

## Ruling 100-94-1

Issued: October 25, 1994

Effective: October 25, 1994

Revised: December 5, 2008, correction, as indicated by brackets

A ruling has been requested concerning the applicability of certain provisions of the Tax Administration Act to the following facts:

X, a business in New Mexico, stores accounting and other records on CD-ROM media, using computer scanning technology. The resulting CD-ROM files are in unalterable form. The CD-ROM files are available for computer display and for hard-copy printing. The printed documents are identified as copies but are otherwise indistinguishable from the originals. The back-up copies of the CD-ROM disks are made and original documents are destroyed. The process is standardized as a regular business practice across the company's divisions and facilities.

X requests a ruling on the acceptability of CD-ROM disks as the media for accounting and other documents for tax compliance and audit purposes. X also asks how long it should retain records for state tax purposes.

Section 7-1-10 NMSA 1978 states in part:

A. Every person required by the provisions of any statute administered by the department to keep records and documents and every taxpayer shall maintain books of account or other records in a manner that will permit the accurate computation of state taxes or provide information required by the statute under [which] he is required to keep records....

Under the provisions of Section 7-1-10 NMSA 1978, assuming that all relevant records are stored, X's proposed method of record keeping is acceptable because the documents will be kept in a manner that will permit the accurate computation of state taxes.

The Tax Administration Act sets no time requirement for taxpayer retention of books of account or other records. The Department has no rule on this question. However, Section 7-1-18 NMSA 1978 sets out time limits on the Department's ability to assess tax asserted to be due. Depending upon a taxpayer's situation, the Department may assess unpaid taxes for a period of up to ten years.