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SENATE BILL 568

45TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2001

INTRODUCED BY

John Arthur Smith

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

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

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

16 C. As used in this section:

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

25 (2) "pass-through business entity" means any

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

8 (3) "physician" means a medical doctor  
9 licensed as a physician to practice medicine pursuant to the  
10 provisions of the Medical Practice Act or a person licensed as  
11 an osteopathic physician pursuant to the provisions of Chapter  
12 61, Article 10 NMSA 1978. "

13 Section 2. A new section of the Corporate Income and  
14 Franchise Tax Act is enacted to read:

15 "[NEW MATERIAL] CREDIT--GROSS RECEIPTS TAX PAID ON  
16 RECEIPTS FROM MEDICAL AND HEALTH SERVICES PROVIDED BY  
17 PHYSICIANS-- REFUND. --

18 A. A taxpayer who files a corporate income tax  
19 return may claim a credit for state and local option gross  
20 receipts taxes paid in the taxable year for which the credit  
21 is being claimed on receipts of the taxpayer from the  
22 provision of medical and other health services by physicians.

23 B. The credit provided in this section may be  
24 deducted from the taxpayer's corporate income tax liability  
25 for the taxable year. If the credit exceeds the taxpayer's

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1 corporate income tax liability for the taxable year, the  
2 excess shall be refunded to the taxpayer.

3 C. As used in this section, "physician" means a  
4 medical doctor licensed as a physician to practice medicine  
5 pursuant to the provisions of the Medical Practice Act or a  
6 person licensed as an osteopathic physician pursuant to the  
7 provisions of Chapter 61, Article 10 NMSA 1978. "

8 Section 3. APPLICABILITY. --The provisions of this act  
9 apply to taxable years beginning on or after January 1, 2001.