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NM rebates not subject to federal taxation, IRS says

SANTA FE — The Internal Revenue Service on Friday issued a news release saying income tax rebates and relief payments distributed by New Mexico in 2022 will not be subject to federal taxation.

The New Mexico Taxation and Revenue Department had already made clear the payments were not subject to state taxation. But the IRS last week said it was still reviewing whether rebates would be subject to federal taxation and advised taxpayers in about 20 states to delay filing until it had made a decision.

The [IRS release](#) can be found at IRS.gov.

“This is great news. Now, taxpayers and preparers can move forward with filing their 2022 income tax returns,” said Taxation and Revenue Secretary Stephanie Schardin Clarke.

Taxation and Revenue urges taxpayers to file as early as possible to expedite refunds they may be expecting and lessen the chance that they could become the victim of a fraudulent return filed in their name.

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The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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