care credit.

2) "gainfully employed" means working for others for compensation, either full-time or part-time, or being self-employed. Actively seeking employment or school attendance does not qualify as gainful employment.

3) "cost of maintaining a household" means the expenses for operating the principal place of residence for the mutual benefit of its occupants. These expenses include property taxes, mortgage interest, rent, utility charges, upkeep and repairs, property insurance and food. Cost of maintaining a household DOES NOT include cost of clothing, education, medical treatment, vacations, life insurance, transportation or principal payments on mortgages.

4) "disabled person" means a person who has a medically determinable physical or mental impairment, certified by a licensed physician, that renders the person unable to engage in gainful employment. NOTE: The Department may ask you to provide certification of disability from your physician, but DO NOT include it with your return.

5) "caregiver" means either an individual 18 years of age or over or a corporation who receives compensation from the credit claimant for providing direct care and supervision to a

Modified Gross Income from Line 13 of PIT-RC		Property Tax Rebate Percentage (of property tax liability)
	But Not Over	
\$ 0	\$ 8,000	75%
8,001	10,000	70%
10,001	12,000	65%
12,001	14,000	60%
14,001	16,000	55%
16,001	18,000	50%
18,001	20,000	45%
20,001	22,000	40%
22,001	24,000	35%

qualifying dependent in New Mexico. A caregiver may be related to, but not a dependent of, the claimant.

EXAMPLE: The taxpayer is a single parent who provides over 50% of the support of a dependent child. The taxpayer attended school from January through May and became gainfully employed full time on June 1. The taxpayer had child care expenses for the entire year from a caregiver located in New Mexico. The taxpayer was not compensated or reimbursed for child day care services during the tax year. The taxpayer can claim the credit for child care only for expenses from June through December while the taxpayer was employed. The taxpayer may not count expenses for child care from January through May.

To calculate your allowable Child Day Care Credit, complete the Child Day Care Credit Worksheet found on page 11 of the Schedule PIT-RC instructions. Each caregiver is required to give you a Form PIT-CG, Caregiver's Statement. The information on the PIT-CG is necessary to complete the worksheet. Submit a copy of the Child Day Care Credit Worksheet and all Form(s) PIT-CG, with your New Mexico Personal Income Tax return. Keep the original for your records.

LINE 19. From the Child Day Care Credit Worksheet, enter the sum of the amounts in column G, but no more than \$1,200. This is your available Child Day Care Credit.

LINE 20. Enter the total of qualified dependents receiving child day care services.

LINE 21. Enter the amount of federal child care credit you claimed on your federal income tax return.

LINE 22. Subtract line 21 from line 19. This is the amount of New Mexico Child Day Care Credit you may claim.

EXAMPLE: *More than one child.* The taxpayer's three children each received 200 days of care. The taxpayer was not compensated or reimbursed for child day care services during the

tax year. The fee was \$10 daily for each child. The taxpayer's available New Mexico day care credit amount is \$1,200.

On the Child Day Care Credit Worksheet, the taxpayer enters the first child's name and age in columns A and B. The number of days of care (200) is entered in column C. The taxpayer enters \$8 in column D even though the actual amount paid out was \$10. The maximum daily amount for computing the credit is \$8. Two hundred times \$8 equals \$1,600 (column E). Forty percent of \$1,600 equals \$640. Because \$640 is greater than \$480 (the maximum allowable amount per child), the taxpayer enters \$480 in column G.

The taxpayer computes the credit amounts for the second and third child in the same way. The sum for the three children is \$1,440. It is more than \$1,200 (the maximum allowable credit amount), so the taxpayer enters \$1,200 on line 19.

EXAMPLE: *More than one rate paid for child care.* The taxpayer's child received 100 days of care at \$7 per day and 50 more days at \$10 per day. The taxpayer's available day care credit amount is \$440.

On the Child Day Care Credit Worksheet, the taxpayer enters the child's name and age in columns A and B. In columns C and D, the taxpayer enters 100 (days of care) and \$7 (amount paid per day). One hundred times \$7 equals \$700 (entered in column E). Forty percent of \$700 equals \$280 (entered in column G).

On the next line of the worksheet the taxpayer writes, "same child". The taxpayer enters 50 (days of care) in column C and \$8 (maximum daily amount for this credit although the taxpayer actually paid \$10 per day) in column D. Fifty times \$8 equals \$400 (entered in column E). Forty percent of \$400 equals \$160.

The sum of the two partial credit amounts for this child is \$440, entered on line 19.

SECTION VI: Refundable Tax Credits

LINES 23 through 27.

If you are claiming any of the refundable tax credits on lines 23 through 27 and no other refundable rebate or credit on Form PIT-RC, then follow these special procedures for completing Schedule PIT-RC:

Enter the name and social security number of the primary taxpayer shown on pages 1 and 2 of Schedule PIT-RC. Complete the applicable lines 23, 24, 25, 25a, 26 or 27 only and enter the total on line 28. *Important: If claiming the working families tax credit, you must complete both lines 25 and 25a, or the credit will be denied.* Carry the amount on line 28 to line 21 of Form PIT-1 for 2008. Continue with the line instructions and remaining steps for completing the Form PIT-1. You must submit Schedule PIT-RC, and any other documentation required, to the Department with Form PIT-1.

LINE 23.

Refundable Medical Care Credit for Persons 65 or Older

If you or your spouse is 65 years of age or older and you paid unreimbursed and uncompensated medical care expenses of \$28,000 or more during tax year 2008, you may claim a tax credit of \$2,800. The medical care expenses may be for the care of any combination of yourself, your spouse or dependents. The tax credit is allowed for out-of-state residents with income tax responsibility to New Mexico.

Enter \$2,800 if you qualify. Married couples filing separate returns may each claim one-half of the credit that would have been allowed on a joint return.

If you are eligible to claim the refundable medical care credit for persons age 65 years or older, you are also eligible to claim the medical care expense exemption for persons 65 years or older reported on line 16 of Schedule PIT-ADJ allowing an additional tax benefit. You must complete Schedule PIT-ADJ to claim the tax exemption.

The types of medical expenses that you may include are described in the instructions for line 13, Form PIT-1 with the following exception. You may also include the portion of unreimbursed and uncompensated medical care expenses which have been included in itemized deductions on Schedule A, federal Form 1040.

To compute the unreimbursed and uncompensated medical care expenses for purposes of this credit, you may include all of the qualified expenses which are used to compute the refundable medical care expense exemption for persons 65 years or older reported on line 16 of Schedule PIT-ADJ. Unreimbursed and uncompensated medical care expenses used to compute the medical care expense deduction claimed on line 13, Form PIT-1 also may be used to compute the medical expenses for purposes of this credit.

**LINE 24.
Film Production Tax Credit**

Enter the amount of approved film production tax credit claimed on Form RPD-41228. Attach a copy of the credit approval from the Taxation and Revenue Department.

The film production tax credit provides a credit for an eligible film production company. The amount of the credit is equal to 25% of direct production and direct postproduction expenditures. Direct production expenditures must be directly attributable to the production in New Mexico of a film or commercial audiovisual and both direct and post production expenditures must be subject to taxation by the State of New Mexico. Excluded from the credit are costs for which the film production company has already issued a nontaxable transaction certificate under Section 7-9-86 NMSA 1978. To obtain approval for the credit, first apply to the New Mexico Film Office of the Economic Development Department (EDD). When it receives approval from EDD, the film production company may apply for Taxation and Revenue Department approval of the credit. See the Application for Film Production Tax Credit, Form RPD-41229.

**LINE 25.
Working Families Tax Credit**

Enter on line 25a, the amount of Federal Earned Income Tax Credit (EITC) reported on your 2008 Federal Income Tax Return. Multiply the amount on line 25a by 10% (.10) and enter on line 25. *Important: you must complete both lines 25 and 25a, or the credit will be denied.*

An individual who was a New Mexico resident during any part of 2008 and who files a New Mexico personal income tax return may claim a credit in an amount equal to ten percent of the Federal EITC for which that individual is eligible for the same tax year. An individual who qualifies for the working families tax credit may receive a refund if the credit exceeds the income tax liability for the tax year of the claim.

To claim the working families tax credit, you must enter on line 25a, the amount of the Federal EITC reported on your 2008 federal Form 1040, 1040A, or 1040EZ or your credit will be denied.

The Federal EITC is a refundable federal income tax credit for low-income working individuals and families. The credit reduces the amount of federal tax you may owe and may increase your refund from the IRS. To see if you may claim the credit, read the rules in the federal 1040, 1040A, and 1040EZ tax packages or see IRS Publication 596. You may also read about the EITC credit on the IRS web site at www.irs.gov and download the publication there.

**LINE 26.
Special Needs Adopted Child Tax Credit**

If you qualify for the Special Needs Adopted Child Tax Credit, enter \$1,000 for each special needs adopted child on line 26 of Schedule PIT-RC. If you are married filing separately, enter \$500 for each child. A husband and wife who file separate returns may each claim only one-half of the credit.

You may claim the Special Needs Adopted Child Tax Credit if:

- you file a New Mexico personal income tax return;
- you are not a dependent of another taxpayer;
- you have adopted a special needs child, and
- the special needs adopted child is claimed as a dependent on your federal return.

A Special Needs Adopted Child means an individual who may be over 18 years of age and who is certified by the Children, Youth and Families Department or a licensed child placement agency as meeting the definition of a "difficult to place child" pursuant to the Adoption Act; and the classification is based on physical or mental impairment that is at least moderately disabling.

In the first year you claim the special needs adopted child tax credit for a qualifying adopted child, you will need to attach a copy of the certificate issued by the Human Services Department or the licensed child placement agency for each child you adopted in that year.

If you claimed the credit for adoption of special needs children for a qualifying adopted child in a prior year, you do not need to attach the supporting documentation to the return. Maintain the documentation in your files.

NOTE: Effective January 1, 2007, the exemption for adoption of special needs children has been repealed, and a new special needs adopted child tax credit was created. Those who previously claimed the exemption, may qualify for the new credit.

**LINE 27.
Renewable Energy Production Tax Credit**

Enter the amount of approved renewable energy production tax credit claimed on Form RPD-41227, *Renewable Energy Production Tax Credit Claim Form*.

To claim the credit you must attach to Form PIT-1, a completed Form RPD-

41227, the certificate of eligibility issued by Energy, Minerals and Natural Resources Department (EMNRD), the Allocation Notice approved by EMNRD, if applicable, and documentation of the amount of electricity produced by the facility in the tax year. The credit may be deducted from the taxpayers corporate or personal income tax liability for which the credit is claimed. If the amount of the tax credit exceeds the taxpayer's corporate or

personal income tax liability for the tax year:

1. the excess may be carried forward for 5 years, or
2. if the tax credit was issued with respect to a qualified energy generator that first produced electricity using a qualified energy resource on or after October 1, 2007, the excess shall be refunded to the taxpayer.

**LINE 28.
Total Rebates and Credits
Claimed**

Add the amounts, if any, on lines 14, 17c, 18c, 22, 23, 24, 25, 26 and 27. Enter the total on line 28. Transfer the amount on line 28 to line 21 of your Form PIT-1.



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Child Day Care Credit Worksheet

Print your name (first, middle, last)

YOUR SOCIAL SECURITY NUMBER

You must answer both questions.

Yes Were the child day care expenses reimbursed or otherwise paid by another party? You may only claim uncompensated and unreimbursed child day care expenses.
 No

Yes Was public assistance received under the Temporary Assistance for Needy Families, New Mexico Works Act or a similar program during that part of the tax year for which the credit was claimed? You may not claim child day care expenses during periods in which you received assistance from one of these programs?
 No

NOTE: The Department checks with appropriate state agencies to verify whether a claimant is receiving public assistance.

COLUMN A Name of Child	COLUMN B Age of Child	COLUMN C Number of days of care	COLUMN D Amount paid per day not to exceed \$8.00	COLUMN E Day Care Expenses Multiply Col. C by Col. D	COLUMN F Multiply Col. E by .40 Enter in Column G	COLUMN G Available day care credit not to exceed \$480/child
					.40	
					.40	
					.40	
					.40	
					.40	
					.40	
					.40	

To complete the Child Day Care Credit Worksheet:

Column A: Enter the name of the qualified dependent child who received day care during 2008. If you need more space, attach a worksheet in the same format.

Column B: Enter the age of the child at the end of the 2008 tax year.

Column C: Enter the total number of days of qualified child day care service provided for the child.

Column D: Enter the amount paid per day for the child. The maximum is \$8 per child per day. Only include amounts actually paid by you; do not include amounts that were reimbursed or paid for by another party (such as your employer or the State of New Mexico).

Column E: Multiply column C by column D and enter the result.

Column G: Multiply column E by column F (.40) and enter the result, but no more than \$480 per child.

Add the amounts in column G and enter the total on line 19, Schedule PIT-RC, but no more than \$1,200.

ATTACH TO FORM PIT-1

PIT-CG

NEW MEXICO CAREGIVER'S STATEMENT

This schedule must be completed by the caregiver and given to the taxpayer to be attached to Form PIT-1 and Schedule PIT-1-RC. A separate PIT-CG should be completed by each caregiver who provided day care services for which a credit amount is being claimed. Failure to attach the required PIT-CG to the Form PIT-1 will cause the amount claimed for the child day care credit to be disallowed.

The caregiver must furnish the information on the number of days of care provided each month and the compensation received for each child for whom the credit is being claimed. The three qualification questions must be completed and the name, address, phone number and New Mexico CRS identification number of the caregiver provided. For each child receiving day care services, provide the name and social security number. The statement must be signed by the caregiver.

Do not include any charges for child care for periods of unemployment or for child care provided either before or after work (plus any necessary travel time) or for periods a taxpayer is attending school.

Taxpayer's first name & initial (as it appears on Form PIT-1)	Last name	Taxpayer's social security number
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PART I - QUALIFICATIONS FOR INDIVIDUAL CAREGIVERS

Caregiver's name	Address	New Mexico CRS ID or social security number
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1. Were you, as a caregiver, age eighteen (18) or over at the time the care was performed?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
2. Did you, as a caregiver, provide day care service for less than 24 hours daily?	YES <input type="checkbox"/>	NO <input type="checkbox"/>
3. Were you a dependent of the above taxpayer for whom you provided child care services?	YES <input type="checkbox"/>	NO <input type="checkbox"/>

PART II - STATEMENT OF COMPENSATION RECEIVED BY CAREGIVER

YEAR	CHILD 1, Name and SSN		CHILD 2, Name and SSN		CHILD 3, Name and SSN		CHILD 4, Name and SSN	
20____	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month	No. of Days	Compensation Amount Received Per Month
JANUARY								
FEBRUARY								
MARCH								
APRIL								
MAY								
JUNE								
JULY								
AUGUST								
SEPTEMBER								
OCTOBER								
NOVEMBER								
DECEMBER								
TOTAL								

Caregiver's signature _____ Caregiver's phone number _____

PART III - TAXPAYER: IF YOU COULD NOT OBTAIN A STATEMENT FROM CAREGIVER, COMPLETE THIS PORTION OF THE FORM.

If all reasonable attempts to complete this schedule have been made, and the taxpayer is still unable to locate the caregiver or to obtain the required information, the taxpayer should complete Part I and II of this schedule based on previous billings or other records, provide the name and address of the caregiver and explain below why the caregiver did not complete the statement.

Taxpayer's signature _____