
FYI-202

New Mexico
Taxation and Revenue Department

FOR YOUR INFORMATION

Tax Information/Policy Office ♦ P.O. Box 630 ♦ Santa Fe, New Mexico 87504-0630

Gross Receipts Tax and Health Care Services

This publication provides general information on the application of gross receipts tax to health care services performed in New Mexico.

In the 2004 legislative session, the New Mexico Legislature repealed the general gross receipts tax on certain health care services. It also repealed a long-standing .5% credit that businesses within municipal boundaries were using to remain competitive with similar businesses in unincorporated areas of the counties where the municipalities are located.

This information is as accurate as possible at time of publication. Subsequent legislation, new state regulations, and court cases may affect its accuracy. For the latest information, please check the Taxation and Revenue Department's web site at www.tax.newmexico.gov.

CONTENTS

The Health Care Services Deduction	page 2
Deductible Health Care Service Receipts.....	page 4
Receipts Excluded from the Health Care Service Deduction	page 6
Type 5 NTTCS for Resale of Health Care Services	page 9
A Special Note about Medicare Receipts	page 9
Reporting Deductible Receipts from Sales of Health Care Services.....	page 10
Incorrect Filing Penalty	page 11
Sample CRS-1 Form	page 12
Taxpayer Information.....	page 13
For Further Assistance	page 14

This publication provides general information. It does not constitute a regulation, ruling, or decision issued by the Secretary of the New Mexico Taxation and Revenue Department. The Department is legally bound only by a regulation or a ruling [Section 7-1-60, *New Mexico Statutes Annotated, 1978*]. In the event of a conflict between FYI and statute, regulation, case law or policy, statutes, regulations and case law override the information in FYIs. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this FYI.

The Health Care Services Deduction

Under Section 7-9-93 NMSA 1978, a **health care practitioner** may deduct receipts from payments by a **managed health care provider** or **health care insurer** for **commercial contract services** or **Medicare Part C services** provided by the health care practitioner. Receipts from **fee-for-service payments** by a health care insurer do not qualify. The terms in bold print are defined below.

Definitions

Health care practitioners are limited to:

- 1) *Chiropractic physicians* licensed under the Chiropractic Physician Practice Act;
- 2) *Dentists or dental hygienists* licensed under the Dental Health Care Act;
- 3) *Doctors of oriental medicine* licensed under the Acupuncture and Oriental Medicine Practice Act;
- 4) *Optometrists* licensed under the Optometry Act;
- 5) *Osteopathic physicians* licensed under Chapter 61, Article 10 NMSA 1978 or osteopathic physician's assistants licensed under the Osteopathic Physicians' Assistants Act;
- 6) *Physical therapists* licensed under the Physical Therapy Act;
- 7) *Physicians or physician's assistants* licensed under Chapter 61, Article 6 NMSA 1978;
- 8) *Podiatrists* licensed under the Podiatry Act;
- 9) *Psychologists* licensed under the Professional Psychologist Act;
- 10) *Registered lay midwives* registered by the Department of Health;
- 11) *Registered nurses, licensed practical nurses, certified registered nurse anesthetists, nurse practitioners or nurse midwives* licensed under the Nursing Practice Act;
- 12) *Registered occupational therapists* licensed under the Occupational Therapy Act;
- 13) *Respiratory care practitioners* licensed under the Respiratory Care Act;
- 14) *Speech-language pathologists or audiologists* licensed under the Speech-Language Pathology, Audiology and Hearing Aid Dispensing Practices Act;
- 15) *Mental health counselors, marriage and family therapists and art therapists* who have obtained a master's or doctorate degree and are licensed pursuant to the Counseling and Therapy Practice Act; and
- 16) *Independent social workers* licensed pursuant to the Social Work Practice Act.
- 17) *Clinical laboratories* accredited pursuant to 42 U. S. C. Section 263a, but that are not laboratories in a physician's office or in a hospital defined pursuant to 42 U. S. C. Section 1395x.

For licensing information, please refer to the agency contact information provided under "For Further Assistance" in this publication.

Managed health care providers are entities that deliver comprehensive basic health care services and medically necessary services to persons enrolled in a recognized plan. The services may be provided through the entity's employed health care providers or through selected or participating providers under contract to the managed health care provider. Qualifying managed health care providers must supply comprehensive basic health care services to enrollees on a contract basis¹. **If receipts are not from Medicare for Medicare Part B services, from Medicaid or Medigap, from a health insurer or directly from a patient, they may be receipts from a managed health care provider.** Managed health care providers include, but are not

¹ In other words, if the organization or plan is listed, it qualifies. If it is not listed, it can still qualify if it meets the descriptive definition in the statute: "provides comprehensive basic health care services to enrollees on a contract basis." Section 7-9-93(B)(4) NMSA 1978.

limited to:

1) Health maintenance organizations (HMOs)

These are organizations that provide a wide range of comprehensive health care services for a specified group of enrollees for a fixed, pre-paid premium. There are several models of HMOs: Group Model, Individual Practice Association (IPA), Staff Model and Network Model.

2) Preferred provider organizations (PPOs)

This is a managed care arrangement consisting of a group of hospitals, physicians and other providers who have contracts with an insurer, employer, third-party administrator or other sponsoring group to provide health care services to covered persons in exchange for prompt payment and increased patient volume.

3) Individual practice associations (IPAs)

These associations of individual physicians provide services on a negotiated *per capita* rate, flat retainer fee or negotiated fee-for-service basis. This type of association is one model of HMO managed care. IPAs may also serve non-HMO patients.

4) Competitive medical plans

These plans are health care organizations that meet specific government criteria for Medicare-risks contracting, but are not necessarily HMOs.

5) Exclusive provider organizations (EPOs)

These organizations consist of a group of providers who have a contract with an insurer, employer, third-party administrator or other sponsoring group. Criteria for provider participation may be the same as those in PPOs, but there are more restrictive provider selection and credentialing processes. Otherwise, the provider forfeits reimbursement altogether.

6) Integrated delivery systems

These are systems that bring together the components of a health care delivery system so that health care is received through one system by doctors, hospitals and other providers working together to deliver a comprehensive range of health care services².

7) Independent physician-provider organizations

These organizations are associations of individual physicians that provide services at a negotiated *per capita* rate, flat retainer fee or negotiated fee-for-service basis. Such an organization is one model of HMO managed care.

8) Physician hospital-provider organizations

Such organizations are group practice arrangements that occur when hospitals and

² While it is unlikely that an integrated delivery system that is not a single entity would qualify as a managed health care provider, within that system could be payers who would qualify.

physicians organize to contract with managed care organizations. These relationships are formally organized, contractual, or corporate in character and include physicians outside the boundaries of a hospital's medical staff.

9) Managed care services organizations

“Managed care” is the coordination of financing and provision of health care to produce high-quality health care for the lowest possible cost and to impose control on the use of medical services and on the providers who render the care. Managed care is provided through managed indemnity plans, Preferred Provider Organizations (PPOs), Exclusive Provider Organizations (EPOs), Health Maintenance Organizations (HMOs), or any other cost management environment.

For more information about managed care, contact the Public Regulation Commission or the National Association of Health Underwriters listed in the “For Further Assistance” section of this publication.

Health care insurer is a person who has a valid certificate of authority in good standing according to the New Mexico Insurance Code to act as an insurer, health maintenance organization or nonprofit health care plan or prepaid dental plan and who contracts to reimburse licensed health care practitioners for providing basic health services to the insured parties at negotiated fee rates. Receipts of health care practitioners from persons without such a valid certificate of authority in good standing are not deductible under Section 7-9-93 NMSA 1978.

Commercial contract services are health care services performed by a health care practitioner under a contract with a managed health care provider or health care insurer. Excluded are health care services provided for Medicare patients according to Title 18 of the federal Social Security Act or for Medicaid patients according to Title 19 or Title 21 of the federal Social Security Act.³

Medicare Part C services are services performed according to a contract with a managed health care provider for Medicare patients pursuant to Title 18 of the federal Social Security Act.⁴

Fee-for-service payment: A traditional method of payment for health care services under which health care insurers pay providers under an indemnity insurance plan for each service rendered after the services have been received by the patient. Under a fee-for-service arrangement, a plan or insurer does not establish contracted or *per capita* rates of payments with providers before the insured submits a claim.

Scope of practice: As used in Section 7-9-93 NMSA 1978, the term “scope of practice”, defined in Regulation 3.2.241.7 NMAC, means the health care activities authorized to be conducted by, or at the direction of, the health care practitioner under a license granted to the health care practitioner by the appropriate body under any of the acts specified under Paragraph (3) of Subsection B of Section 7-9-93 NMSA 1978. (For those acts, please refer to the health care practitioner list beginning on page 2 of this publication.)

Deductible Health Care Service Receipts

To qualify for the health care services deduction under Section 7-9-93 NMSA 1978, receipts

³ See the special Medicare note on page 9.

⁴ See the special Medicare note on page 9.

must meet all four of these conditions:

- 1) The health care services must be provided by a health care practitioner specified on pages 2.
- 2) The health care services must be within the practitioner's recognized scope of practice.
- 3) The receipts must be from a managed health care provider, as defined beginning on page 2, or health care insurer, as defined on page 4.
- 4) The payment must be made for either commercial contract services or Medicare Part C services, defined on page 4. Please see the note regarding Medicare receipts on page 9.

A corporation, unincorporated business association, or other legal entity may take the deduction under Section 7-9-93 NMSA 1978 if it fulfills all the following conditions:

1. The receipts are from managed health care providers or health care insurers;
2. The receipts are for commercial contract services or Medicare Part C services;
3. The services are provided on behalf of the professional corporation or unincorporated business association by health care practitioners who own or are employed by the professional corporation or unincorporated business association;
4. The corporation or unincorporated business association is **not**:
 - a. a federally recognized 501(c)(3) nonprofit organization;
 - b. an HMO, hospital, nursing home or hospice; or
 - c. solely an outpatient facility licensed under the Public Health Act.

Payments by a third-party claims administrator to a health care practitioner for health care services rendered by the practitioner within the scope of his or her practice and pursuant to a contract with a managed care company or a health insurer that are otherwise deductible under Section 7-9-93 NMSA 1978 may be deducted from gross receipts. A third-party claims administrator is an entity that processes health care claims and performs related business functions for a health plan. Receipts of a third-party for administering a health insurance or medical plan are not deductible under Section 7-9-93 NMSA 1978.

General Examples

Example 1: Physician P, a general practitioner, receives payments for health care services from health care insurers and an HMO. Under Section 7-9-93 NMSA 1978, P can deduct the payments from the health care insurers and the HMO.

Example 2: Mental health therapist M, who has a bachelor's degree in counseling, receives payments for counseling services from a health care insurer. M cannot deduct those receipts under Section 7-9-93 NMSA 1978 because M does not have a master's or doctorate degree, as required by statute. Please see the list of qualified health care practitioners beginning on page 2.

Example 3: Optometrist O owns a separate X-ray facility as well as O's own practice. O receives payments for X-ray services from a health care insurer and would like to deduct them

from his gross receipts under Section 7-9-93 NMSA 1978. O cannot deduct the receipts for X-ray services because those services are not within the scope of his practice. (Please see the description of “scope of practice” in the “Definitions” section of this publication.)

Example 4: P is a physician who provides health care services on contract with an HMO. The HMO receives payment for services from Medicare. The HMO, not P, may deduct the Medicare payments from its gross receipts as provided by Section 7-9-77.1NMSA 1978. The physician, however, may deduct payments received from the HMO under Section 7-9-93 NMSA 1978. In this example, there are two separate taxpayers with two different sets of receipts, each taxpayer qualifying for a different deduction.

Example 5: P is a general practitioner who treats a patient covered by an indemnity plan. P has no contract to perform services with the indemnity plan. P bills the patient for treatment services and receives payment. P may not deduct those receipts under Section 7-9-93 NMSA 1978, because they are not receipts from a health insurer with which P has contracted to perform services at negotiated rates.

Example 6: P and D are general practitioners who own PC, a professional corporation organized under the New Mexico Professional Corporation Act to provide health care services in New Mexico. P and D also are employees of PC. T breaks her arm and visits P for treatment. T is covered by a health care plan with an insurance company that has been issued a certificate of authority to act as an insurer. PC has a contract with the insurance company to treat insured patients at negotiated contract rates. The plan pays PC \$100 for P’s services. PC may deduct the receipts under Section 7-9-93 NMSA 1978 because PC is owned by qualified health care practitioners and the services were performed by practitioners employed by PC.

Example 7: In the same scenario described in Example 6 above, T makes a \$25 co-payment. PC may not deduct the co-payment, because that payment was not received from a qualified health care insurer or managed health care provider.

Receipts Excluded from the Health Care Services Deduction

1) Receipts that Qualify for Another Deduction

Receipts from providing health care services that are deductible under another provision of the Gross Receipts and Compensating Tax Act do not qualify for the medical services deduction provided by Section 7-9-93 NMSA 1978. Available medical-related service deductions other than the deduction under Section 7-9-93 NMSA 1978 include:

- a) Receipts of certain health care professionals from performing health care services for Medicare patients (other than Medicare Part C) are deductible under Section 7-9-77.1(A) NMSA 1978. Section 7-9-77.1(A) NMSA 1978 provides a deduction for Medicare payments for health care services performed by medical doctors, osteopathic physicians, podiatrists, doctors of oriental medicine, athletic trainers, chiropractic physicians, counselor and therapist practitioners, dentists, massage therapists, naprapaths, nurses, nutritionists, dietitians, occupational therapists, optometrists, pharmacists, physical therapists, psychologists, radiological technologists, respiratory care practitioners, audiologists, speech-language pathologists and social workers.
- b) Receipts of hospices or nursing homes to Medicare patients for medical, other health and palliative services are deductible under Section 7-9-77.1(A) NMSA 1978.

- c) Receipts of a third-party administrator of the federal TRICARE program for providing medical and other health services by medical doctors and osteopathic physicians are deductible under Section 7-9-77.1(B) NMSA 1978.
- d) Receipts of medical doctors and osteopathic physicians from the Indian Health Service (IHS) for medical and other health services to beneficiaries covered by the IHS are deductible under Section 7-9-77.1(C) NMSA 1978.
- e) Receipts of a clinical laboratory from performing medical services for Medicare patients are not deductible under Section 7-9-93 NMSA 1978 because they are not receipts of a health care practitioner as defined on page 2. Instead, such receipts are deductible under Section 7-9-77.1(D) NMSA 1978.
- f) Receipts of a home health agency for medical, other health and palliative services to Medicare patients are also not deductible under Section 7-9-93 NMSA 1978 because they are not receipts of a health care practitioner as defined on page 2. These receipts are deductible under Section 7-9-77.1(E) NMSA 1978.
- g) Prior to July 1, 2024, receipts of a dialysis facility for medical and other health services to Medicare patients are not deductible under Section 7-9-93 NMSA 1978. Qualified receipts of a dialysis facility are deductible under Section 7-9-77.1(F) NMSA 1978. This deduction will be phased-in over two years; qualified receipts will not be 100% deductible until after June 30, 2016.
- h) Receipts for providing health care services sold to a hospital or other person for resale with respect to which the practitioner has accepted a Type 5 nontaxable transaction certificate executed by the buyer. These receipts are deductible under Section 7-9-48 NMSA 1978.

The following deductions are for medical-related transactions involving the sale of tangible personal property (and some related services). These transactions do not qualify for the deduction under Section 7-9-93 NMSA 1978 but may qualify for one of the deductions below:

- a) Receipts from sales of prosthetic devices to health care practitioners for resale to patients may be deductible under Section 7-9-73 NMSA 1978. To qualify for this deduction the sale of the prosthetic device must be to certain licensed practitioners.
- b) Receipts from sales of vision aids or hearing aids and services required to fit or dispense those aids are deductible under Section 7-9-111 NMSA 1978.
- c) Receipts from sales of prescription drugs are deductible under Section 7-9-73.2 NMSA 1978. This deduction also applies to receipts from sales of oxygen and oxygen services provided by licensed Medicare durable medical equipment providers.
- d) Receipts from the sale or rental of durable medical equipment and medical supplies are deductible pursuant to Section 7-9-73.3 NMSA 1978. To qualify for this deduction the taxpayer must participate in the New Mexico Medicaid program whose gross receipts are no less than 90% derived from the sale or rental of durable medical equipment, medical supplies or infusion therapy services, including the medications used in infusion therapy services.

2) Exempt Receipts

The following receipts are not deductible under Section 7-9-93 NMSA 1978 because they are exempt under other statutes:

- a) Receipts from health care services provided by physicians employed by 501(c)(3) organizations or provided by health maintenance organizations are not deductible under Section 7-9-93 NMSA 1978. Receipts of 501(c)(3) organizations are already exempt from gross receipts under Section 7-9-29 NMSA 1978, while receipts of insurance companies are exempt under Section 7-9-24 NMSA 1978.
- b) Receipts of a federal or New Mexico government entity for providing medical services are not deductible under Section 7-9-93 NMSA 1978. They are already exempt from gross receipts under Section 7-9-13 NMSA 1978.

3) Taxable Receipts

The following receipts do **not** qualify for the deduction under Section 7-9-93 NMSA 1978 and are taxable unless deductible under another section:

- a) Receipts from co-payments, deductibles or any other payments made by a patient according to a medical plan.
- b) Receipts for services paid directly by patients to a health care practitioner.
- c) Receipts from health care services sold to agencies of the United States and New Mexico governments. Receipts from services sold to government agencies are taxable (Section 7-9-54 NMSA 1978). These receipts include payments from Medicaid and payments made with state funds by health care organizations, such as Centennial Care.
- d) Receipts from Medigap insurance do not qualify for the deduction because the insurer contracts with the patient rather than a health care practitioner (Regulation 3.2.241.18 NMAC).
- e) Workers Compensation payments do not qualify for the deduction because they are not receipts from a managed health care provider or health care insurer (Regulation 3.2.241.16 NMAC).
- f) An organization, whether or not owned exclusively by health care practitioners, licensed as a hospital, hospice, nursing home, solely an outpatient facility or intermediate care facility under the Public Health Act is not a "health care practitioner" as defined by Section 7-9-93 NMSA 1978. Receipts of such an organization are not deductible under that section (Regulation 3.2.241.17 NMAC).
- g) Receipts from a health care insurer or managed health care provider may not be deducted by a health care practitioner if the payer does not have a valid certificate of compliance issued by the New Mexico Public Regulation Commission (Regulation 3.2.241.14 NMAC).
- h) Receipts of a third party for administering a health insurance or medical plan are not deductible under Section 7-9-93 NMSA 1978.

Type 5 NTTCs for Resale of Health Care Services

Practitioners deducting receipts under Section 7-9-93 NMSA 1978 who purchase health care services for resale may not execute a Type 5 nontaxable transaction certificate because the next sale is not subject to gross receipts tax as required by Section 7-9-48 NMSA 1978.

Example: Anesthesiologist A receives payments for subcontracted services from physician P. In the past, P has given such subcontractors a Type 5 nontaxable transaction certificate to document the deduction of the subcontractor's receipts from services resold by P. Now, though, P is going to deduct the payments from a health care insurer under Section 7-9-93 NMSA 1978. A's receipts from sales of services for which P claims the deduction under Section 7-9-93 NMSA 1978 are no longer deductible as sales of services for resale under Section 7-9-48 NMSA 1978 because that statute requires the receipts from the resale of the service to be subject to gross receipts tax or governmental gross receipts tax. A's receipts from sales of services to P are subject to gross receipts tax, and the law does not prohibit the seller from passing the tax amount to the buyer by adding it to the sale price at the time of the transaction.

A Special Note about Medicare Receipts

The deduction under Section 7-9-93 NMSA 1978 excludes payments for health care services for Medicare patients according to Title 18 of the federal Social Security Act if those services do not qualify as Medicare Part C services. The deduction covers services under Medicare Part C, a category that allows Medicare patients to choose care from a health maintenance organization (HMO), a health maintenance organization with point-of-service (POS) provisions, preferred provider organizations (PPOs), provider-sponsored organizations (PSOs), private fee-for-service providers (PFFSs), and medical savings accounts (MSAs). *A qualifying health care practitioner who receives payments for services eligible under Medicare Part C may deduct them under Section 7-9-93 NMSA 1978.*

Section 7-9-77.1 NMSA 1978 establishes a deduction for certain medical and health care services paid for by Part B of Title 18 of the federal Social Security Act. Eligible for this deduction are receipts from Medicare Part B sources for:

- Medical or other health services provided by medical doctors, osteopathic physicians, podiatrists, doctors of oriental medicine, athletic trainers, chiropractic physicians, counselor and therapist practitioners, dentists, massage therapists, naprapaths, nurses, nutritionists, dietitians, occupational therapists, optometrists, pharmacists, physical therapists, psychologists, radiological technologists, respiratory care practitioners, audiologists, speech-language pathologists and social workers to Medicare beneficiaries;
- Medical or other health and palliative services provided by a hospice or a nursing home to Medicare beneficiaries,
- Medical or other health care services provided for covered beneficiaries by medical doctors and osteopathic physicians when a third-party administrator of the federal TRICARE program pays for those services.
- Medical and other health services provided by medical doctors and osteopathic physicians to Medicare beneficiaries,
- Medical services provided by a clinical laboratory to Medicare beneficiaries,
- Medical or other health and palliative services provided to Medicare beneficiaries by a home health agency, and
- Medical and other health services provided by a dialysis facility to Medicare beneficiaries.

Reporting Deductible Receipts from Sales of Health Care Services

The law providing the health care services deduction requires the state to distribute back to local governments money equal to the value of the health care services deduction claimed by health care practitioners. The law also requires health care practitioners to separately state the health care services deduction provided by Section 7-9-93 NMSA 1978. It is important for health care practitioners to report correctly in order for the Department to accurately distribute to the local governments the amount of revenue they would otherwise lose. Please use the following instructions when reporting your gross receipts tax.

Using the CRS-1 Form or the CRS-1 Long Form:

To file a CRS-1 Form including deductions of receipts under Section 7-9-93 NMSA 1978, you must enter those receipts on a separate line from your taxable receipts and receipts deductible under other statutes. For each business location, you will use two lines of the CRS-1 Form. To complete the CRS-1 Form for each business location:

1. On the first line for the business location, enter the information for your taxable receipts and receipts deductible under statutes *other than 7-9-93 NMSA 1978*. On this line, leave Column B, "Special code", blank. No special code is necessary for these receipts.
2. On the next line, for the same business location, enter the information for *receipts eligible for deduction under Section 7-9-93 NMSA 1978* (see eligibility information on page 4). You **must** enter the special code "M" in Column B when reporting receipts eligible for the new medical services deduction.

See the sample CRS-1 Long Form for an illustration of how a health care practitioner should segregate the gross receipts eligible for the new medical services deduction from all other gross receipts.

Example: For a report period, a medical doctor has \$50,000 in total gross receipts for a business location in Albuquerque, \$30,000 of which qualify for the deduction under Section 7-9-93 NMSA 1978, and \$10,000 of which are deductible payments from Medicare (which do not qualify for the Section 7-9-93 NMSA 1978 deduction because they are deductible under Section 7-9-77.1 NMSA 1978). The doctor also has a Santa Fe location with total receipts of \$36,321, of which \$20,591 may be deducted under Section 7-9-93 NMSA 1978. The doctor's CRS-1 Form should be completed this way:

- ***The health care practitioner must separate other deductible sales from sales that carry the special medical services code "M"***. For the Albuquerque location, the practitioner counts \$20,000 in sales that do not meet standards for the special-code medical services deduction. The practitioner adds together all receipts already deductible under other sections of the Gross Receipts and Compensating Tax Act. They amount to \$10,000 (the Medicare payments). The practitioner completes this line of the CRS-1 Form in the usual way, but the total gross receipts in Column D are \$20,000 instead of \$50,000. In Column E the practitioner enters the \$10,000 that is deductible under statutes other than Section 7-9-93 NMSA 1978. The taxable gross receipts of \$10,000 are then entered in Column F, and the practitioner pays gross receipts tax on that amount. Please refer to the sample CRS-1 Long Form in this publication.
- On a separate line of the CRS-1 Form, the practitioner enters the information for the Albuquerque location's receipts deductible under Section 7-9-93 NMSA 1978.

She must enter "M" as a special code in Column B. Then, in Column D, the practitioner enters the \$30,000 in receipts qualifying for the Section 7-9-93 NMSA 1978 deduction. She then enters that same amount in Column E, "Total Deductions", and has zero to enter as taxable gross receipts in Column F.

- On the next two lines of the CRS-1 Form, the practitioner enters the information for the Santa Fe business location. On the first of these two lines, the practitioner leaves Column B, "Special code", blank and enters the Santa Fe location code (01123) in Column C, "Location code." In Column D, "Gross receipts", the practitioner enters the \$15,730.00 of gross receipts that are not eligible for the deduction under Section 7-9-93 NMSA 1978. In Column E, "Total deductions", the practitioner enters the \$520.00 of receipts deductible under statutes other than Section 7-9-93 NMSA 1978. After subtracting the deductible receipts in Column E from the gross receipts in Column D, the practitioner enters \$15,210.00 in Column F, "Taxable gross receipts." Multiplying \$15,210.00 times the Santa Fe gross receipts tax rate of 8.1875 percent⁵, the gross receipts tax to put in Column H is found to be \$1,245.32.
- On next line down on the CRS-1 Form, the practitioner enters the information for the Santa Fe location's receipts deductible under Section 7-9-93 NMSA 1978. He must enter "M" as a special code in Column B. After entering the Santa Fe location code in Column C, in Column D, the practitioner enters the \$20,591.00 in receipts qualifying for the Section 7-9-93 NMSA 1978 deduction. He then enters that same amount in Column E, "Total Deductions", and has zero to enter as taxable gross receipts in Column F and zero gross receipts tax to put in Column H.

Penalty for Incorrect Filing

The New Mexico Legislature, in Special Session in September and October 2016, added a new section to the Tax Administration Act, Section 7-1-69.2 NMSA 1978, providing a civil penalty equal to 20% of the value of the hold harmless distribution resulting from an incorrect deduction when a taxpayer deducts gross receipts pursuant to Sections 7-9-92 or 7-9-93 NMSA instead of another applicable provision of the Gross Receipts and Compensating Act as required by those sections.

⁵ This is the gross receipts tax rate effective January 1, 2014.

New Mexico Taxation and Revenue Department

State of New Mexico - Taxation and Revenue Department
CRS-1 - LONG FORM PAGE 1
COMBINED REPORT SYSTEM



Mail To: Taxation and Revenue Department,
 P.O. Box 25128, Santa Fe, NM 87504-5128

NAME Dr. John Doe STREET/BOX 222 Santa Fe Street CITY, STATE, ZIP Santa Fe, NM 87504	NEW MEXICO CRSID NO. 02-111111-000
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TAX PERIOD

01	01	14	through	01	31	14
Month	Day	Year		Month	Day	Year

Check if applicable: Amended report

Payment made by:

Automated clearinghouse deposit Date _____

Federal wire transfer Date _____

If additional space is needed, use the supplemental page.

Do not submit a photocopy of these forms to the Department. If additional space is needed, please obtain an original form from your local district office or download the form from our web site at www.state.nm.us/tax.

A	B	C	D	E	F	G	H
Municipality / county name	Special code*	Location code	Gross receipts (excluding tax)	Total deductions	Taxable gross receipts	Tax rate	Gross receipts tax
Albuquerque/Bern		02100	20,000.00	10,000.00	10,000.00	7.000	700.00
Albuquerque/Bern	M	02100	30,000.00	30,000.00	0.00	7.000	0.00
Santa Fe/Santa Fe		01123	15,730.00	520.00	15,210.00	8.1875	1,245.32
Santa Fe/Santa Fe	M	01123	20,591.00	20,591.00	0.00	8.1875	0.00
Enter total of columns D, E and H, this page. * See instructions for column B.			\$ 86,321.00	\$ 61,111.00			\$ 1,945.32
If supplemental pages are attached, enter total of all columns D, E and H, from this page and all supplemental pages.			\$	\$			\$

SAMPLE

I declare that I have examined this return including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete.

Signature of Taxpayer or Agent
 Dr. John Doe 505-222-2222

Print name Phone
 Owner 02/25/14

Title Date

1	TOTAL GROSS RECEIPTS TAX ALL PAGES	1,945.32
2	COMPENSATING TAX	10.00
3	WITHHOLDING TAX	
4	TOTAL TAX DUE	1,955.32
5	PENALTY	
6	INTEREST	
7	TOTAL AMOUNT DUE	1,955.32

TAXPAYER INFORMATION

The Department offers a variety of taxpayer information. Some information is free and other information must be purchased.

General Information. FYIs and Bulletins present general information with a minimum of technical language. All FYIs and Bulletins are free and available through all local tax offices, the Tax Information and Policy Office, and on the Internet. The Taxation and Revenue Department's Internet address is:

<http://www.tax.newmexico.gov>

Regulations. The Department establishes regulations to interpret and exemplify the various tax acts it administers. The Taxation and Revenue Department regulation book is available from the New Mexico Compilation Commission on a prepaid basis. The Compilation Commission also has a compact disk of all statutes and regulations. Specific regulations are also available at the State Records Center or on its web page at www.nmcpr.state.nm.us/nmac.

Order regulation books directly from:

New Mexico Compilation Commission

<http://www.nmcompcomm.us/index.html>

Rulings. Rulings signed by the Secretary and approved by the Attorney General are written statements that apply to one or a small number of taxpayers. A taxpayer may request a ruling (at no charge) to clarify its tax liability or responsibility under specific circumstances. The request for a ruling must be in writing, include accurate taxpayer identification and the details about the taxpayer's situation, and be addressed to the Secretary of the Taxation and Revenue Department at P.O. Box 630, Santa Fe, NM 87504-0630. The taxpayer's representative, such as an accountant or attorney, may request a ruling on behalf of the taxpayer but must disclose the name of the taxpayer. While the department is not required to issue a ruling when requested to do so, every request is carefully considered.

The Department will not issue a ruling to a taxpayer who is undergoing an audit, who has an outstanding assessment, or who is involved in a protest or litigation with the Department over the subject matter of the request. The Secretary may modify or withdraw any previously issued ruling and is required to withdraw or modify any ruling when subsequent legislation, regulations, final court decisions or other rulings invalidate a ruling or portions of a ruling. Taxation and Revenue Department rulings are compiled and available on the Department's web page free of charge at <http://www.tax.newmexico.gov/rulings.aspx>.

Public Decisions & Orders. All public decisions and orders issued by the hearing officers since July 1994 are compiled and available on the department's web page free of charge at <http://www.tax.newmexico.gov/tax-decisions-orders.aspx>.

FOR FURTHER ASSISTANCE

Local tax offices can provide full service and information about the department's taxes, programs, and forms as well as specific information about your filing situation.

ALBUQUERQUE (505) 841-6200

Taxation and Revenue Department
5301 Central NE
P.O. Box 8485
Albuquerque, NM 87198-8485

SANTA FE (505) 827-0951

Taxation and Revenue Department
1200 S. St. Francis Dr.
P.O. Box 5374
Santa Fe, NM 87502-5374

FARMINGTON (505) 325-5049

Taxation and Revenue Department
3501 E. Main St., Suite N
P.O. Box 479
Farmington, NM 87499-0479

LAS CRUCES (575) 524-6225

Taxation and Revenue Department
2540 S. El Paseo Bldg. #2
P.O. Box 607
Las Cruces, NM 88004-0607

ROSWELL (575) 624-6065

Taxation and Revenue Department
400 Pennsylvania Ave., Suite 200
P.O. Box 1557
Roswell, NM 88202-1557

Main switchboard (Santa Fe): (505) 827-0700

New Mexico Regulation and Licensing Department

2500 Cerrillos Road
P. O. Box 25101
Santa Fe, NM 87504-5101
(505) 827-7003
www.rld.state.nm.us

New Mexico Medical Society

7770 Jefferson N.E., Suite 400
Albuquerque, NM 87109
(505) 828-0237
(505) 828-0336(fax)

Public Regulation Commission

Insurance Division
Life, Health and Accident
P. O. Drawer 1269
PERA Building, Room 536
Santa Fe, NM 87504
(505) 827-4555
www.nmprc.state.nm.us

National Association of Health Underwriters

2000 North 14th Street
Suite 450 Arlington, VA 22201
(703) 276-0220
(703) 841-7797 (fax)
info@nahu.org

New Mexico Department of Health

1190 St. Francis Drive
Harold Runnels Building
Santa Fe, NM 87504
(505) 827-2613
www.health.state.nm.us

This publication provides general information. It does not constitute a regulation, ruling, or decision issued by the Secretary of the New Mexico Taxation and Revenue Department. The Department is legally bound only by a regulation or a ruling [7-1-60, New Mexico Statutes Annotated, 1978]. In the event of a conflict between FYI and statute, regulation, case law or policy, the information in FYIs is overridden by statutes, regulations and case law. Taxpayers and preparers are responsible for being aware of New Mexico tax laws and rules. Consult the Department directly if you have questions or concerns about information provided in this FYI.