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LINE 6. New Mexico tax-exempt interest and dividends

Enter the total interest or dividend income you received from the following investments:

- State and local bonds exempt from New Mexico taxable income, including the State of New Mexico or its agencies, institutions, instrumentalities, or political subdivisions;
- Obligations of the Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana Islands;
- Federally taxable bonds issued by the State of New Mexico; **and**
- Mutual funds, unit investment trusts, or simple trusts* invested in obligations of the State of New Mexico or its agencies, institutions, instrumentalities, or political subdivisions, or from the Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana Islands.

You may deduct only the amount shown on the annual statement provided by the mutual fund, unit investment trust, or simple trust as flowing through to the investor from this investment income.

NOTE: You may not deduct interest and dividends from IRAs. IRAs invested in obligations of the State of New Mexico or its agencies, institutions, instrumentalities, or political subdivisions, or from the Commonwealth of Puerto Rico, Guam, Virgin Islands, American Samoa, or Northern Mariana Islands do not qualify as a simple trust.

Attach An Explanation

If the amount on line 6 is more than the amount on line 1, attach an explanation to your return. To add an explanation, click on the **Add** button, on the left sidebar of your screen, next to "Attachments". The next screen will allow you to upload a document to be submitted with your return. For specific directions, see the Help files, on the sidebar. Click "I Have a Question", then under the **RETURNS/PERMITS** tab, click on Q6.

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LINE 7. New Mexico net operating loss carryforward

Click the "Add/Edit NOL" button if you have an unused New Mexico net operating loss carryforward from a previous year, and complete the NM Net Operating Loss Summary.

Complete Form RPD-41369

To calculate the New Mexico net operating loss carry forward, complete Form RPD-41369, *Net Operating Loss Carryforward Schedule*. <http://realfile.tax.newmexico.gov/2015rpd-41369.pdf>

About New Mexico net operating loss carryforwards

All New Mexico net operating losses must flow from a federal net operating loss. You cannot have a New Mexico net operating loss without a federal net operating loss. Unlike a federal net operating loss, a New Mexico net operating loss **cannot be carried back**, and if incurred in tax years on or after January 1, 2013, may be carried forward for 19 years or until the total amount of the loss carryover has been used, whichever occurs first.

A New Mexico net operating loss incurred in tax years after 1990, but before December 31, 2012, also cannot be carried back and may only be carried forward for five years or until the total amount of the loss carryover has been used, whichever occurs first.

The first year you can apply a New Mexico net operating loss is:

- If you filed your return on time, you can apply it the following tax year,
- or**
- You can apply it the first tax year that begins after the date you file a return establishing the loss.

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LINE 8. Interest received on U.S. government obligations

Enter the interest you received from U.S. government obligations, including any of the following:

- U.S. savings bonds
- Treasury bills
- Notes issued by the Federal Home Loan Banks (do not include dividends)
- U.S. government obligations from your share of income from partnerships, S corporations, or limited liability companies, or a distribution from a unit investment or simple trust

Deduct Dividends

You may deduct dividends from mutual funds invested in U.S. government obligations according to the percentage of the total fund invested in U.S. government obligations.

To deduct these dividends, the fund must give investors statements showing the amount of interest income from investments in U.S. government obligations.

Do Not Deduct As Interest

Interest from the Government National Mortgage Association (Ginnie Mae), Federal National Mortgage Association (Fannie Mae), or Federal National Home Loan Mortgage Association (Freddie Mac), is not deductible as interest on U.S. government obligations.

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LINE 9. Taxable Railroad Retirement Act annuities and benefits, and taxable Railroad Unemployment Insurance Act sick pay

If your taxable Railroad Retirement Act annuities and benefits, or your taxable Railroad Unemployment Insurance Act sick pay were part of your federal taxable income, enter the total of those amounts.

Attach Forms RRB-1099 and RRB-1099-R

You may receive one or both of these forms from the Railroad Retirement Board. Attach the form(s) you receive to your return.

Attachments

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LINE 10. Income of a member of a New Mexico federally-recognized Indian nation, tribe, or pueblo that was wholly earned on the lands of the reservation or pueblo of which the individual is an enrolled member while domiciled on that land, reservation, or pueblo

If you, your spouse, or both, were enrolled members of a New Mexico federally-recognized Indian nation, tribe, or pueblo, your income is exempt from federal adjusted gross income if:

- You lived on the land of the Indian nation, tribe, or pueblo of membership when you earned the income, **and**
- You earned the income on the lands of that nation, tribe, or pueblo.

You must meet both conditions.

IMPORTANT: Income (including retirement or pension income) earned **off** the lands of your own or your spouse's nation, tribe, or pueblo is subject to New Mexico income tax no matter where you live.

When Armed Forces Pay and Retirement or Pension Income is Exempt

Armed forces pay of an enrolled member is exempt only for times when the home of record is on the member's own Indian nation, tribe, or pueblo lands.

Retirement or pension income is exempt only when the retirement or pension is the result of employment **on** the member's Indian nation, tribe, or pueblo.

On line 10, enter the amount of qualifying income. On the next two lines, enter the name of your and, if applicable, your spouse's Indian nation, tribe, or pueblo.

NOTE FOR LINES 10 AND 11: You may not claim combined exemptions and deductions for more than 100% of income. Also note: If you claim rebates and credits on Schedule PIT-RC, you must also include amounts exempted or deducted on PIT-ADJ, lines 10 and 11 as income when calculating modified gross income. For more information, see page 3RC of the instructions for Schedule PIT-RC. <http://realfile.tax.newmexico.gov/2015pit-rc-ins.pdf>

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LINE 11. Income of persons age 100 years or older

To qualify for this income exemption both of the following must be true:

- The taxpayer or spouse must be 100 years or older (a centenarian) at the end of the tax year for which you claim the exemption.
- Someone else cannot claim the centenarian as a dependent.

If you qualify, the box or boxes will be completed for you, indicating whether the taxpayer, the spouse or both are age 100 or older. On line 11, enter the 100 and over deductions.

NOTE FOR LINES 10 AND 11: You may not claim combined exemptions and deductions for more than 100% of income. Also note: If you claim rebates and credits on Schedule PIT-RC, you must also include amounts exempted or deducted on PIT-ADJ, lines 10 and 11 as income when calculating modified gross income. For more information, see the page 3 of the instructions for Schedule PIT-RC. <http://realfile.tax.newmexico.gov/2015pit-rc-ins.pdf>

Unmarried Centenarians. If you are an unmarried centenarian, you do not need to file a return unless you want to claim rebates and credits available for low income filers.

Married Centenarians. New Mexico is a community property state, and rules are different for married centenarians.

If you are a married centenarian filing jointly or separately, you may exempt **half** of all community income and **all** of your separate income.

Attach A Statement

If you report an exemption for more or less than 50% of total joint income, attach a statement to your return showing a correct division of community property along with separate income and payments. Not allowed are combined exemptions and deductions for more than 100% of income.

Attachments

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LINE 12. Exemption for persons age 65 or older, or blind

You may be eligible for an exemption of up to \$8,000 based on your filing status and your federal adjusted gross income from PIT-1, line 9, if:

- You are 65 or older, **or**
- You are not yet 65, but considered blind for federal income tax purposes.

The exemption is calculated for you.

Mark Correct Boxes on the Client Information page. If you or your spouse are 65 years of age or older, on page 1 of PIT-1 enter the correct date of birth for the taxpayer and spouse. If you or your spouse are blind for federal income tax purposes, mark the appropriate boxes.

The Department at some time may request proof that you or, if applicable, your spouse are blind for federal purposes. Do not attach the proof to your return.

NOTE: The Department allows only one deduction per person. You cannot take deductions for being both 65 or older **and** blind.

For more information on calculating the exemption, see page 5A of the Schedule PIT-ADJ instructions.

<http://realfile.tax.newmexico.gov/2015pit-adj-ins.pdf>

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LINE 13. Exemption for New Mexico medical care savings account

If you or your spouse is enrolled in a New Mexico Medical Care Savings Account (NMMSA) established by an employer, and during 2015 you made or received contributions to the account or made or received distributions from the account, you may be entitled to claim a New Mexico medical care savings account exemption.

An NMMSA is a tax-exempt trust or custodial account set up by a self-employed individual or a small employer who maintains a high-deductible individual or family health plan. The funds from the NMMSA are used to pay the employee's unreimbursed medical care expenses. To qualify for the exemption, the qualified contributions or distributions must be included in your federal taxable income.

When You Can Claim This Exemption

If the following are included in your federal adjusted gross income, they are exempt from New Mexico income tax and reported on line 13:

- Principal contributed to an NMMSA
- Interest earned on an NMMSA
- Money paid for eligible medical expenses from funds in an NMMSA
- Money advanced to the employee by the employer for eligible medical expenses, according to the Medical Care Savings Account Act

Do not include excess contributions, unqualified distributions, or money rolled over into another NMMSA.

When You Cannot Claim This Exemption

Generally, qualified contributions and earnings are excluded, exempted, or deducted from federal adjusted gross income and distributions paid for eligible medical expenses are excluded, exempted, or deducted from federal taxable income. If your qualified contribution or distribution is excluded, exempted, or deducted from federal taxable income, you may not claim the exemption from New Mexico taxable income.

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LINE 14. Deduction for contributions to a New Mexico-approved Section 529 college savings plan

The New Mexico Education Trust Fund is an account in one of the New Mexico-approved Section 529 college savings plans.

You can deduct contributions you made to the fund during the tax year for each beneficiary. Contributions include the principal and earnings of amounts rolled over to a New Mexico-approved Section 529 college savings plan account from a non-New Mexico-approved Section 529 college savings plan.

A taxpayer and spouse who file separate returns (filing status is married filing separately) may each claim one-half of the deduction allowed on a joint return.

NOTE: You may only deduct contributions to a Section 529 plan established and approved by the New Mexico Education Trust Board. For more information see page 5A of the Schedule PIT-ADJ instructions. <http://realfile.tax.newmexico.gov/2015pit-adj-ins.pdf>

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LINE 15. Net capital gains deduction

You may deduct all or part of your net capital gains reported and claimed on your federal tax return. You may deduct the greater of:

- 100% of your net capital gains, not to exceed \$1,000; **or**
- 50% of your net capital gains.

A taxpayer and spouse who file separate returns (filing status is married filing separately) may each claim only one-half of the net capital gains deduction allowed on a joint return.

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LINE 16. Armed Forces active duty pay

Armed forces includes the Army, Navy, Air Force, Marine Corps, and Coast Guard. "Active duty," as defined in 37 USC 101, means full-time duty in active service. It includes the following:

- Full-time training duty
- Annual training duty
- Full-time National Guard duty
- Attendance, while in active service, at a school designated as a service school by law or by the Secretary of the service

If pay, wages, or salaries paid to you or your spouse for U.S. Armed Forces active duty service was included in your federal adjusted gross income on your PIT-1 return, line 9, enter the amount here.

This exemption applies to residents and to non-residents of New Mexico.

NOTE: If you received active duty pay from the U.S. Public Health Service (USPHS), do not enter the income on this line. See the instructions for line 21.

Income Inside and Outside the State

If you have income from inside and outside New Mexico, also see the instructions for 2015 Schedule PIT-B, lines 1 and 11. <http://realfile.tax.newmexico.gov/2015pit-b-ins.pdf>

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LINE 17. Medical care expense exemption for persons age 65 years or older

If you or your spouse are 65 years of age or older, and you paid unreimbursed and uncompensated medical care expenses of \$28,000 or more during tax year 2015, you may be eligible to claim an exemption of \$3,000.

If you meet the following qualifications and your expenses are allowed (see the next paragraph), enter \$3,000 on line 17 to claim the exemption:

- This exemption is for medical care expenses for the care of any combination of you, your spouse, or your dependents.
- The exemption is allowed for out-of-state residents with an income tax responsibility to New Mexico.

Types of Medical Expenses Allowed

The types of medical expenses you may include are described in PIT-1 instructions for line 16, <http://realfile.tax.newmexico.gov/2015pit-1-ins.pdf> with one exception. You may **include** unreimbursed and uncompensated medical care expenses included in the itemized deductions on federal Form 1040, Schedule A.

The unreimbursed and uncompensated medical care expenses used to compute this exemption include all qualified expenses used to calculate the refundable medical care credit for persons 65 or older reported on Schedule PIT-RC, line 23.

You may also include unreimbursed and uncompensated medical care expenses used to compute the medical care expense deduction claimed on PIT-1, line 16.

Note: If you are eligible to claim this exemption, you are also eligible to claim the refundable medical care credit for persons 65 years or older reported on Schedule PIT-RC, line 23. This gives you an additional tax benefit. To claim that tax credit, complete Schedule PIT-RC to your return.

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LINE 18. Deduction for organ donation-related expenses

“Human organs” are defined as all or part of a heart, liver, pancreas, kidney, intestine, lung, or bone marrow.

Enter any human organ donation-related expenses, not to exceed \$10,000. This includes your or your dependent’s lost wages, lodging, and travel expenses incurred during the tax year.

A taxpayer and spouse who file separate returns (filing status is married filing separately) may each claim only one-half of the deduction (or exemption) allowed on a joint return.

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LINE 19. New Mexico National Guard member life insurance reimbursements tax exemption

If you receive a reimbursement from the National Guard Service Member’s Life Insurance Reimbursement Fund, you may claim a personal income tax exemption in the amount of the reimbursement.

The New Mexico Office of Military Affairs issues the reimbursement and sends each recipient a Form 1099-MISC for the reimbursement.

Attach Form 1099-MISC

If you claim a New Mexico National Guard member life insurance reimbursements tax exemption, attach Form 1099-MISC to your return to support your exemption.

Attachments

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LINE 20. Taxable refunds, credits, or offsets of state and local income taxes from federal Form 1040, line 10

A deduction is allowed for the amount you entered on the current year federal Form 1040, line 10, for **Taxable refunds, credits or offsets of state and local income taxes.**

To qualify, you must have itemized your deductions and included these refunds, credits, or offsets in adjusted gross income on a prior-year federal Form 1040, Schedule A. You are required to report the taxable refunds credits or offsets of state and local income taxes on the current year (2015) federal Form 1040.

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LINE 21. Non-resident U.S. Public Health Service members' active duty pay

Enter the amount of income earned in New Mexico for active duty in the USPHS only if you are a non-resident of New Mexico. If you changed residency or domicile to or from New Mexico during the tax year, enter only the pay you earned while you were a non-resident of New Mexico.

This exemption applies only to non-residents of New Mexico.

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