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HOUSE BILL 287

46TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2003

INTRODUCED BY

Ted Hobbs

AN ACT

RELATING TO TAXATION; ENACTING SECTIONS OF THE INCOME TAX ACT AND THE CORPORATE INCOME AND FRANCHISE TAX ACT TO PROVIDE A CREDIT FOR GROSS RECEIPTS TAX PAID ON RECEIPTS FROM THE PROVISION OF MEDICAL AND OTHER HEALTH SERVICES BY PHYSICIANS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Income Tax Act is enacted to read:

" [NEW MATERIAL] CREDIT-- PHYSICIANS-- GROSS RECEIPTS TAX PAID ON RECEIPTS FROM THE PROVISION OF MEDICAL AND OTHER HEALTH SERVICES-- REFUND. --

A. A physician who files an individual New Mexico income tax return may claim a credit for state and local option gross receipts taxes paid in the taxable year for which the credit is claimed on receipts of the taxpayer or of a pass-

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1 through business entity of which the taxpayer is an owner from
2 the provision of medical and other health services. If the
3 taxes were paid by a pass-through business entity of which the
4 taxpayer is an owner, the amount of the gross receipts taxes
5 paid by the taxpayer shall be determined to be the taxes paid
6 on that portion of the taxable gross receipts of the pass-
7 through business entity from the provision of medical and other
8 health services that represents the taxpayer's proportionate
9 ownership share of the pass-through business entity.

10 B. The credit provided in this section may be
11 deducted from the taxpayer's New Mexico income tax liability
12 for the taxable year. If the credit exceeds the taxpayer's
13 income tax liability for the taxable year, the excess shall be
14 refunded to the taxpayer.

15 C. As used in this section:

16 (1) "owner" means a partner in a partnership
17 not taxed as a corporation for federal income tax purposes for
18 the taxable year, a shareholder of an S corporation or of a
19 corporation other than an S corporation that is not taxed as a
20 corporation for federal income tax purposes for the taxable
21 year, a member of a limited liability company or a similar
22 person holding an ownership interest in a pass-through business
23 entity; and

24 (2) "pass-through business entity" means a
25 business association other than:

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- 1 (a) a sole proprietorship;
- 2 (b) an estate or trust; or
- 3 (c) a corporation, limited liability
- 4 company, partnership or other entity not a sole proprietorship
- 5 taxed as a corporation for federal income tax purposes for the
- 6 taxable year; and

7 (3) "physician" means:

- 8 (a) a physician or physician assistant
- 9 licensed pursuant to the provisions of Chapter 61, Article 6
- 10 NMSA 1978; and
- 11 (b) an osteopathic physician licensed
- 12 pursuant to the provisions of Chapter 61, Article 10 NMSA 1978
- 13 or an osteopathic physician's assistant licensed pursuant to
- 14 the provisions of the Osteopathic Physicians' Assistants Act. "

15 Section 2. A new section of the Corporate Income and

16 Franchise Tax Act is enacted to read:

17 " [NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX PAID ON

18 RECEIPTS FROM MEDICAL AND HEALTH SERVICES PROVIDED BY

19 PHYSICIANS-- REFUND. --

20 A. A taxpayer who files a corporate income tax

21 return may claim a credit for state and local option gross

22 receipts taxes paid in the taxable year for which the credit is

23 being claimed on receipts of the taxpayer from the provision of

24 medical and other health services.

25 B. The credit provided in this section may be

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1 deducted from the taxpayer's corporate income tax liability for
2 the taxable year. If the credit exceeds the taxpayer's
3 corporate income tax liability for the taxable year, the excess
4 shall be refunded to the taxpayer.

5 C. As used in this section, "physician" means:

6 (1) a physician or physician assistant
7 licensed pursuant to the provisions of Chapter 61, Article 6
8 NMSA 1978; and

9 (2) an osteopathic physician licensed pursuant
10 to the provisions of Chapter 61, Article 10 NMSA 1978 or an
11 osteopathic physician's assistant licensed pursuant to the
12 provisions of the Osteopathic Physicians' Assistants Act."

13 Section 3. APPLICABILITY.--The provisions of this act
14 apply to taxable years beginning on or after January 1, 2003.

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