

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 1: REVENUE AND TAXATION**

**§ 1704. Anti-Avoidance.**

*Deductions and Credits.* In order to prevent the mismatching of income and corresponding deductions and credits, which, in a start-up setting, would result in complete avoidance and not just deferral:

(a) NMTIT Section 161 shall be construed as though it contained the following second sentence: “No deduction shall, however, be allowed for any expenditure with respect to any transaction, event or course of conduct taking place prior to January 1, 1985, unless it is established to the satisfaction of the Governor that such expenditure was not deferred into 1985 as part of a plan one of the principal purposes of which was the avoidance of income taxes under this chapter.”

(b) No credit against the tax shall be allowed for any expenditure with respect to any transaction, event or course of conduct taking place prior to January 1, 1985, unless it is established to the satisfaction of the Governor that such expenditure was not deferred into 1985 as part of a plan one of the principal purposes of which was the avoidance of income taxes under this chapter.

**Source:** PL 9-22, § 1 (§ 1704) (repealing PL 4-24, § 2).