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NEW MEXICO
REGULATION &
LICENSING DEPARTMENT

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# Medical Cannabis Sales Now Tax Free

*Effective June 29, patients no longer pay GRT*

SANTA FE—The New Mexico Taxation and Revenue Department and the Cannabis Control Division of the Regulation and Licensing Department on Wednesday reminded New Mexico patients and medical cannabis dispensaries that, per the Cannabis Regulation Act that went into effect on Tuesday, June 29, receipts from the sale of medical cannabis are deductible.

Pursuant to House Bill 2 passed during the special session, receipts from the sale of medical cannabis may be deducted from gross receipts starting on June 29, 2021. Medical cannabis dispensaries are no longer obligated to pay gross receipts on those sales, and therefore should not pass any amount for gross receipts tax on to their customers for medical cannabis sales. Sales of medical cannabis are also not subject to the newly-enacted cannabis excise tax.

Since the beginning of medical cannabis sales more than a decade ago, patients have paid GRT on their medical purchases, but the special session legislation changed that as a way to support patients as the state transitions to adult-use cannabis sales as well.

However, adult-use cannabis sales, which will start no later than April 1, 2022, will be taxed at a Cannabis Excise Tax rate of 12 percent and increasing incrementally each year to a cap of 18 percent, plus the state and local GRT in effect for the sale.

“In standing up the adult-use cannabis industry in New Mexico, we are committed to protecting the medical cannabis program that has served thousands of New Mexicans,” said Regulation and Licensing Department Superintendent Linda Trujillo. “Removing the gross receipts tax on medical sales is one step that the state is taking to ensure patients are able to get the medicine they need.”