# N.M. tax law changes may affect family members

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New Mexico has modified some of its tax laws for Tax Year 2003 including expanding the capital gains deduction, reducing the tax rate and extending the deadline for electronic filing to April 30.

The subject of this article, however, is the state's change to its definition of residency.

If a person is physically present in the state for 185 days or more (not necessarily consecutively) during the tax year, that person will now be considered a resident for tax purposes. That means that vacationers, students, employees of independent contractors and others who reside in the state for more than 185 days, and who in the past have filed a nonresident tax return, must now file a resident tax return even if their legal residence or domicile is maintained in another state.

This new 185-day rule, however, does not affect members of the U.S. Armed Forces. Members of the military who reside in New Mexico solely because they are here on military orders do not become residents for tax purposes by virtue of federal law. Their spouses however do become residents of New Mexico for tax purposes if they are present in the state for 185 days or more during the tax year.

Filing as a resident rather than as a nonresident carries with it some important implications.

First, residents are generally required to report all income regardless of source. In contrast, nonresidents are only required to report income allocable to New Mexico such as wages earned while working in the state.

Second, residents are required to abide by the community property aspects of the tax laws, while nonresidents generally are not.

Spouses of military members, therefore, are required to report all wage and other income regardless of what state it was earned in once they become residents of New Mexico. Note that this may conceivably set up a situation where the spouse owes tax to New Mexico as well as to another state on the same income. In this situation, New Mexico permits the taxpayer to apply a credit equal to the tax he or she paid to the other state.

When a joint return is required and the spouse is considered a resident for tax purposes, but the military member is a nonresident, the military member's income is not generally taxable unless the military member is a legal resident of a community property state (Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington or Wisconsin). In this case, the spouse is considered to earn half of the military member's pay and to receive half of all other income.

Depending on the legal residence or domicile of the military member, and depending on the state of legal residence, the duration of the spouse's physical residency in New Mexico, and whether the spouse had earnings allocable to New Mexico, it is sometimes a difficult task to know the proper state forms to file.

The Kirtland AFB VITA Tax Center, however, is ready and willing to assist our military personnel in completing their state returns. Appointments are available by calling 853-1700.

# 10 recommendations to reduce your risk of rabies

**FROM THE ANIMAL HUMANE SOCIETY**

✯ Vaccinate your pets against rabies.

✯ Don't keep wild animals as pets. Americans keep more than 1.5 million exotic animals as pets-animals which cannot be vaccinated against rabies.

✯ Do not handle wildlife-dead or alive. While the virus won't survive very long in dead animals, you should wear moisture-proof gloves before picking them up.

✯ Avoid animals displaying unnatural behavior. Wild animals who are unusually friendly or displaying other unnatural behaviors may have the rabies virus.

✯ Discourage contact between pets and wildlife.

Don't let your pets roam or encourage them to interact with unfamiliar domestic or wild animals.

✯ Feed your pets indoors. Leaving food outside often attracts stray dogs, cats, and wildlife to your yard.

✯ Animal-proof your trash. Make sure your trash lids are locked, and don't leave bags of garbage outside the cans.

✯ Prevent wild animals from getting into the house. Prune tree branches that overhang the roof. Keep screens on windows and cover small openings, such as chimneys, furnace ducts, and eaves.

✯ Report all stray animals to animal control. Stray animals may not be vaccinated for rabies. They also run a high risk of exposure to wild animals who carry the disease.

✯ Give your child some guidelines to follow. Do not frighten young children, but make sure they learn some basic rules about protecting themselves from strange or unfamiliar animals.