TAXATION & REVENUE
NEW MEXICO

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Cannabis Excise Tax registration underway

Department publishes guidance for retailers

The Taxation and Revenue Department has begun registering businesses for the new Cannabis Excise Tax in preparation for the first adult use sales this Friday.

Retail sales of adult use cannabis are subject to the new Cannabis Excise Tax and Gross Receipts Tax (GRT). The first tax returns will be due May 25, 2022.

Medical cannabis sales are not subject to the Cannabis Excise Tax. Medical cannabis sales are eligible for the GRT deduction for prescription drugs. Medical cannabis providers still must file GRT returns with the receipts from medical cannabis sales reported in gross receipts, but they can deduct their medical cannabis sales to reduce their GRT liability.

Guidance on tax issues regarding cannabis sales is available in a new publication, FYI 260, which can be found in the publications folder on the Forms & Publications page of tax.newmexico.gov.

The Department also has published a tutorial on how to register for a Cannabis Excise Tax account on its YouTube channel, New Mexico Taxation and Revenue.

Below are some frequently asked questions about cannabis sales and taxes.

How much is the excise tax? The excise tax is 12 percent of sales until July 1, 2025 and then gradually rises to 18 percent beginning July 1, 2030.

Are the rates different in each location like they are with GRT? No, the rate is the same throughout the state, but businesses must report by location so that localities can receive their share of the tax. For example, if the retail cannabis business is located in the City of Albuquerque, it will report the Cannabis Excise Tax using the City of

Albuquerque location code so that Tax & Rev is directed to distribute the local share of the Cannabis Excise tax to that city.

How often do I have to file and pay? Excise tax must be filed and paid monthly by the 25th of the month following the sale of the product. So, for example, the tax on sales made in April must be filed and paid by May 25.

How do I file and pay? Returns must be filed electronically through Tax and Rev's Taxpayer Access Point (TAP) self-service portal.

Taxpayers can use ACH debit (echecks) or a credit card to make payments. Credit card payments are subject to a 2.4% convenience fee.

Fedwire and ACH Credit payments **cannot** be accepted for the Cannabis Excise Tax or the Gross Receipts Tax on cannabis retail sales.

Anyone needing to pay with a paper check or cash must have a waiver. Waiver forms are available in the "E-File and E-Pay Exceptions" folder on the Forms & Publications page.

The Taxation and Revenue Department serves the State of New Mexico by providing fair and efficient tax and motor vehicle services. It administers more than 35 tax programs and distributes revenue to the State and to local and tribal governments throughout New Mexico.

The Department strives to reduce taxpayer burden through clearer communication, statutes, regulations, forms, correspondence and instructions.

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