

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 1203. Exemptions.

4 CMC § 1202 shall not apply to:

(a) A person exempt from the NMTIT, under NMTIT Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), 501(c)(10) or as a qualified plan under NMTIT Section 401(a). This exemption, however, shall not apply to:

(1) Earnings from any trade or business, the conduct of which is not substantially related (aside from the need of such organization for income or funds or the use it makes of the profits derived) to the exercise or performance by such organization of its charitable, educational, or other purpose or function constituting the basis for its exemption, except for trade or businesses carried on by the organization primarily for the convenience of its members, student, patients, officers, or employees, or

(2) A person who does not apply for exempt status and comply with the procedures prescribed by the secretary for exemptions under this subsection. The secretary may prescribe by regulation that persons exempt under Internal Revenue Code (IRC) Sections 501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), 501(c)(10) shall also be exempt under this section.

(b) Earnings to the extent that they are deemed to be from sources without the Commonwealth under 4 CMC § 1712.

(c) Earnings of a foreign sales corporation from its operations.

Source: PL 9-22, § 1 (§ 1203); (c) added by PL 14-35, § 6(a).

Commission Comment: With respect to the reference to the “secretary” of the Department of Finance, see Executive Order 94-3 (effective August 23, 1994), reorganizing the executive branch, changing agency names and official titles, and effecting other changes, set forth in the Commission comment to 1 CMC § 2001.

2 CMC § 4745 states that any compensation received under the Land Compensation Act of 2002 shall not be subject to the earnings tax imposed under 4 CMC § 1202(b)(2).

See the comment to 4 CMC § 1101 regarding PL 14-35.