

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 1: REVENUE AND TAXATION**

**§ 1606. One Hundred Percent Rebate Offset of Mirror Tax Procedure.**

(a) *Rebate Offset.* To the extent any foreign trade income, or interest, dividends, royalties and other investment income and carrying charges, received or accrued by a FSC, as defined in Sections 921(d)(2) and (3) and 927(c) and (d) of the United States Internal Revenue Code of 1986, as amended, should at anytime now or hereafter become includable within the gross income of an FSC because of the Northern Marianas Territorial Income Tax, a rebate offset of 100 percent of the foreign sale corporate income tax shall be allowed to the extent authorized by Covenant § 602.

(b) *Tax Return Filing Procedures.*

(1) A true copy of the FSC business license shall be attached to any income tax return of the FSC and the amount of tax due prior to rebate offset shall be paid by a FSC. The amount paid shall not be placed in the General Fund or commingled with other funds, but shall be deposited by the Secretary of Finance in special purpose trust accounts in one or more FDIC insured or collateralized deposit banks with offices within the Commonwealth and shall be withdrawn from such accounts only for the purpose of:

(i) Making rebates as provided herein, or

(ii) Payment into the General Fund after a final determination, including a judicial determination if requested by the FSC taxpayer, that taxes are validly due and payable and that the FSC is not entitled to any rebate offset.

(2) Upon filing by an FSC of any tax return, the Secretary of Finance shall immediately thereafter cause the return to be reviewed, and, if the rebate offset appears to be in order shall cause the amount of tax paid by the FSC to be returned to the FSC within 45 days from the date the return is required to be filed. If for any reason the amount to be rebated is not returned to the FSC within 45 days from the date the return is required to be filed, the unreturned amount shall bear interest at the rate determined under Section 6611 of the United States Internal Revenue Code of 1986, as amended, from the date of payment of the tax until the date of return to the FSC of the money due to it.

(3) In the event of any failure to make the rebate offset provided for herein within 90 days from the date of payment of the tax by an FSC of the taxes due prior to rebate offset, the government of the Commonwealth consents to suit and consents to a decree of specific performance being entered against it for payments found to be lawfully due. The 45-day review by the Secretary of Finance of a tax return of an FSC shall not constitute an audit or final determination by the secretary of taxes due, but the rebate offset provided for herein shall be made notwithstanding that an audit or final determination of taxes due has not been completed within the 45-day period. Amounts rebated to an FSC as provided herein shall not constitute income to such FSC and shall not be included within the gross income of the FSC for tax purposes.

**Source:** PL 9-22, § 1 (§ 1606) (repealing PL 3-11, § 606), amended by PL 9-57, § 2, modified.

**Commission Comment:** The Commission substituted “within” for “with” in the second sentence of subsection (b)(3), correcting a typographical error. See also the comment to 4 CMC § 1601.