

November 9, 2010

New Mexico Board of Veterinary Medicine
7301 Jefferson Street NE Suite H
Albuquerque, New Mexico 87109

Re: New Mexico Gross Receipts Tax Refund Opportunities

Ladies and Gentlemen:

It has recently come to our attention that many veterinarians across New Mexico are unaware of a deduction available to them when reporting and remitting New Mexico Gross Receipts Taxes. As a result, refund opportunities are available. This letter is intended to provide you and your members a summary of the applicable tax law in order for them to make an informed decision as to whether they have been properly reporting their New Mexico Gross Receipts Taxes.

The New Mexico Statutes and Regulations provide for a deduction from gross receipts taxes for the sale of prescription drugs and oxygen. For purposes of this deduction, the state has defined "prescription drugs" in Regulation 3.2.234.10 NMAC to include drugs that "a veterinarian is required to prescribe the use of or to administer."

The State has recently changed this definition to exclude drugs administered by veterinarians. That being said, the deduction was available for the all periods prior to October 1, 2010. Therefore, if the deduction was not properly taken on the originally filed CRS-1 reports, refund claims can be filed in order to recover the overpayment of tax. The State does not allow for refund claims or amended returns to be filed after three years. This is also referred to as the statute of limitations. Thus, the statute of limitations in New Mexico is three years plus the current tax year. The significance of this is that any and all refund claims for the tax periods of December 2006 through November 2007 will need to be filed on or before December 31, 2010, in order to be valid. From our experience with other clients, the tax savings associated with this deduction is very substantial and we do not want your members to lose out on these refund opportunities by not filing the applicable refund claim in a timely manner.

Due to the filing deadlines, please forward this important information to your members as soon as possible. We have filed a number of these claims on behalf of our clients and would be more than happy to assist your members with their filings or to discuss the refund claim process in further detail.

If you have any questions or concerns regarding this letter, please contact me at 505-338-0821.

Very truly yours,

Ricci & Company, LLC



Timothy R. Reynolds, CPA/CFF, CVA