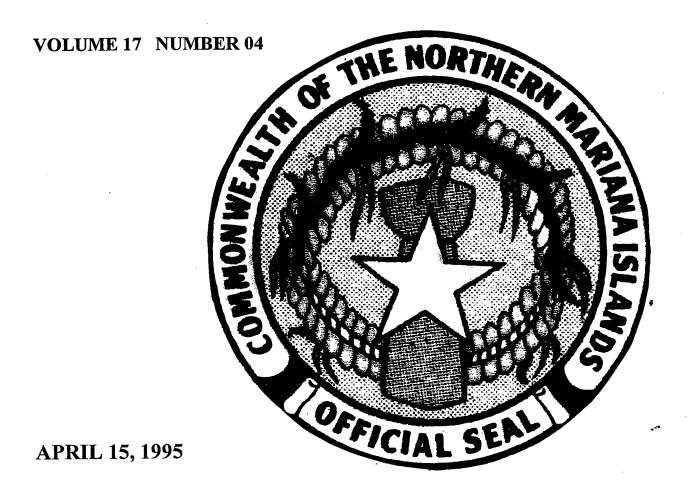
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS SAIPAN, MARIANA ISLANDS 96950



COMMONWEALTH

REGISTER

COMMONWEALTH REGISTER VOLUME 17 NUMBER 04 APRIL 15, 1995

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Office of the Secretary Commonwealth of the Northern Mariana Islands PO. Box 5234 CURB Saipan, MP 96950 April 15, 1995

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ANNOUNCEMENT

DEPARTMENT OF FINANCE

PROPOSED RULES AND REGULATIONS FOR THE OPERATION OF PACHINKO SLOT MACHINES IN THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS REGULATION NO. 2400

The Secretary of the Department of Finance hereby announces that she has extended the date by which comments on the Proposed Rules and Regulations for the Operation of Pachinko Slot Machines in the Commonwealth of the Northern Mariana Islands published in the March 15, 1995, edition of the Commonwealth Register may be submitted. Those interested in the commenting on these regulations may do so in writing addressed to the Secretary of Finance, Commonwealth of the Northern Mariana Islands, P.O. Box 5234, CHRB, Saipan, MP 96950, not later than May 15, 1995.

The Secretary of the Department of Finance also hereby announces that she is temporarily waiving for all applicants for a pachinko slot machine license the following license application requirements specified in the Proposed Rules and Regulations for the Operation of Pachinko Slot Machines in the Commonwealth of the Northern Mariana Islands published in the March 15, 1995, edition of the Commonwealth Register: §2400.4(a) (2) [make, model, serial number, etc.]; §2400.4(a) (3) [import information]; §2400.4(a) (4) [intended location]; §2400.4(a) (5) [photograph]; and §2400.4(a) (6) [notarized statement]. Such information shall instead be submitted on or before the later of [a] ten (10) days after the date the applicant becomes entitled to a pachinko slot machine license or [b] ten (10) days after the date the pachinko slot machine is received by the applicant.

Issued by: Man

MARIA D. CABRERA
Secretary of Finance

Date

Filed With:

OFFICE OF THE SOVERNOR

Date

Filed and Recorded by:

SOLEDAD B. SASAMOTO

Registrar of Corporations

Date



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DEPARTMENT OF FINANCE

ANNOUNCEMENT NO. CS95-01

The Department of Finance, Division of Customs Service, wishes to announce the interim position it is taking with regard to the implementation of certain provisions of Chapter 4 of Public Law 9-22. The Department of Finance will be issuing regulations in the near future pertaining to the foregoing and other excise tax matters necessary to implement and enforce Public Law 9-22.

DEFINITIONS

1. Foodstuff. For purposes of 4 CMC §1401(g), foodstuff shall be defined as follows:

"Foodstuff" means any food which has nutritional value, or is necessary for the sustenance of life, and suitable for human consumption including dairy products, bottled drinking water, 100% fruit or vegetable juices, and any ingredient primarily used in the preparation of food. "Foodstuff" shall include animals only if such animals are imported into the CNMI for the primary purpose of human consumption.

2. <u>Hygiene Products</u>. For purposes of 4 CMC §1401(h), "hygiene products" shall be defined as follows:

"Hygiene Products" means goods, merchandise or products necessary for the personal health, safety and cleanliness of an individual except for child care products exempted under §1402(b)(5) of Chapter 4. "Hygiene products" shall include toothpaste, shower soap, toilet tissue, shampoo, deodorant, tooth brush, hair brush, and dental floss. "Hygiene products" shall not include hair spray, hair gels and jellies, and hair conditioner.

Jewelry. For purposes of 4 CMC §1401(i), jewelry shall be defined as follows:

"Jewelry" means all articles made of precious metal or precious or semi-precious stones and capable of being worn for personal adornment. "Jewelry" does not include the following:

- a. Wrist watches having a value not exceeding \$500 per unit;
- b. All articles containing precious metal or precious or semiprecious stones which are capable of being worn for adornment which have a value of no more than \$500.
- 4. <u>Leather goods or Related Products</u>. For purposes of 4 CMC §1401(k), "leather goods or related products" shall be defined as follows:

"Leather good or related products" means articles made of fur on the hide, pelts, or any animal skin dressed for use or in which such article has a component fur on the hide, pelts, or any animal skin. Leather goods or related products does not include the following:

- a. Footwear;
- b. Wrist watches valued at less than \$500 which contain leather bands.

IMPOSITION OF EXCISE TAX

1. For purposes of 4 CMC §1402, items shall be subject to the excise tax provisions provided in §1402(a) as provided therein regardless of whether the item is for business purposes or non-business purposes. However, if the item is for non-business purposes, the item will be subject to the §1402(a) excise tax provisions only to the extent the value of the item exceeds the amounts specified in 4 CMC §1402(c).

Example No. 1: John Doe imports an automobile into the CNMI for personal use having a value of \$24,000. Mr. Doe will be subject to the excise tax under 4 CMC §1402(a)(12) as follows:

 Ad valorem on vehicle:
 \$24,000.00

 Exemption of \$1,000.00:
 (1,000.00)

 Tax Base
 \$23,000.00

Excise Tax at 5%:

<u>Example No. 2</u>: Mahi Fishing imports a boat into the CNMI for business purposes having a value of \$54,000.00. Mahi Fishing will be subject to the excise tax under 4 CMC §1402(a)(15) as follows:

\$ 1,150.00

Ad valorem on boat: \$54,000.00

Tax Base: \$54,000.00

Excise tax at 10%: \$5,400.00

2. For purposes of 4 CMC §1402(a)(5), "cosmetics" shall include in addition to the items specifically enumerated in §1402(a)(5) all preparations used as applications to the hair, the skin, or other parts of the body that do not have medicinal or hygienic purposes such as hair spray, hair gel, hair jellies, hair conditioner, body lotion, and body creams.

EXEMPTIONS

- 1. For purposes of 4 CMC §1402(b)(3), "personal and office computer equipment" shall include only computers and related equipment imported for personal or business use by the consumer. "Personal and office computer equipment" shall not include computers and related equipment imported for resale purposes.
- 2. In addition to the exemptions to the excise tax provided in 4 CMC §1402(b)(1) (8), the following shall be exempt from the excise tax:
 - a. Personal household goods imported into the CNMI that were not purchased directly from a seller but rather are brought into the CNMI by a returning resident or a new resident for the purpose of establishing a household.

Issued and Certified By:	maria D Calirera
	MARIA D. CABRERA
	SECRETARY OF FINANCE
	4/13/95
	DATE



Office of the Secretary Commonwealth of the Northern Mariana Islands 羽D. 强ox 5234 CHR强 Saipan, MP 96950

Cuble Address Gov. NAI Saipan Phone: 664-1100 Barsimile: 664-1115

April 13, 1995

PUBLIC NOTICE

DEPARTMENT OF FINANCE

PROPOSED REVENUE AND TAX REGULATIONS NO. 2200

The Secretary of the Department of Finance hereby provides public notice of the Proposed Revenue and Tax Regulations, No. 2200. The purpose of these regulations is to implement, interpret, prescribed and clarify policies and procedures required to implement, enforce, and administer the provisions of Division 1 of Title 4 of the Commonwealth Code. Furthermore, these regulations are necessary in light of the amendments made by Public Law No. 9-22. These regulations are promulgated under the authority given to the Secretary of Finance by virtue of 1 CMC §2553, 1 CMC § 2557, 4 CMC §1104, 4 CMC §1701(c), and 4 CMC §1818, the Commonwealth Administrative Procedure Act, 1 CMC §9101 et seq, and pursuant to all other authority and directions set forth in the Commonwealth Code.

The proposed regulations are published in the Commonwealth Register. Copies of the Commonwealth Register may be obtained from the Attorney General's Office.

Anyone interested in commenting on these proposed regulations may do so in writing addressed to the Secretary of Finance, Commonwealth of the Northern Mariana Islands, P.O. Box 5234 CHRB, Saipan, MP 96950, not later than 30 days from the date of its publication in the Commonwealth Register.

Issued by:

MARIA D. CABRERA

Secretary of Finance

Concurred by: ZESUS C. BORJA

Acting Governor

Filed and

Recorded by: Remello M. Hall.

SoleDAD B. SASAMOTO
Registran Registrar of Corporation



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Abrit 13, 1995

NUTISIAN PUBLIKU

DEPATTAMENTON FAINANSIAT

I MAPRUPONI SIHA NA REGULASION REVENUE YAN TAX NUMERU 2200

I Sekretarian i Depattamenton i Fainansiat ginen este ha prubininiyi nutisian publiku pot i mapruponi siha na Regulasion Revenue yan Tax Numeru 2200. I propositun este siha na regulasion pot para u implementa, intetpeti, preskribi yan una klaru huyong areklamento yan direksion nu debi u guaha para uma implementa, enfuetsa, yan administra i Dibitsion 1, Titulu 4 gi kodiku i Commonwealth. Intremas, este na regulasion siha nisisariu nuchomas pot i amendasion ginen i Lai Publiku Numeru 9-22. Este siha na regulasion manma fatinas sigun gi aturidat i mana'e i Sekretarian i Fainansiat ginen aturidat 1 CMC §2553, 1 CMC §2557, 4 CMC §1104, 4 CMC §1701(c), 4 CMC §1818, yan i Administrative Procedures Act, 1 CMC §9101 et seq., yan ginen todu ayu siha na aturidat yan direksion ni managaige sigun gi kodikun i Commonwealth.

I mapruponi na regulasion manmapuplika huyong gi Rehistran i Commonwealth, ya hayi interesao na petsona sina ha manule kopia ginen i Ofisinan i Attorney General.

Hayi interesao mamatinas komentu pot i mapruponi siha na regulasion siña ha ha'tugi papa ya u na halom guato gi Secretary of Finance, Commonwealth of the Northern Mariana Islands, P.O. Box 5234 CHRB, Saipan, MP 96950, ti u mas di trenta (30) dias despues di malaknos este na nutisia gi halom i Rehistran Commonwealth.

Linaknos:

MARIA D. CARREDA

Sekretarian i Fainansiat

Fecha

Kinenfotma

as:

JESUS C. BORJA Gobetnu (Acting) Fecha

Ma file yan

Rekod as:

SOLEDAD B. SASAMOTO

Registrar of Corporation

Fecha



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CERTIFICATION

DEPARTMENT OF FINANCE

PROPOSED REVENUE AND TAXATION REGULATIONS NO. 2200

I, Maria D. Cabrera, the Secretary of the Department of Finance who is publishing these Proposed Revenue and Taxation Regulations No. 2200, by signature below hereby certifies that the Proposed Revenue and Taxation Regulations No. 2200 is a true, correct, and complete copy of the regulations proposed by the Department of Finance. I further request and direct that this certification and the Proposed Revenue and Taxation Regulations No. 2200 be published in the Commonwealth Register.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the day of April, 1995 at Saipan, Commonwealth of the Northern Mariana Islands.

MARIA D. CABRERA, Secretary of Finance



Office of the Secretary Commonwealth of the Northern Mariana Islands PG. Box 5234 CHRB Saipan, MP 96950

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PROPOSED REVENUE AND TAXATION REGULATIONS NO. 2200

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REVENUE AND TAXATION REGULATIONS NO. 2200

Part I - Section 2200, General Provisions

Section 2200.1. Authority. The authority for the promulgation and issuance of Revenue and Taxation Regulations No. 2200 is by virtue of the authority and directions set forth in the Commonwealth Code including, but not limited to, 1 CMC §2553, 1 CMC §2557, 4 CMC §1104, 4 CMC §1701(c), and 4 CMC §1818.

Regulations is to establish policy and procedures to implement and provide uniform enforcement of the tax laws of the Commonwealth of the Northern Mariana Islands and other laws delegated to and administered by the Division of Revenue and Taxation. Unless specifically provided otherwise, these Regulations apply to 4 CMC, Division 1 except Chapter 4 and Chapter 10.

Section 2200.3 Organization. Revenue and Taxation, a division of the Department of Finance established pursuant to 1 CMC §2557 shall be headed by a Director. The Director shall be responsible for the day to day operations of the Division of Revenue and Taxation. In order to carry out its responsibilities, the Division of Revenue and Taxation hereby establishes the following activity branches:

- (a) <u>Technical Research and Appeals Branch</u>. The Technical Research and Appeals Branch shall be headed by a manager and is responsible for:
 - (i) the administrative appeal system;
 - (ii) research and support service;
 - (iii) technical resource and library service;
 - (iv) review;
 - (v) disclosure;
 - (vi) special procedures.
- (b) <u>Compliance Branch</u>. The Compliance Branch shall be headed by a manager and is responsible for:

- (i) taxpayer assistance service;
- (ii) tax return examinations;
- (iii) taxpayer compliance program;
- (iv) data entry;
- (v) file maintenance;
- (vi) returns processing.
- Collection and Remittance Branch. The Collection and Remittance Branch shall be headed by a manager and is responsible for:
 - (i) accounts billing;
 - (ii) field collection;
 - (iii) cashier function.
- Examination Branch. The Examination Branch shall be headed by a manager and is responsible for:
 - (i) review or ca.
 (ii) desk audits; review of tax returns;

 - (iii) field audits;
 - (iv) special audits.
- Enforcement and Regulatory Branch. The Enforcement and Regulatory Branch shall be headed by a manager and is responsible for:
 - (i) poker machines;
 - (ii) pachinko slot machines;
 - (iii) amusement machines.

Section 2200.4 Function The Division of Revenue and Taxation shall administer and enforce all provisions of Title 4, Division 1 of the Commonwealth Code (except those provisions specifically delegated to other agencies, e.g., The Division of Customs), the United States Internal Revenue Code of 1954, as amended, and its accompanying Regulations as made applicable to the Commonwealth of the Northern Mariana Islands pursuant to §601 of the Covenant, and these and other regulations delegated to the Division of Revenue and Taxation.

Section 2200.5 Rota and Tinian District Offices. Division of Revenue and Taxation shall have district offices in Rota and Tinian for its activities in these senatorial districts. The functions of the district operations shall be under the supervision of the Secretary of Finance or his/her designee. Personnel supervision of the district offices shall be under each respective Resident Director of Finance.

Section 2200.6 Regulations Superseded.

- (a) Revenue and Taxation Regulations No. 2200 supersedes all rules and regulations issued by the CNMI Department of Finance and/or the CNMI Division of Revenue and Taxation which were published prior to the adoption of Revenue and Taxation Regulations No. 2200 which pertain to taxes, fees, or other laws administered by the Division of Revenue and Taxation, including those rules and regulations issued under Revenue and Taxation Regulations No. 1200, Revenue and Taxation Regulations No. 8301 and all amendments thereto.
- (b) Revenue and Taxation Regulations No. 2200 do not supersede any rules or regulations proposed or adopted by the Department of Finance pertaining to the operation of pachinko slot machines in the Commonwealth of the Northern Mariana Islands.

Section 2200.7 Definitions.

- (a) <u>Business</u>: The term "business" shall have the same meaning as a "trade or business" as that term is applied under §162 of the Northern Marianas Territorial Income Tax; thus, "business" normally means any regular and continuous activity carried on by a person for the purpose of earning income or profit. Except as otherwise provided, an employee shall not be considered as operating a business, and a partnership or a corporation shall be considered as operating a business.
- (b) <u>Calendar Month</u>: the period extending from the date in one month to the same date in the succeeding month.
- (c) <u>CNMI Real Property Interest</u>: A "CNMI Real Property Interest" means any "interest (other than as a creditor) in real property" located within the CNMI. An "interest in real property includes a fee simple estate, estate for life, a long-term lease including an option to acquire the same, or any interest defined in §897(c)(1)(A)(ii) of the NMTIT;
- (d) <u>Director</u>: The Director of the Division of Revenue and Taxation, unless the context otherwise requires. Any references to the term "Chief" as used within these Regulations or the tax laws is deemed to refer to the Director of the Division of Revenue and Taxation.
- (e) <u>Division</u>: "Division" means those provisions of Title 4 of the Commonwealth Code in Division 1 but excluding Chapter 10, Developer Infrastructure Tax.
 - (f) Employee: any individual, who under the usual

common law rules applicable in determining the employeremployee relationship, has the status of an employee. Such term shall not include an individual who performs services as either a sole proprietor to himself/herself or a partner to his/her partnership.

- (g) <u>Employer</u>: the person for whom an employee performs or performed any service of whatever nature.
- (h) <u>Gross Revenue</u>: "Gross revenue" is defined by 4 CMC §1103(k) and §2203.1 of these Regulations.
- (i) <u>Gross Winnings</u>: "Gross Winnings" means the total amount of money or the value of other property received from each gaming, lottery, raffle, or other gambling event, transaction, or other activity, less the amount of the wager, if any, (but no other cost or expense) which directly results in winnings.
- (j) <u>Individual</u>: Unless otherwise provided, a natural person, an estate (including a bankruptcy estate established under Title 11 of the United States Code), a trust, or a fiduciary acting for a natural person, trust, or estate.
- (k) <u>Last Known Address</u>: "Last Known Address" has the same meaning as that term is used within §6212 of the NMTIT.
- (1) <u>Manufacturing</u>: The art of making raw material into a product suitable for use, sale, lease, or rental, and includes the technique and methods of converting finished merchandise into another product for use, sale, lease, or rental.
- (m) Northern Marianas Territorial Income Tax: mirrored tax provisions of the U.S. Internal Revenue Code applicable in the CNMI as provided in the Covenant and Chapter 7 of 4 CMC, Division 1 and as further detailed within §2206.2 of these Regulations. The Northern Marianas Territorial Income Tax is abbreviated as the NMTIT.
- (n) <u>Person</u>: means any individual, firm, corporation, company, joint venture, association, partnership, receiver, club, syndicate, cooperative association, or any other entity.
- (o) <u>Property</u>: any interest in real property, tangible personal property, or intangible personal property. Intangible personal property includes licenses, franchises, patents, trademarks, copyrights, stocks, bonds, or other commercial paper and partnership interests.

- (p) Raw Material: An article or merchandise that is changed in form or substance or combined with other article(s) in a manufacturing process to become a part of a finished product or to form a new product which is produced in a factory.
- (q) Rebate: For purposes of 4 CMC, Division 1, Chapter 7, "rebate" as defined by 4 CMC §1103(s) includes only amounts of NMTIT actually paid.
- (r) Resident: For purposes other than the NMTIT and Chapter 7, means:
 - (1) an individual who is domiciled in the Commonwealth; or
 - (2) a business which is located, directed, or managed in the Commonwealth.
- (s) <u>Secretary</u>: The Secretary of the Department of Finance of the Commonwealth Government of the Northern Mariana Islands.
- (t) <u>Wages and Salaries</u>: "Wages and Salaries" means that defined by §2201.1 of these Regulations and 4 CMC §1103(z).
- (u) Wholesaler: any person engaged in the sale of tangible personal property to another for resale for direct or indirect economic benefit.
 - (v) Yearly: a calendar year.

Section 2200.8. Reserved for Other Definitions

PART II - SECTION 2201, WAGES AND SALARY TAX

Section 2201.1 <u>Wages and Salaries</u>. Pursuant to 4 CMC §1201, there is imposed on every employee a yearly tax on the employee's "Wages and Salaries". "Wages and Salaries" is defined pursuant to 4 CMC §1103(z) and subsection (a).

- (a) <u>Inclusions</u>. Except as provided in subsection (b), "wages and Salaries" includes compensation for services derived from "sources within the Commonwealth" as determined by §2201.2 of these Regulations. "Wages and Salaries" includes, but is not limited to, payments received by an employee for any of the following:
 - (1) annual leave;
 - (2) sick leave;
 - (3) administrative leave;
 - (4) holiday work; and
 - (5) any other types of compensatory leave.
- (b) <u>Exclusions</u>. "Wages and Salaries" shall not include the following:
 - (1) wages and salaries received from the United States by active members of the Armed Forces of the United States. This exception shall not include wages and salaries received from the United States by members of the Armed Forces of the United States in reserve status;
 - (2) reasonable per diem and travel allowances to the extent that they do not exceed any comparable Commonwealth Government rates;
 - (3) rental value of a home furnished to any employee or a reasonable rental allowance paid to any employee to the extent the allowance is used by the employee to rent or provide a home;
 - (4) any payment of medical or hospitalization expenses made by an employer or insurance company to or on behalf of an employee or insured;
 - (5) payments made to or on behalf of an employee or to his beneficiary from a trust, annuity, or retirement

program;

- (6) any payment in the form of a scholarship, fellowship, or stipend made to any employee while he is a full-time, bona fide student at an educational institution as defined by §170(b)(1)(A)(ii) of the NMTIT. Provided, however, that if the payment is made for services rendered, the student must receive college credit(s) for the performance of the services and the services must further the student's education, curriculum, or course of study; and
- (7) any benefit payment from the United States, Trust Territory, or Northern Marianas Social Security Administration.

Section 2201.2 Sources Within the Commonwealth.

- (a) <u>In General</u>. Except as provided in subsection (b), the determination of whether wages and salaries are derived from sources within the Commonwealth for purposes of the Wage and Salary Tax shall be made in accordance with 4 CMC §1103(u) and the sourcing rules of the Northern Marianas Territorial Income Tax at §861 et seq.
- (b) <u>Employer Located Within and Without</u>. The determination of source of income as it relates to wages and salaries shall be made in accordance with the following rules:
 - (1) Employer Within. Wages and salaries paid to an employee from an employer residing within the Commonwealth are considered income from sources within the Commonwealth if:
 - (A) the services are performed within the Commonwealth; or
 - (B) the services are performed without the Commonwealth by a resident individual for an aggregate of no more than 90 days during the taxable year.
 - Example No. 1 Mr. Sablan is employed by ABC Corporation, a CNMI corporation. Mr. Sablan lives on Saipan but travels to the state of California during the taxable year for a period of 75 days to perform research for his employer, ABC Corporation. After performing such services, Mr. Sablan returns to Saipan. For performing such services, Mr. Sablan

receives compensation in the amount of \$3,000. The compensation received by Mr. Sablan in the amount of \$3,000 is deemed income from sources within the Commonwealth.

Example No. 2 Same facts as Example No. 1 except that Mr. Sablan performs services for ABC Corporation in the state of California for a period of 95 days. The compensation received by Mr. Sablan in the amount of \$3,000 is not deemed income from sources within the Commonwealth.

Example No. 3 Ms. Moore is employed by XYZ Corporation, a CNMI corporation with offices located in the states of California Ms. Moore lives in the state of Arizona. Arizona and performs services in the state of Arizona for the Arizona office of Corporation for a period of 60 days during the taxable year. After performing such services, Ms. Moore remains in the state of Arizona. For performance of such services, Ms. Moore receives compensation in the amount of \$2,000. The compensation received by Ms. Moore is not sources deemed income from within Commonwealth.

- (2) <u>Employer Without</u>. Wages and salaries paid to an employee from an employer residing outside the Commonwealth are not considered income from sources within the Commonwealth unless:
 - (A) the services are performed within the Commonwealth; and

(B)

- (1) the services are performed by an employee temporarily present in the Commonwealth for a period or periods exceeding a total of 90 days; or
- (2) the aggregate compensation received by an employee for services performed in the Commonwealth exceeds \$1,000.
- Example No. 1. Ms. Dorothy Mae, a secretary accompanied Mr. Jason Peter to Saipan on five

different occasions in 1990. Both Ms. Mae and Mr. Peter are employees of a food chain business in Hong Kong. Their trips to Saipan were all on business. Ms. Mae was in the CNMI for 45 days and received a salary of \$750 for services performed within Saipan. Mr. Peter received \$1,500 for the same period for services performed within Saipan.

Ms. Mae's compensation is not considered income from sources within the Commonwealth for purposes of the Wage and Salary Tax because her employer does not reside in the Commonwealth, she is present in the CNMI for less than 90 days, and She is not her salary is less than \$1,000. required to pay the Wage and Salary Tax on the compensation of \$750 derived from performed within the Commonwealth. However, Mr. Peter's compensation income is deemed income from sources within the Commonwealth because his salary exceeds the \$1,000 limitation. Mr. Peter is required to pay the Wage and Salary Tax on the compensation of \$1,500.

Example No. 2. Mr. Carlos Anthony, an employee of a manufacturing company in New York, came to Saipan necessary to determine gather data feasibility of assembling toys in the Commonwealth for export. Mr. Anthony made several trips to the Commonwealth in 1990 and spent a total of 30 days His annual salary is \$60,000. on Saipan. Anthony is considered to have income from sources within the Commonwealth in the amount of \$5,000 [i.e., (60,000) x (1/12)]. Therefore, Mr. Anthony's income of \$5,000 is deemed from sources within the Commonwealth and thus is subject to the Wage and Salary Tax.

Section 2201.3. Withholding -- Withholding Tables.

(a) <u>In General</u>. An employee who is paid or credited wages and salaries from an employer who does not have a place of business in the Commonwealth or an agent within the Commonwealth responsible for making the returns, withholdings, and payments of taxes on compensation under Chapter 2 of 4 CMC, shall make quarterly withholding payments as provided by §2201.3(c) of these Regulations. In all other cases, employers are required to withhold the Wage and Salary Tax from their employees' wages and salaries pursuant to §2201.3(b) of these Regulations.

(b) <u>CNMI Employers</u>. Employers who have a place of business in the Commonwealth or an agent within the Commonwealth responsible for making the returns, withholdings, and payments of taxes on compensation under Chapter 2 of 4 CMC, are required to withhold the Wage and Salary Tax from their employees' wages and salary based on the following withholding tables pursuant to the frequency of the payments:

AMOUNT EARNED - WEEKLY

FROM	TO	RATE
-0-	19.24	-0-
19.25	96.17	2.0%
96.18	134.63	3.0%
134.64	288.48	4.0%
288.49	423.09	5.0%
423.10	576.94	6.0%
576.95	769.24	7.0%
769.25	961.55	8.0%
961.56	AND OVER	9.0%

AMOUNT EARNED - BI-WEEKLY

FROM	OT	RATE
-0-	38.49	-0-
38.50	192.34	2.0%
192.35	269.26	3.0%
269.27	576.96	4.0%
576.97	846.19	5.0%
846.20	1,153.88	6.0%
1,153.89	1,538.49	7.0%
1,538.50	1,923.11	8.0%
1,923.12	AND OVER	9.0%

AMOUNT EARNED - SEMI-MONTHLY

FROM	TO	RATE
-0-	41.70	-0-
41.71	208.37	2.0%
208.38	291.70	3.0%
291.71	625.04	4.0%
625.05	916.70	5.0%
916.71	1,250.04	6.0%
1,250.05	1,666.70	7.0%
1,666.71	2,083.37	8.0%
2,083.38	AND OVER	9.0%

AMOUNT EARNED - MONTHLY

FROM_	TO	RATE
-0-	83.41	-0-
83.42	416.74	2.0%
416.75	583.41	3.0%
583.42	1,250.08	4.0%
1,250.09	1,833.41	5.0%
1,833.42	2,500.08	6.0%
2,500.09	3,333.41	7.0%
3,333.42	4,166.74	8.0%
4,166.75	AND OVER	9.0%

- (c) <u>Non-CNMI Employers</u>. Employees of employers who do not have a place of business in the Commonwealth or an agent within the Commonwealth responsible for making the returns, withholdings, and payments of taxes on compensation under Chapter 2 of 4 CMC, are required to pay the Wage and Salary Tax.
 - (1) The Wage and Salary Tax shall be paid on a quarterly basis based on the following withholding tables:

INCOME LEVEL - FIRST QUARTER

T O	RATE
250.00	-0-
1,250.00	2.0%
1,750.00	3.0%
3,750.00	4.0%
5,500.00	5.0%
7,500.00	6.0%
10,000.00	7.0%
12,500.00	8.0%
AND OVER	9.0%
	250.00 1,250.00 1,750.00 3,750.00 5,500.00 7,500.00 10,000.00 12,500.00

INCOME LEVEL - SECOND QUARTER

FROM	<u>TO</u>	RATE
-0-	500.00	-0-
500.01	2,500.00	2.0%
2,500.01	3,500.00	3.0%
3,500.01	7,500.00	4.0%
7,500.01	11,000.00	5.0%
11,000.01	15,000.00	6.0%
15,000.01	20,000.00	7.0%
20,000.01	25,500.00	8.0%
25,500.01	AND OVER	9.0%

INCOME LEVEL - THIRD QUARTER

FROM	TO	RATE
-0-	750.00	-0-
750.01	3,750.00	2.0%
3,750.01	5,250.00	3.0%
5,250.01	11,250.00	4.0%
11,250.01	16,500.00	5.0%
16,500.01	22,500.00	6.0%
22,500.01	30,000.00	7.0%
30,000.01	37,500.00	8.0%
37,500.01	AND OVER	9.0%

INCOME LEVEL - FOURTH OUARTER

FROM	TO	RATE
-0-	1,000.00	-0-
1,000.01	5,000.00	2.0%
5,000.01	7,000.00	3.0%
7,000.01	15,000.00	4.0%
15,000.01	22,000.00	5.0%
22,000.01	30,000.00	6.0%
30,000.01	40,000.00	7.0%
40,000.01	50,000.00	8.0%
50,000.01	AND OVER	9.0%

(2) Employees who perform services during the taxable year, both as an employee receiving salary and wages subject to withholding pursuant to 4 CMC §1804(e) and as an individual receiving compensation not subject to withholding tax pursuant to 4 CMC §1804(e) are required to pay the Wage and Salary tax not so withheld. An individual

subject to withholding under 4 CMC §1804(e) must file quarterly returns during the period his/her wages are not subject to withholding taxes pursuant to the tables established in this subsection. combined wages and salary earned both as employee subject to withholding tax and as an individual not subject to withholding tax must be reported on the Employee's Annual Wage and Salary §2201.9 of Tax Return as provided in Regulations. Forms W-2 and W-2CM must be attached to the tax return. The provisions of this paragraph shall not apply beginning with taxable period after December 31, 1984, to employees paying estimated tax on income not subject to withholding, provided that the tax required under 4 CMC §1804(e) is included in such estimated tax payment.

Section 2201.4 <u>Withholding -- Coordination with NMTIT</u> <u>Tentative Credit</u>

- (a) <u>In General</u>. Pursuant to and as provided by 4 CMC §1205, there will be allowed as a non-refundable credit against the tax imposed on wages and salaries any NMTIT paid on the same item of income subject to the Wage and Salary Tax. The amount of the non-refundable credit shall be the lesser of:
 - (1) the amount of the NMTIT withheld or paid with respect to such wages and salaries for which a rebate is allowable under law; or
 - (2) the Wage and Salary Tax shown on the applicable tax return. For purposes of the tentative non-refundable credit, the Wage and Salary Tax shown on the applicable tax return shall mean the amount of the Wage and Salary Tax required to be withheld or paid.
- (b) <u>Withholding by Employers</u>. In order for 4 CMC §1205 to apply at the time withholdings are deducted and remitted by an employer, the items of income subject to the NMTIT and the Wage and Salary Tax must be taxable and/or that withholding must be required at the time the NMTIT and Wage and Salary Tax was withheld or paid.

This subsection may be illustrated by the following examples:

Example No. 1	ABC Company W	ithholding Tax			
Employee Name	Gross <u>Wages</u>	CH 7 Tax Withheld	CH 2 Tax Computed	CH 2 Tax Tentative Credit	CH 2 Tax Withheld
Employee A Employee B Employee C	\$ 600.00 400.00 500.00	\$ 60.00 25.00 30.00	\$ 40.00 40.00 30.00	\$ 40.00 25.00 30.00	\$ 0.00 15.00 0.00
Totals	\$1,500.00	\$115.00	\$115.00	\$ 95.00	\$ 15.00
Amount to Remit	N/A	\$115.00	N/A	N/A	\$ 15.00
Note: Figures are fo	r illustrative pu	rposes only			
Example No. 2	XYZ Company W	ithholding Tax			
Employee Name	Gross <u>Wages</u>	CH 7 Tax <u>Withheld</u>	CH 2 Tax Computed	CH 2 Tax Tentative Credit	CH 2 Tax Withheld
Employee A Employee B Employee C	\$ 800.00 1,000.00 500.00	\$100.00 75.00 40.00	\$ 75.00 80.00 40.00	\$ 75.00 75.00 40.00	\$ 0.00 5.00 0.00
Totals	\$2,300.00	\$215.00	\$195.00	\$190.00	\$ 5.00
Amount to Remit	N/A	\$215.00	N/A	N/A	\$ 5.00

Note: Figures are for illustrative purposes only

In Example No. 2 above, for employee A, the actual tax withheld under Chapter 2 of \$-0- was the result of the Chapter 7 (NMTIT) tax applied as a tentative non-refundable credit against the computed Chapter 2 tax of \$75.00. The amount of the tentative non-refundable credit is the lesser of the amount of the Chapter 2 tax computed and the Chapter 7 tax withheld. As the amount of the Chapter 2 tax computed of \$75.00 is less than the amount of the Chapter 2 tax withheld in the amount of \$100.00, the amount of the tentative non-refundable credit is \$75.00.

Employee A's combined withholding tax is \$100.00 (\$-0-for Wage and Salary Tax and \$100.00 for NMTIT), which in effect equals the greater amount of Chapters 2 or 7 (NMTIT). XYZ Company shall deduct the \$100.00 from A's payroll check and classify as indicated above. Allowing the tentative non-refundable credit, in effect, relieves Employee A of any Wage and Salary Tax withholding imposed on wages and salaries received to the extent of any tentative non-refundable credit which arises from the same taxable period.

(c) <u>Payment by Employees</u>. In order for 4 CMC §1205 to apply at the time employees who are required to pay the Wage and Salary Tax under 4 CMC §1804(e), the items of income subject to the NMTIT and the Wage and Salary Tax must be taxable and/or that Chapter 2 payment must be required at the time the NMTIT estimated tax payment was made. This subsection may be illustrated by the following example:

Examo	le	No.	1
		nv.	

<u>Employee Name</u>	Gross <u>Wages</u>	CH 7 Estimated Tax Paid	CH 2 Tax Computed	CH 2 Tax Tentative Credit	CH 2 Tax <u>Paid</u>	Employee Total <u>to Remit</u>
Employee A	\$ 800.00	\$100.00	\$ 75.00	\$ 75.00	\$ 0.00	\$100.00
Employee B	1,000.00	75.00	80.00	75.00	5.00	\$ 80.00
Employee C	500.00	40.00	40.00	40.00	0.00	\$ 40.00

Note: Figures are for illustrative purposes only

In Example No. 1 above, for Employee B, the actual tax paid under Chapter 2 of \$5.00 was the result of the Chapter 7 (NMTIT) estimated tax payment applied as a tentative non-refundable credit against the computed Chapter 2 tax of \$80.00. The amount of the tentative non-refundable credit is the lesser of the amount of the Chapter 2 tax computed and the Chapter 7 estimated tax payment. As the amount of the Chapter 2 tax computed of \$80.00 is greater than the amount of the Chapter 7 estimated tax payment in the amount of \$75,00, the amount of the tentative non-refundable credit is limited to the amount of \$75.00.

Employee B's combined Chapter 2 and Chapter 7 liability is \$80.00 (\$5.00 for Wage and Salary Tax and \$75.00 for NMTIT), which in effect equals the greater amount of Chapters 2 or 7 (NMTIT). Employee B shall pay the \$80.00 and classify as indicated above. Allowing the tentative non-refundable credit, in effect, relieves Employee B of paying \$75.00 of the Wage and Salary Tax imposed on wages and salaries received to the extent of any tentative non-refundable credit which arises from the same taxable period.

(d) <u>Tentative Credit v. Full Credit</u>. The tentative credits allowable under subsections (b) and (c) shall be allowed as a credit against the Wage and Salary Tax upon the filing of the required annual returns under the Wage and Salary Tax and the NMTIT.

Section 2201.5. <u>Wage and Salary Tax Withholding -- Time</u> For Tax Payment

- (a) <u>Employer</u>. Every employer required to withhold tax on compensation under Chapter 2 and/or Chapter 7 of 4 CMC must make a deposit of the taxes withheld as provided for under (1), (2) and (3) below. These deposits shall be made to the Division of Revenue and Taxation on Saipan or the Tinian and Rota District Offices. Payment Deposit Form 500-WH shall be used when paying taxes for both 4 CMC Chapter 2 (Wages and Salary Tax) and 4 CMC Chapter 7 (NMTIT).
 - (1) If the cumulative amount of Chapter 2 and Chapter 7 tax actually withheld equals or exceeds \$3,000.00, the withholding tax shall be deposited within 3 working days after the accumulated amount reaches \$3,000.00 or more. However, if the \$3,000.00 in cumulative withholding taxes were met as a result of overlapping into the first month of the succeeding quarter, a separate deposit Form 500-WH must be made which segregates taxes withheld up to the end of the last month of the quarter. The balance of the withheld taxes must be deposited at the same time and shall be credited to the succeeding quarter's return.

Example No. 1: Taxpayer P has 150 employees, each of whom has \$20.00 in withholding taxes on a biweekly payroll period. Thus, for each payroll period, the total withholding tax of Taxpayer P is equal to \$3,000.

Ī	ayro	oll Perio	<u>od</u>	Withholding Amo	<u>unt</u>
		Payroll Payroll		\$3,000.00 \$ <u>3,000.00</u>	
				\$6,000.00	
		Payroll Payroll		\$3,000.00 \$3,000.00	
				\$6,000.00	
		Payroll Payroll		\$3,000.00 \$ <u>3,000.00</u>	
				\$6,000.00	

Since the withholding tax in the first payroll period equals \$3,000.00, Taxpayer P must make a deposit within 3 working days after the first payday and 3 working days after each payday for all

subsequent paydays.

(2) If the cumulative amount of Chapter 2 and Chapter 7 tax actually withheld is less than \$3,000.00 but at least \$500.00 at the end of any given month, the withholding taxes must be deposited within fifteen days after the end of the month in which the taxes were withheld. The deposits for the first and second months of the quarter shall be made on or before the fifteenth day after the end of the month in which the taxes were withheld. The deposit for the third month may be paid with Form OS-3705, Employers Quarterly Tax Return, as provided in §2201.6(a) of these Regulations and on or before the due date of the quarterly returns as specified in §2201.6(a) of these Regulations.

Example No. 2: Taxpayer Q has 10 employees, each of whom has \$50.00 in withholding taxes for each month of the first quarter. Thus, for each payroll period, the total withholding tax of Taxpayer Q is equal to \$500.00.

<u>Withholding Amount</u>
\$500.00
\$500.00
\$500.00

Since the monthly withholding in each month equals \$500.00, Taxpayer Q must make a monthly deposit. The deposit for the first calendar month, January, must be made in the amount of \$500.00 on or before February 15. The deposit for the second calendar month, February, must be made in the amount of \$500.00 on or before March 15. The deposit for the third calendar month, March, may be paid with Form OS-3705 on or before April 30.

Example No. 3: Taxpayer R has 5 employees, each of whom has \$20.00 in withholding taxes in the first calendar month of the quarter. Thus, for the first calendar month, the total withholding tax of Taxpayer R is equal to \$100.00. In the second month of the quarter Taxpayer R hires 20 additional employees, each of whom has \$20.00 in withholding taxes. Thus, for the second calendar month, the total withholding tax of Taxpayer R is equal to \$500.00.

Payroll Period	Withholding Amount
January	\$100.00
February	\$500.00
March	\$500.00

Taxpayer R does not have to make a deposit on or before February 15 for withholding tax in January since the withholding tax is less than \$500.00. However, Taxpayer R must make a deposit in the amount of \$600.00 for withholding for the first and second months on or before March 15. The deposit for the third calendar month, March, may be paid with Form OS-3705 on or before April 30.

(3) If the cumulative amount of Chapter 2 and Chapter 7 tax actually withheld is less than \$500.00 at the end of any calendar month, the employer is not required to make a monthly deposit. Instead, the employer must pay the taxes with Form OS-3705, Employers Quarterly Tax Return, on or before the due dates of this return as provided in §2201.6(a) of these Regulations.

Example No. 4: Taxpayer S has 15 employees, each of whom has \$10.00 in withholding taxes. Thus, for each calendar month, the total withholding tax of Taxpayer S is equal to \$150.00.

Payroll I	Period	Withholding	Amount
Month Month Month	#2	\$150.00 \$150.00 \$150.00	
	,, 0	710000	

Taxpayer S does not have to make monthly deposits since the monthly withholding is less than \$500.00. Instead, Taxpayer S must pay the taxes with Form OS-3705, Employers Quarterly Tax Return, on or before the due dates of this return as provided in §2201.6(a) of these Regulations.

(b) Employee. An employee required under 4 CMC §1804(e) to pay the Wage and Salary Tax himself or herself, must make such deposits at the Division of Revenue and Taxation in Saipan or at the Tinian and Rota District Offices. Payment Deposit Form 500-ES shall be used when paying taxes for both 4 CMC Chapter 2 (Wages and Salary Tax) and 4 CMC Chapter 7 (NMTIT).

Section 2201.6. Quarterly Withholding Return, Form OS-3705.

(a) Employer. Every employer required to deduct and withhold any Chapter 2 Wage and Salary Tax and/or Chapter 7 NMTIT shall on or before the last day of the month following the close of each quarter make a full and correct return showing all wages and salaries paid by the employer during the preceding quarter and showing the tax due and withheld thereon. Form OS-3705 is the return used to report the employee's wages and salaries by the employer and amount of tax withheld. It requires the employee's U.S. Social Security number, employee's name, taxable wages, tax withheld for each employee, and all other information required on the form prescribed by the Secretary. Form OS-3705A is the continuation sheet for Form OS-3705. Form OS-3705 shall be filed on or before the last day of the date specified below:

<u>Quarter</u>	<u>Due Date</u>
FIRST QUARTER	APRIL 30
SECOND QUARTER	JULY 31
THIRD QUARTER	OCTOBER 31
FOURTH QUARTER	JANUARY 31

(b) Employee. An employee required under 4 CMC §1804(e) to pay the Wage and Salary Tax himself or herself is not required to file a quarterly withholding return. Instead, the filing of the Payment Deposit Form 500-ES as provided in §2201.5(b) of these Regulations fulfills the employee's filing requirements. Payments and Form 500-ES shall be made and filed on a quarterly basis on or before the last day of the date specified below:

<u>Quarter</u>	<u>Due Date</u>
FIRST QUARTER SECOND QUARTER	APRIL 30 JULY 31
THIRD QUARTER	OCTOBER 31
FOURTH QUARTER	JANUARY 31

(c) Applicability of NMTIT Returns. Quarterly withholding returns required to be filed under the NMTIT, e.g., Form 941, are satisfied upon the filing of the quarterly withholding returns under this section.

Section 2201.7 Annual Wage and Tax Statement Every employer paying wages and salaries subject to Chapter 2 Wage and Salary Tax and/or Chapter 7 NMTIT shall furnish to each employee and file a copy with the Division of Revenue and Taxation on or before January

31 of the succeeding year a written statement showing the wages or salaries paid by the employer to each employee and the amount of the tax deducted and withheld or paid, if any, with respect to such compensation. The statement which satisfies this requirement is Form W-2CM required to be issued and filed under the NMTIT.

Section 2201.8. <u>Annual Reconciliation of Employer's Income</u> <u>Tax Quarterly Withholding</u>.

- (a) Employer Return. Every employer required to deduct and withhold any Chapter 2 Wage and Salary Tax and/or Chapter 7 NMTIT shall file a Form OS-3710 "Annual Reconciliation of Employers Income Tax Quarterly Withholding" on or before January 31 after the close of the taxable year with the Division of Revenue and Taxation. Copy A of Form W-2CM, Wage and Tax Statement, is required to be attached to Form OS-3710. Form OS-3710 replaces IRS Form W-3, Transmittal of Wage and Tax Statements.
- (b) Employee Return. Every employee who is required under 4 CMC §1804(e) to pay and remit Chapter 2 Wage and Salary Tax on a quarterly basis is required to file an annual reconciliation return. However, such requirement is met by filing an Employee's Annual Wage and Salary Tax Return as provided in §2201.9 of these Regulations.

Section 2201.9. <u>Employee's Annual Wage and Salary Tax</u> Return.

- (a) Requirement. Except as provided in subsection (b) and unless as provided otherwise, every employee subject to tax under 4 CMC §1201 is required to file an "Employee's Annual Wage and Salary Tax Return," Form 1040NMI, on or before April 15, after the end of the taxable year. Any additional tax due is payable upon the filing of this return. Any tax determined to be overwithheld or overpaid will be refunded without the necessity of filing an application for refund. Copy 2 of Form W-2 or W-2CM must be attached to Form 1040NMI. No refund will be made without the Wage and Tax Statement attached.
- (b) Exception. An employee required to file an income tax return, Form 1040A-CM or Form 1040CM, for the taxable year need not file a 1040NMI return. Instead, such 1040NMI return is satisfied by filing with the CNMI Government a Form 1040A-CM or Form 1040CM covering the same taxable period.
 - (c) Extension. Taxpayers who have requested an

automatic 4-month extension of time to file an annual individual income tax return for the same taxable year, are automatically granted the same amount of extension of time to file their Form 1040NMI; provided, however, that the taxpayer properly estimates his or her Wage and Salary Tax due (calculated after the 4 CMC §1205 non-refundable credit) and pays such on or before April 15 of the year succeeding the taxable year to which the return relates.

Section 2201.10. <u>Effective Date</u>. Withholding taxes to be deducted and remitted by an employer pursuant to 4 CMC §1804 shall be calculated based on wages and salaries paid commencing on the first day of each employer's first payroll period beginning after December 31 to the last day of each taxable year. Employers shall not change their customary payroll periods if such change would result in the postponement of the effective date on which to commence withholding the tax on wages and salaries.

PART III - SECTION 2202, EARNINGS TAX

Section 2202.1 Earnings.

- (a) <u>In General</u>. Pursuant to 4 CMC §1202, there is imposed on every person a yearly tax on such person's total earnings. Except as provided in §2202.1(c) of these Regulations and §2202.1(b) (5), "Earnings" means those items identified in 4 CMC §1202(b) and §2202.1(b) of these Regulations that are not derived in the course of carrying on a business as defined by 4 CMC §1103(c) and §2200.7(a) of these Regulations. Items that are derived in the course of carrying on a business are subject to the Gross Revenue Tax, as appropriate and applicable, imposed at 4 CMC Chapter 3.
- (b) <u>Earnings</u>. "Earnings" means the following items, unless otherwise provided, that are not derived in the course of carrying on a business as defined by 4 CMC §1103(c) and §2200.7(a) of these Regulations:
 - (1) a gain as determined under §1001 of the NMTIT received from the sale of personal property, tangible or intangible, by a resident. For purposes of this provision, the basis of such personal property may be determined under 4 CMC §1703(c) subject to the provisions of 4 CMC §1703 and these Regulations;
 - (2) one-half of the gain as determined under §1001 of the NMTIT received from the sale of real property located in the Commonwealth. For purposes of this provision, the basis of such real property may be determined under 4 CMC §1703(c) subject to the provisions of 4 CMC §1703 and these Regulations;
 - (3) one-half of the net income received from leasing real property located in the Commonwealth, including the assignment of any lease. For purposes of this provision, "net income from leasing real property including the assignment of any lease" means the income less expenses from the rental of real property. The expenses allowed as deductions in calculating the net leasing income are only those allowable under the NMTIT;
 - (4) interest, dividends, rents, royalties, or similar income earned in and derived from a person in the Commonwealth and received by a resident. However, "rents" shall not be subject to the earnings tax to any extent under this provision or 4 CMC §1202(b)(4) if such rents are taxed under 4 CMC §1202(b)(3) or §2202.1(b)(3)

of these Regulations as income received from leasing or the assignment of any lease of real property located in the Commonwealth;

- (5) gross winnings as defined by §2200.7(i) of these Regulations from any gaming, lottery, raffle, or other gambling activity in the Commonwealth whether derived in the course of carrying on a business or not derived in the course of carrying on a business. Gross winnings subject to the earnings tax shall not include those exempt from the earnings tax by §2202.1(c)(9) of these Regulations;
- (6) Except as provided in 4 CMC §1202(b)(6)(A) (D) and §2202.1(c) of these Regulations, all other types of income that a resident individual must report in determining his NMTIT. "Earnings" for purposes of 4 CMC §1202(b)(6) and this provision (6) includes but is not limited to the following items of income that must be reported in determining the NMTIT:
 - (A) that portion of the distributive share of income or gain of a partnership as provided in the NMTIT that is derived from the conduct of a business in the Commonwealth to a partner who is a resident individual [see Example No. 1 at §2203.1(b)(4) and Example No. 1 at §2203.1(c)(9)]; and
 - (B) that portion of the pro rata share of the income of an S Corporation as defined in the NMTIT from the conduct of a business in the Commonwealth allocated to a resident shareholder of the corporation as provided in the NMTIT.
- (c) "Earnings" does not include the following items:
- (1) income which is subject to the Wage and Salary Tax of 4 CMC §1201;
- (2) wages and salaries received from the United States by active members of the Armed Forces of the United States;
- (3) Reasonable per diem and travel allowances to the extent that they do not exceed any comparable Commonwealth Government rates;

- (4) Rental value of a home furnished to any employee or a reasonable rental allowance paid to any employee to the extent the allowance is used by the employee to rent or provide a home;
- (5) Any payment of medical or hospitalization expenses made by an employer or insurance company to or on behalf of an employee or insured;
- (6) Payments made to or on behalf of an employee or to his beneficiary to or from a trust, annuity, or retirement program. However, contributions made by an employer on behalf of an employee to a qualified plan as provided in the NMTIT which exceed that allowed as elective deferred compensation under the NMTIT shall not be excluded from the earnings tax.
- (7) any payment in the form of a scholarship, fellowship, grant, stipend, or the like made to any student while he is a full-time, bona fide student at an educational institution as defined by §170(b)(1)(A)(ii) of the NMTIT: provided, however, that if the payment is made for services rendered, the student must receive college credit(s) for the performance of the services and the services must further the student's education, curriculum, or course of study.
- (8) Any benefit payment from the United States, Trust Territorial, or Northern Marianas Social Security Administration.
- (9) jackpot winnings subject to the Gaming Machine Jackpot Tax of 4 CMC §1505. Any jackpot winnings that are not subject to the Gaming Machine Jackpot Tax are, however, subject to the earnings tax as otherwise provided.

Example No. 1: In 1995, taxpayer A wins \$1,000 from playing a poker machine. The Gaming Machine Jackpot Tax applicable to A is \$100. Since the entire amount of jackpot winnings earned by A is subject to the Gaming Machine Jackpot Tax, A is not subject to the Earnings Tax on this \$1,000.

Example No. 2: In 1995, taxpayer B wins \$500 from playing a poker machine. The Gaming Machine Jackpot Tax is not applicable to A. Therefore, A is subject to the Earnings Tax on this \$500.

- (10) earnings derived by a person granted taxexempt status by the Division of Revenue and Taxation as an organization exempt under NMTIT §§501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), or 501(c)(10) to the extent allowed under 4 CMC §1203(a) provided the person is in compliance with Part V of these Regulations; and
- (11) <u>De Minimis</u>. Earnings which combined with all other earnings for a taxable year of a person do not exceed \$1,000 in total for a complete taxable year.
- (d) In no instance shall an item of earnings be subject to taxation under the Earnings Tax more than once. For example, items subject to the Earnings Tax under 4 CMC §1202(b)(1) (5) shall not be again subject to the Earnings Tax under 4 CMC §1202(b)(6).

Section 2202.2 Reserved.

Section 2202.3 Reserved.

Section 2202.4 NMTIT Credit

- (a) <u>In General</u>. Pursuant to and as provided by 4 CMC §1205, there will be allowed as a non-refundable credit against the tax imposed on earnings any NMTIT paid on the same item of income subject to the Earnings Tax. The amount of the non-refundable credit shall be the lesser of:
 - (1) the amount of the NMTIT withheld or paid with respect to such earnings for which a rebate is allowable under law; or
 - (2) the Earnings Tax shown on the applicable tax return. For purposes of the non-refundable credit, the Earnings Tax shown on the applicable tax return shall mean the amount of the Earnings Tax required to be paid.

<u>Example No. 1</u>: In 1995, Taxpayer A has \$100,000 of earnings subject to the Earnings Tax and the NMTIT. For this taxable year, Taxpayer A has no other income, will file a joint return, and will claim two (2) personal exemptions. At the close of the taxable year, Taxpayer A prepares his Form 1040CM and determines the following:

	Earnings Tax	<u>TITMM</u>
GROSS INCOME/EARNINGS	\$100,000.00	\$100,000.00
LESS: PERSONAL EXEMPTIONS	N/A	(5,000.00)
LESS: STANDARD DEDUCTION	N/A	(6,500.00)
TAXABLE INCOME/EARNINGS	100,000.00	88,500.00
CALCULATED TAX	9,000.00	19,983.00
LESS: NONREFUNDABLE CREDIT	(9,000.00)	N/A
BALANCE AFTER NON-REFUNDABLE	• •	
CREDIT	-0-	19,983.00
TAX UNDERPAYMENT/(OVERPAYMENT	-0-	19,983.00
REBATE BASE:		10,983.00
TAX IMPOSED: \$19,983.00		•
LESS CREDIT: (9,000.00)		
REBATE BASE: 10,983,00		
AMOUNT OF REBATE:		
\$1,950.00		
<u>4,241.50</u> [10,983-2500] x [50	%]	
\$6,191.50	N/A	6,191.50

**Note: Figures are for illustrative purposes only

In this case, Taxpayer A is required to pay the underpayment in the amount of \$19,983.00 for NMTIT. Taxpayer A will then be entitled to a rebate in the amount of \$6,191.50.

(b) <u>Deduction v. Credit</u>. In lieu of taking the NMTIT as non-refundable credit against the Earnings Tax, a person may elect to treat the Earnings Tax as a deduction allowed under the NMTIT to the extent allowable under the NMTIT.

Section 2202.5 <u>Payment</u> The earnings tax is due and payable on or before April 15 after the end of the year during which the earnings were received or accrued. The tax is payable upon the filing of the Annual Earnings Tax Return as provided in §2202.6 of these Regulations.

Section 2202.6 Reporting Requirements

- (a) Requirement. Except as provided in §2202.6(b), every person subject to the Earnings Tax of 4 CMC §1202 is required to file an "Annual Earnings Tax Return", Form 1040-ET, on or before April 15 after the end of the year during which the earnings were received or accrued. Appropriate copies of Forms 1099 and any other necessary forms (e.g., Form W-2CM or W-2 for excess deferred compensation) must be attached to Form 1040-ET.
 - (b) Exception. Any person required to file an income

tax return, Form 1040A-CM or Form 1040CM, for the taxable year need not file an Annual Earnings Tax Return, Form 1040-ET. Such Form 1040-ET is satisfied by the filing of a Form 1040A-CM or Form 1040CM covering the same taxable period.

(c) Extension. Taxpayers who have requested an automatic 4-month extension of time to file an annual individual income tax return for the same taxable year, are automatically granted the same amount of extension of time to file their Form 1040-ET; provided, however, that the taxpayer properly estimates his or her Earnings Tax due (calculated after the 4 CMC §1205 non-refundable credit) and pays such on or before April 15 of the year succeeding the taxable year to which the return relates.

Section 2202.7 Calculation of Wage and Salary Tax and Earnings Tax The amount of tax imposed under the Wage and Salary Tax of 4 CMC §1201 and the Earnings Tax of 4 CMC §1202 are determined in accordance with the schedule provided in 4 CMC §1204. The Wage and Salary Tax and the Earnings Tax are, however, separate and distinct taxes and therefore are computed separately. Thus, items of income subject to the Wage and Salary Tax are not accumulated with items of income subject to the Earnings Tax to be taxed at the rate imposed under 4 CMC §1204.

Example No. 1 In 1995, Taxpayer A receives wages and salaries in the amount of \$30,000 and earnings in the amount of \$2,000. Taxpayer A will pay a total of \$1,840 in Earnings and Wage and Salary Tax: \$1,800 of Wage and Salary Tax (i.e. \$30,000 at 6%) and \$40 of Earnings Tax (i.e., \$2,000 at 2%). Taxpayer A will not pay \$2,240 as Wage and Salary and Earnings Tax for 1995 (i.e., \$32,000 at 7%).

Part IV - SECTION 2203, GROSS REVENUE TAX

Section 2203.1 Gross Revenue.

- (a) <u>In General</u>. Pursuant to 4 CMC Chapter 3, there is imposed on every person a yearly tax on such person's total gross revenues. Except as provided in §2203.1(c) of these Regulations, "gross revenues" means those items identified in 4 CMC §1103(k) and §2203.1(b) of these Regulations that are derived in the course of carrying on a business as defined by 4 CMC §1103(c) and §2200.7(a) of these Regulations. Items that are not derived in the course of carrying on a business are subject to the Earnings Tax or the Wage and Salary Tax, as appropriate and applicable, imposed at 4 CMC §1202 or 4 CMC §1201, respectively.
- (b) <u>Gross Revenue</u>. "Gross revenue" includes the following items that are derived in the course of carrying on a business as defined by 4 CMC §1103(c) and §2200.7(a) of these Regulations:
 - (1) the total amount of money or the value of other consideration, without deduction for any expenses, received from:
 - (A) selling or leasing, including the assignment of any lease, real property located in the Commonwealth;
 - (B) selling or leasing any "CNMI real property interest" as defined by §2200.7(c) of these Regulations;
 - (C) selling personal property, tangible or intangible, in the Commonwealth;
 - (D) leasing personal property, including the assignment of any lease, located in the Commonwealth;
 - (E) performing services in the Commonwealth;
 - (2) the total amount of money or the value of other consideration, received as interest, dividends, royalties, or similar income earned in and derived from a person in the Commonwealth, without deduction for any expenses;
 - (3) gross revenues of a partnership;

Example. Partnership ABCD has interest income from a savings account in the amount of \$200, amount realized from the sale of personal property in the amount of \$1,000, and gross revenues derived from the performance of legal services in the amount of \$10,000 all of which are deemed sourced within the CNMI. Partnership ABCD must report the entire \$11,200 as gross revenues and pay the Gross Revenue Tax due thereon.

(4) that portion of the distributive share of income or gain of a partnership, as provided in the NMTIT, that is derived from the conduct of a business in the Commonwealth to a partner who is not an individual.

Example No. 1 Partnership WXYZ is comprised of Partner W, Partner X, Partner Y, and Partner Z each having an equal interest in the partnership. Partner W and Partner X are resident individuals of the Commonwealth, and Partner Y and Partner Z are domestic corporations. During the taxable year, Partnership WXYZ has gross revenues in the amount of \$1,000,000 and net income in the amount of \$200,000; each partner's distributive share of income from Partnership WXYZ determined under the NMTIT is \$25,000.

The partnership must report and pay the Gross Revenue Tax on the entire \$1,000,000. Partner W and Partner X must report and pay the Earnings Tax, but not the Gross Revenue Tax, on each partner's distributive share of the income, i.e., \$25,000 per partner. Partner Y and Partner Z must report and pay the Gross Revenue Tax on each partner's distributive share of gross revenues, i.e., \$250,000 per partner.

- (5) "gross revenues" of a corporation, including a Subchapter S Corporation as defined by the NMTIT;
- (6) "gross revenues" of a sole proprietorship or independent contractor;
- (7) the total revenue received or accrued, whichever is earlier, and without deduction for any expenses, by a person who by ocean-going vessel delivers property or transports individuals in or out of the Commonwealth. The gross revenue included by this

paragraph shall be no more than the amount which bears a reasonable relationship to the activity performed by the person in the Commonwealth;

- (8) for inventory property, the amount of money or other consideration received by a resident as insurance proceeds for fire or other casualty, theft, embezzlement, and the like of such property; and
- (9) for all property other than inventory property, the amount of money or other consideration received by a resident as insurance proceeds for fire or other casualty, theft, embezzlement, and the like of such property to the extent the amount of money or other consideration received exceeds the adjusted basis of such property.
- (c) <u>Exclusions</u>. "Gross revenue" shall not include the following items:
 - (1) wages and salaries subject to the Wage and Salary Tax imposed by 4 CMC §1201;
 - (2) gross revenues derived solely from the export sales of goods, resources, food, fish, or agricultural products produced or manufactured in the Commonwealth and delivered by the manufacturer or producer to the buyer outside the Commonwealth. However, a quarterly tax return must be filed regardless if no tax is due and a statement verifying the amount and destination covered by the exemption;
 - (3) gross revenues derived from the sale of diesel fuel for use in any vessel's commercial operations that are primarily outside the territorial waters of the Commonwealth;
 - (4) gross revenues earned by a Foreign Sales Corporation, as defined by 4 CMC §1601 et seq, from its operations;
 - (5) gross revenues earned by off-shore banking corporations as defined by 4 CMC §1103(p);
 - (6) gross revenues earned by a person granted tax-exempt status by the Division of Revenue and Taxation as an organization exempt under NMTIT §§501(c)(3), 501(c)(4), 501(c)(5), 501(c)(6), 501(c)(8), 501(c)(10), 527 or a qualified plan under NMTIT §401(a) to the extent allowed under 4 CMC §1305(g) provided the person is in

compliance with Part V of these Regulations;

- (7) refunds and cash discounts allowed and taken;
- (8) money received and held in a fiduciary capacity;

Example No. 1: Mr. Z owns a hotel. The price of a room per night is \$75.00 which does not include the 4 CMC §1502 Hotel Occupancy Tax in the amount of \$7.50. Mr. Z would report only the \$75.00 as gross revenue and would exclude the amount of the Hotel Occupancy Tax collected in the amount of \$7.50 from the Gross Revenue Tax.

Example No. 2: Mr. X owns a grocery store and sells an item to a customer for \$50.00. Mr. X would report gross revenues in the amount of In this case, the Gross Revenue Tax is imposed upon the sales price of the goods collected from the purchaser even if the Gross Revenue Tax imposed on the sale is included within the sales price.

Example No. 3: the trustee of a bankruptcy estate established under Title 11 of the United States Code holds property on behalf of the estate in the amount of \$100,000 to be distributed to creditors pursuant to Title 11. The bankruptcy estate earned no income or gross revenues. Neither bankruptcy estate nor the bankruptcy trustee is required to report any of the \$100,000 as gross revenue as this amount was held by the estate and the trustee in a fiduciary capacity only.

Example No. 4: Same facts as Example No. 3 above except that the bankruptcy estate receives gross revenues in the amount of \$20,000. The bankruptcy estate is required to report the \$20,000 as gross revenue.

(9) that portion of the distributive share of income or gain of a partnership as provided in the NMTIT to a partner who is a resident individual. Such income shall instead be subject to the Earnings Tax, appropriate and applicable, imposed by 4 CMC §1202;

Example No. 1. Partnership ABCD is comprised of Partner A, Partner B, Partner C, and Partner D each having an equal interest in the partnership and each a resident individual of the Commonwealth. During the taxable year, Partnership ABCD has gross revenues in the amount of \$800,000 and net income in the amount of \$100,000; each partner's distributive share of income from Partnership ABCD determined under the NMTIT is \$25,000.

The partnership must report and pay the Gross Revenue Tax on the entire \$800,000. Each partner must report and pay the Earnings Tax, but not the Gross Revenue Tax, on each partner's distributive share of the net income, i.e., \$25,000 per partner.

- (10) that portion of the pro rata share of the income of an S Corporation as defined in the NMTIT from the conduct of a business in the Commonwealth allocated to a resident shareholder of the corporation as provided in the NMTIT. Such income shall instead be subject to the Earnings Tax, as appropriate and applicable, imposed by 4 CMC §1202; and
- (11) <u>De Minimis</u>. "Gross revenues" which combined with all other gross revenues of a person for a taxable year do not exceed \$5,000 in total for a complete taxable year.
- (d) Additional Gross Revenues. Gross revenues shall also include those NMTIT deductions allowed under 4 CMC §1706(a) and §2206.10 of these Regulations. Such amounts shall be combined with the person's total gross revenues for the year in the last quarter of the person's taxable year.

Example. For the taxable year, Partnership MNOP derives gross revenues from the performance of services within the Commonwealth in the amount of \$500,000. The entire \$500,000 is subject to both the Gross Revenue Tax and the NMTIT. For purposes of the NMTIT, Partnership MNOP is entitled to a deduction in the amount of \$1,000 under \$179 for the purchase of an asset not within the Commonwealth no portion of which substantially benefits business activities conducted in the Commonwealth. Partnership MNOP is required to report gross revenues in the amount of \$501,000 [i.e., \$500,000 plus \$1,000] and pay the Gross Revenue Tax thereon in the amount of \$20,040.

Section 2203.2. <u>In the Commonwealth</u>. For purposes of the Gross Revenue Tax, gross revenues are deemed derived from "in the Commonwealth" if the gross revenues are "sourced within the

Commonwealth" pursuant to 4 CMC §1103(u) and 4 CMC §1712. All other issues as to whether gross revenues are derived "in the Commonwealth" for purposes of the Gross Revenue Tax shall be made in accordance with the sourcing rules of the Northern Marianas Territorial Income Tax at §861 et seq. to the extent consistent with the Gross Revenue Tax.

Section 2203.3. Quarterly Payments. Every business subject to the gross revenue tax imposed by Chapter 3 of 4 CMC shall report all such gross revenue received during each quarter and pay the Gross Revenue Tax due thereon as provided in these Regulations no later than the last day of the month following the close of the quarter to wit on or before the following days:

<u>Quarter</u>	<u>Due Date</u>
First Quarter Second Quarter	April 30 July 31
Third Quarter	October 31
Fourth Quarter	January 31

Section 2203.4 Rate of Tax.

- (a) General Gross Revenue Tax. Except as provided in 4 CMC §1302, §1303, or §1304, a yearly tax is imposed on a person's total gross revenues at the rates specified in 4 CMC §1301.
- (b) Agriculture Producers and Fishing. In lieu of the gross revenue tax imposed by 4 CMC §1301, the tax on persons engaged in the business of producing agricultural products in the Commonwealth or fishing in the Commonwealth, or its waters, for dietary consumption shall be at the rate of one percent (1%) of gross revenues in excess of \$20,000.
- (c) <u>Manufacturers and Wholesalers</u>. In lieu of the gross revenue tax imposed by 4 CMC §1301, the tax on persons engaged in the business of manufacturing and selling goods at wholesale shall be at the maximum rate of 2%.
 - (1) If all the gross revenues of a business are derived solely from manufacturing and selling of goods at wholesale, the entire amount of such gross revenues will be taxed at the maximum rate of 2% pursuant to 4 CMC §1303.
 - (2) If all the gross revenues of a business are not derived solely from manufacturing and selling goods at wholesale, the combined gross revenues not derived from manufacturing and selling

goods at wholesale shall be taxed at the rates imposed under 4 CMC §1301 while the gross revenues derived solely from manufacturing and selling goods at wholesale shall be taxed at the maximum rate of 2% pursuant to 4 CMC §1303.

Example No. 1. Wholesaler Co., Inc. derives gross revenues from the sale of goods to a retailer for resell in the amount of \$100,000 for first quarter 1995. During this quarter, Wholesaler Co., Inc. also derives gross revenues from the direct sale of goods to consumers in the amount of \$50,000. Wholesaler Co., Inc. is required to pay Gross Revenue Tax on the \$100,000 at the rates established under §1303. Wholesaler Co., Inc. is required to pay Gross Revenue Tax on the \$50,000 at the rates established under §1301.

Manufacturing Co., Example No. 2. manufacturers goods for sell to retailers and directly to consumers. For the taxable year, Manufacturing Co., Inc. derives \$800,000 gross revenues from the sale of such manufactured goods to retailers and \$125,000 gross revenues from the sale of such manufactured goods directly to consumers. The entire \$925,000 of proceeds received for the sale of goods manufactured by Manufacturing Co., Inc. subject to the Gross Revenue Tax established under §1303. Thus, Manufacturing Co., Inc. shall pay Gross Revenue Tax in the amount of \$16,000.

- (3) All persons subject to 4 CMC §1303 shall maintain separate records and accounts showing the gross revenue from manufacturing and selling, selling at wholesale, selling at retail, and other business activities.
- (d) <u>Banks</u>, <u>Banking Institutions</u>, <u>Building and Loan Associations</u>, and other Financial Institutions. In lieu of the gross revenue tax imposed by 4 CMC §1301, the tax on the operation of any bank, banking institution, building and loan association, and other lending institutions shall be equivalent to the greater of five percent (5%) of the net income received from such business or three percent (3%) of gross revenues. The calculation of net income for purposes of 4 CMC §1304 shall be determined pursuant to 4 CMC §1304(b).

(e) <u>Disincentives to Off-Island Investments</u>. In addition to the above and pursuant to 4 CMC §1706(b), the Gross Revenue Tax shall be imposed on all taxpayers in the amount of any credit allowed to such taxpayer under the NMTIT sections enumerated in 4 CMC §1706(e) and §2206.10(b) of these Regulations.

Example. For taxable year 1995, ABC Corporation derives gross revenues in the amount of \$250,000 all of which are sourced within the Commonwealth. The entire \$250,000 is subject to the Gross Revenue Tax and the NMTIT. Under the NMTIT, ABC Corporation is entitled to a credit in the amount of \$75 under §38 for an asset purchased off-island no portion of which substantially benefits business activities conducted in the Commonwealth. ABC Corporation is required to pay Gross Revenue Tax in the amount of \$6,325 [i.e., \$6,250 (\$250,000 x 2.5%) plus \$75].

Section 2203.5 <u>Tax Table -- 4 CMC §1301</u> Except as provided by 4 CMC §1302, §1303, or §1304, the quarterly Gross Revenue Tax imposed shall be at the following rates:

FIRST QUARTER

TABLE I (JAN. 1 - MAR. 31)

Gross revenue from January 1 to March 31.

FROM	TO	RATE
-0-	1,250.00	-0-
1,250.01	12,500.00	1.5%
12,500.01	25,000.00	2.0%
25,000.01	62,500.00	2.5%
62,500.01	125,000.00	3.0%
125,000.01	187,500.00	3.5%
187,500.01	AND OVER	5.0%

SECOND QUARTER TABLE II (JAN. 1 - JUNE 30) Cumulative gross revenue from January 1 to June 30.

FROM	TO	RATE
 -0-	2,500.00	-0-
2,500.01	25,000.00	1.5%
25,000.01	50,000.00	2.0%
50,000.01	125,000.00	2.5%
125,000.01	250,000.00	3.0%
250,000.01	375,000.00	3.5%
375,000.01	AND OVER	5.0%

THIRD QUARTER TABLE III (JAN. 1 - SEPT. 30) Cumulative gross revenue from January 1 to September 30.

FROM	TO	RATE
-0-	3,750.00	-0-
3,750.01	37,500.00	1.5%
37,500.01	75,000.00	2.0%
75,000.01	187,500.00	2.5%
187,500.01	375,000.00	3.0%
375,000.01	562,500.00	3.5%
562,500.01	AND OVER	5.0%

FOURTH QUARTER TABLE IV (JAN. 1 - DEC 31) Cumulative gross revenue from January 1 to December 31.

FROM	TO	RATE
-0-	5,000.00	-0-
5,000.01	50,000.00	1.5%
50,000.01	100,000.00	2.0%
100,000.01	250,000.00	2.5%
250,000.01	500,000.00	3.0%
500,000.01	750,000.00	3.5%
750,000.01	AND OVER	5.0%

Section 2203.6 <u>Tax Table -- 4 CMC §1302 Agriculture Producers</u> and Fishing

(a) <u>Rate</u>. The quarterly Gross Revenue Tax imposed on persons engaged in the business of producing agricultural products in the Commonwealth or fishing in the Commonwealth, or its waters, for dietary consumption shall be at the rate of 1% of gross revenues in excess of \$20,000.

(b) Exclusion. Agricultural producers and fisheries are allowed an exclusion of \$5,000 each quarter, cumulative by quarter, to a total of \$20,000 per annum. The total exclusion of \$20,000 will be allowed on the fourth quarterly return for the taxable year.

Section 2203.7 Tax Table -- 4 CMC §1303 Manufacturers and Wholesalers. The quarterly Gross Revenue Tax imposed on persons engaged in manufacturing and selling goods shall be at the following rates:

FIRST QUARTER TABLE I (JAN. 1 - MAR. 31.)

Cumulative gross revenue from January 1 to March 31.

From	<u>To</u>	<u>Rate</u>
0	1,250.00	-0-
1,250.01	12,500.00	1.5%
12,500.01	AND OVER	2.0%

SECOND QUARTER TABLE II (APR. 1 - JUN. 30.)

Cumulative gross revenue from January 1 to June 30.

From	<u>To</u>	<u>Rate</u>
0	2,500.00	-0-
2,500.01	25,000.00	1.5%
25,000.01	AND OVER	2.0%

THIRD QUARTER

TABLE III (JAN. 1 - SEPT 30.)

Cumulative gross revenue from January 1 to September 30.

From	<u>To</u>	<u>Rate</u>
0	3,750.00	-0-
3,750.01	37,500.00	1.5%
37,500.01	AND OVER	2.0%

FOURTH QUARTER TABLE I (JAN. 1 - DEC. 31.)

Cumulative gross revenue from January 1 to December 31.

From	<u>To</u>	<u>Rate</u>
0	5,000.00	-0-
5,000.01	50,000.00	1.5%
50,000.01	AND OVER	2.0%

Section 2203.8 Tax Table -- 4 CMC §1304 Banks, Banking Institutions and Building and Loan Associations The quarterly Gross Revenue Tax imposed on the operation of any bank, banking institution, building and loan association, and other lending institutions shall be equivalent to the greater of five percent (5%) of the net income received from such business or three percent (3%) of gross revenues.

Section 2203.9 Coordination with NMTIT Tentative Non-Refundable Credit

- (a) In General. Pursuant to and as provided by 4 CMC §1307, there will be allowed as a non-refundable credit against the tax imposed on gross revenues any NMTIT paid on the same item of income subject to the Gross Revenue Tax. The amount of the non-refundable credit shall be the lesser of:
 - (1) the amount of the NMTIT paid with respect to such gross revenues from sources within the Commonwealth; or
 - (2) the Gross Revenue Tax shown on the applicable tax return. For purposes of the non-refundable credit, the Gross Revenue Tax shown on the applicable tax return shall mean the amount of the Gross Revenue Tax required to be paid.
- (b) Quarterly Estimated NMTIT Payments. In order for 4 CMC §1307 to apply to quarterly estimated NMTIT payments and quarterly Gross Revenue Tax returns, the NMTIT and Gross Revenue Tax must both be due within the period covered by the NMTIT payment. The non-refundable NMTIT estimated tax tentative credit will be accepted provided that a copy of the NMTIT estimated tax payment voucher is attached to the Gross Revenue Tax Return at the time of the filing of the Gross Revenue Tax Return and provided that the NMTIT estimated tax payment voucher sets forth the amount of the NMTIT payment

allocable as the tentative Gross Revenue Tax credit.

This subsection may be illustrated by the following examples:

Example No.1

NMTIT Estimated Tax Payment (1st Quarter, 1995) GRT Tentative Credit Allocation \$3,000.00	\$5,000.00
Amount Deposited	5,000.00
GRT Due (1st Quarter, 1995) NMTIT Credit Allocated to GRT (1st Quarter, 1995) Amount Due on GRT Return	3,000.00 3,000.00 -0-
Example No. 2	
NMTIT Estimated Tax Payment (1st Quarter, 1995) GRT Tentative Credit Allocation \$5,000.00	\$5,000.00
Amount Deposited	5,000.00
GRT Due (1st Quarter, 1995)	8,000.00
NMTIT Credit Allocated to GRT (1st Quarter, 1995)	5,000.00
Amount Due on GRT Return	3,000.00

The tentative credit allowable under subsection (b) shall be allowed as a credit against the Gross Revenue Tax upon the filing of the required annual return under the NMTIT.

(c) NMTIT Overpayment Carry-forward. In order for 4 CMC §1307 to apply to an NMTIT overpayment carried forward to the current year and quarterly GRT returns, the NMTIT return from the previous year indicating the overpayment carried forward must be filed on or before the due date of the Gross Revenue Tax Return. This provision will apply only if a copy of the page of the income tax return showing the overpayment and the carry forward election is attached to the Gross Revenue Tax Return.

This subsection may be illustrated by the following examples:

Example No. 1 (Taxable Year End 12/31/94)

NMTIT Estimated Tax Payment (1st Quarter 1995) NMTIT Overpayment Taxable Year End 12/31/94 GRT Tentative Credit Allocation \$4,000.00	\$3,000.00 2,000.00
GRT Due (1st Quarter, 1995)	4,000.00
NMTIT Overpayment Credit Allocated to	
GRT (1st Quarter 1995)	2,000.00
NMTIT Estimated Tax Credit Allocated to	•
GRT (1st Quarter 1995)	2,000.00
Amount Due on GRT Return	2,000.00 -0-

**The taxpayer is not entitled to carry forward the excess tentative tax credit in the amount of \$1,000 [(\$5,000 NMTIT) less (\$4,000 Non-refundable credit 1st quarter GRT)] to the 2d, 3d or 4th quarter GRT liability.

Example No. 2 (Taxable Year End 12/31/94)

NMTIT Estimated Tax Payment (1st Quarter 1995) NMTIT Overpayment Taxable Year End 12/31/94		\$3,000.00 2,000.00
GRT Tentative Credit Allocation	\$5,000.00	
GRT Due (1st Quarter, 1995)		8,000.00
NMTIT Overpayment Credit Allocated to		
GRT (1st Quarter, 1995)		2,000.00
NMTIT Estimated Tax Credit Allocated to		
GRT (1st Quarter, 1995)		3,000.00
Amount Due on GRT Return		3,000.00

The tentative credit allowable under subsection (c) shall be allowed as a credit against the Gross Revenue Tax upon the filing of the required annual return under the NMTIT.

- (d) <u>Deduction v. Credit</u>. In lieu of taking the NMTIT as non-refundable credit against the Gross Revenue Tax, a person may also elect to treat the Gross Revenue Tax as a deduction allowed under the NMTIT to the extent allowable under the NMTIT.
- (e) Partnership and Subchapter S Corporation. For a partnership and a Subchapter S corporation, neither the partnership nor the corporation, as applicable, is entitled to any portion of its partners' or the Subchapter S corporation shareholders' NMTIT non-refundable credit, if any, paid with respect to the same income. See §2202.4(b) of these Regulations to determine the extent to which the partners and Subchapter S corporation shareholders are entitled to take a non-refundable credit of any NMTIT paid by the partners or the shareholders with respect to the same income against the Earnings Tax due on such income.

Example No. 1: ABCD Partnership is comprised of Partner A, Partner B, Partner C, and Partner D, all of which are resident individuals and all of which share equally in the profits and losses of the partnership. Partnership has gross revenues in the amount of \$100,000 for first quarter yielding a first quarter Gross Revenue Tax liability of \$2,000. Partners A, B, C, and D each paid quarterly estimated NMTIT payments in the amount of \$500 for the first quarter. As ABCD Partnership is not required to make estimated income tax payments under the NMTIT, there are no estimated income tax payments available to ABCD Partnership to take as a credit against its Gross Revenue Tax liability. ABCD Partnership is not entitled to take any of the quarterly estimated NMTIT payments made by each partner as a non-refundable credit against the partnership's quarterly Gross Revenue Tax. Instead, each of the partners are entitled to take their

quarterly estimated NMTIT payments as a non-refundable credit against their annual Earnings Tax liability.

Section 2203.10 Quarterly Returns.

(a) Filing Requirement and Due Date. Every person subject to the Gross Revenue Tax of 4 CMC Chapter 3 must file a quarterly return as specified in subsection (b) on or before the last day of the month following the end of the quarter during which the gross revenues were received or accrued to wit on or before the following days:

Quarter Due Date

FIRST QUARTER APRIL 30
SECOND QUARTER JULY 31
THIRD QUARTER OCTOBER 31

Businesses in every category are required to file quarterly tax returns reporting their gross revenue even though no Gross Revenue Tax liability is due.

JANUARY 31

(b) Return Requirement.

FOURTH QUARTER

- (1) To report the Gross Revenue Tax due under 4 CMC §1301, persons are required to file the form "Business Gross Revenue Tax Quarterly Return".
- (2) To report the Gross Revenue Tax due under 4 CMC §1302 on agricultural producers and fisheries, persons are required to file the form "Business Gross Revenue Tax Quarterly For Agricultural Producers & Fisheries".
- (3) To report the Gross Revenue Tax due under 4 CMC §1303 on manufacturers and wholesalers, persons are required to file the form "Business Gross Revenue Tax Quarterly Return for Manufacturing and Wholesaling".
- (4) To report the Gross Revenue Tax due under 4 CMC §1304 on banks, banking institutions and building and loan associations, persons are required to file the form "Gross Revenue Tax Quarterly Return Banks, Banking Institutions and Building and Loan Association".

Section 2203.11. Refund of Overpayment of Gross Revenue Tax. A refund of an overpayment of Gross Revenue Tax will be made after the fourth quarterly return has been filed and reviewed and a claim for refund has been made in accordance with 4 CMC §1809 on the form prescribed by the Secretary.

Section 2203.12. Combined Business Activities.

(a) Requirement. Pursuant to 4 CMC §1301(b), a person who during the year conducts two or more separate and distinct businesses, sells more than one property or is entitled to distributive shares from more than one partnership (other than to a partner who is a resident individual), shall pay the yearly Gross Revenue Tax on the combined total "gross revenue"

as defined in §2203.1 of these Regulations that are derived from all such activities.

(b) Filing and Payment.

- (1) For purpose of subsection (a), the combined gross revenue of all the businesses derived from sources both within and without the Commonwealth, including the gross revenue of branches and subsidiaries from within and without the Commonwealth, would be reported on one return. Gross revenue which is taxed under 4 CMC §1302, §1303, and §1304 shall be reported on a return prescribed for each section, and the taxes paid therefrom.
- (2) Notwithstanding subsection (a) and (b)(1), the gross revenue tax on such combined businesses would be paid only on the combined total "gross revenues" as defined in §2203.1 of these Regulations that are derived from all such businesses.
- (c) <u>Domestic Corporations</u>. Domestic corporations must report all gross revenue of their branches and subsidiaries located both within and without the Commonwealth on its quarterly Gross Revenue Tax Return and must pay the Gross Revenue Tax on the combined total "gross revenues" as defined in §2203.1 of these Regulations that are derived from such branches and subsidiaries. Nothing within this provision shall subject gross revenues to the Gross Revenue Tax which are not included within the definition of gross revenues in §2203.1 of these Regulations.

(d) Examples:

Example No. 1: Mr. Walker owns a retail store in San Antonio, a garage in Chalan Kanoa, a snack bar in San Vicente, and a night club in Garapan. For the first quarter, the retail store has gross revenues in the amount of \$1,000.00, the garage has gross revenues in the amount of \$5,000.00, the snack bar has gross revenues in the amount of \$2,500.00, and the night club has gross revenues in the amount of \$50,000.00. Mr. Walker shall report the combined gross revenue of all the sales from the retail store, garage, snack bar, and night club in the amount of \$58,500.00 on one return for the quarter and shall pay Gross Revenue Tax on \$58,500.00 in the amount of \$1,462.50 [i.e., (58,500) x (2.5%)].

Example No. 2: ABC Corporation, a domestic corporation, has branch offices located in Saipan and Guam. For first quarter 1995, the Saipan branch of ABC Corporation has

gross revenues for the quarter in the amount of \$100,000 of which all is derived from sources within the Commonwealth. The Guam branch has gross revenues for the quarter in the amount of \$250,000 of which \$175,000 is derived from sources outside the Commonwealth while the remaining \$75,000 is derived from sources within the Commonwealth.

In filing its quarterly Gross Revenue Tax Return for first quarter 1995, ABC Corporation is required to report the entire \$350,000 of gross revenues derived from both the Saipan and Guam branch. However, ABC Corporation is required only to pay Gross Revenue Tax on the gross revenues derived from sources within the Commonwealth, i.e., \$175,000 [\$100,000 from Saipan branch and \$75,000 from Guam branch]. The remaining \$175,000 of gross revenues derived from the Guam Branch is not subject to the Gross Revenue Tax.

Example No. 3: Same facts as Example No. 2 except that ABC Corporation filed its quarterly Gross Revenue Tax Return for first quarter 1995 reporting and paying tax on the entire \$350,000. On September 30, 1996, ABC Corporation files an amended Gross Revenue Tax Return for 1995 and a claim for refund of the Gross Revenue Tax paid on the \$175,000 which was not deemed sourced within the CNMI. As ABC Corporation has timely filed a claim for refund of the Gross Revenue Tax paid, ABC Corporation is entitled to a refund of the Gross Revenue Tax paid on the \$175,000 which was not deemed sourced within the Commonwealth.

Example No. 4: Same facts as Example No. 3 except that ABC Corporation filed its refund claim on March 30, 1997, rather than on September 30, 1996. ABC Corporation was required to file its refund claim within one year after the end of the calendar year in which the amount to be refunded was paid, i.e., prior to December 31, 1996. As ABC Corporation's 1997 refund claim filed was untimely, ABC Corporation will not be entitled to the refund of Gross Revenue Tax paid in 1995 on the \$175,000.

Example No. 5: DEF Corporation, a domestic corporation, owns a retail store in Garapan. For the first quarter 1995, the retail store earns gross revenues in the amount of \$60,000. DEF Corporation also has interest income in the amount of \$42,000 and sells property receiving gross revenues in the amount of \$5,000. DEF Corporation must reported the combined gross revenues from its retail sales, interest income, and sale of property in the

cumulative amount of \$67,000 in one return for the quarter and pay Gross Revenue Tax on the \$67,000 in the amount of \$2,010 [i.e., (\$67,000) x (3.0%).

Section 2203.13. Uncollectible Accrued Gross Revenues The amount of any accrued gross revenues which are reported as gross revenues but are later determined to be uncollectible may be deducted from gross revenues in the year in which they are determined to be uncollectible. However, no deduction will be allowed under this section unless the taxpayer has made a serious effort to collect the debt including legal action or other collection efforts. Further, any amount deducted as uncollectible which is later collected must be reported as gross revenues in the quarter and year in which they are collected.

Example: A business sells merchandise both for cash and on credit, establishing account credit sales. In 1995, the business has cash sales in the amount of \$20,000 and credit sales in the amount of \$15,000. For taxable year 1995 for Gross Revenue Tax purposes, the business is required to pay Gross Revenue Tax on the entire \$35,000 of gross revenues.

As of December 31, 1996, the business had uncollected accounts receivable in the amount of \$2,400. If in 1996, no part of the \$2,400 could be collected after a serious effort was made to collect the debt and the business so recorded this uncollectible amount in its accounting records, the amount of \$2,400 would be deducted from the business's taxable gross revenue for 1996.

If on September 1, 1998, the business recovered \$1,000 of the \$2,400 amount written off and deducted in 1996, the total amount collected of \$1,000 should be included in the business's third quarter 1998 Gross Revenue Tax Return.

Section 2203.14. Businesses Dissolving During a Taxable Year. Any person who dissolves a business during a taxable year is required to make a final return no later than fifteen (15) days following the dissolution of the business. In addition to all other applicable penalties, a penalty of ten percent (10%) of the tax due for the quarter preceding the quarter during which the business dissolved shall be added for each thirty (30) days or fraction thereof elapsing between the due date of the final return and the date on which it is actually filed; PROVIDED, however, that the minimum penalty shall be twenty-five dollars (\$25.00). Interest of fifteen percent (15%) per annum shall also be imposed on the total amount paid after the deadline prescribed in this section.

Section 2203.15. Sale or Transfer of Business.

- (a) Requirement. If a business is sold or transferred by one owner to another, the seller and the buyer are both required to file a separate Gross Revenue Tax Return allocating gross revenues received or accrued prior to and after the sale from the business, respectively. Such a transfer occurs, for example, if a sole proprietor forms a partnership or a corporation or if a business is sold from one owner to another.
- (b) <u>Statement</u>. If there has been a change of ownership or other transfer of the business during the quarter, the buyer is required to attach to the first Gross Revenue Tax Return a statement showing the following:
 - (1) the name of the transferor;
 - (2) whether the transferor is an individual, a partnership, corporation, or other entity;
 - (3) the nature of the change or transfer; and
 - (4) the date of such change or transfer.

PART V - SECTION 2204 TAX EXEMPT ORGANIZATIONS

Section 2204.1 Eliqible Entities

- (a) <u>In General</u>. All nonprofit organizations must apply for and be granted tax-exempt status in order to be exempt from the Earnings Tax, the Gross Revenue Tax, and the Northern Marianas Territorial Income Tax.
- (b) <u>Earnings Tax</u>. The following entities may apply to the Division of Revenue and Taxation for an exemption from the Earnings Tax imposed by 4 CMC §1202:
 - (1) Charitable organizations, etc.: Entities qualifying for exemption under §501(c)(3) of the NMTIT;
 - (2) <u>Civic Leagues</u>: Entities qualifying for exemption under §501(c)(4) of the NMTIT;
 - (3) Agricultural Organizations: Entities qualifying for exemption under §501(c)(5) of the NMTIT;
 - (4) <u>Business Leagues</u>: Entities qualifying for exemption under §501(c)(6) of the NMTIT;
 - (5) <u>Fraternal Benefit Societies</u>: Entities qualifying for exemption under §501(c)(8) of the NMTIT;
 - (6) <u>Domestic Fraternal Societies</u>: Entities qualifying for exemption under §501(c)(10) of the NMTIT;
 - (7) <u>Pension Plans</u>: Pension, profit-sharing, or retirement plans qualifying for exemption under §401(a) of the NMTIT.
- All persons other than those enumerated above are subject to the Earnings Tax, as applicable.
- (c) <u>Gross Revenue Tax</u>. The following persons may apply to the Division of Revenue and Taxation for an exemption from the Gross Revenue Tax imposed by 4 CMC §1301 et seq:
 - (1) Charitable organizations, etc.: Entities qualifying for exemption under §501(c)(3) of the NMTIT;
 - (2) <u>Civic Leaques</u>: Entities qualifying for exemption under §501(c)(4) of the NMTIT;
 - (3) <u>Agricultural Organizations</u>: Entities qualifying for exemption under §501(c)(5) of the NMTIT;

- (4) <u>Business Leagues</u>: Entities qualifying for exemption under §501(c)(6) of the NMTIT;
- (5) <u>Fraternal Benefit Societies</u>: Entities qualifying for exemption under §501(c)(8) of the NMTIT;
- (6) <u>Domestic Fraternal Societies</u>: Entities qualifying for exemption under §501(c)(10) of the NMTIT;
- (7) <u>Political Organizations</u>: Entities qualifying for exemption under §527 of the NMTIT;
- (8) <u>Pension Plans</u>: Pension, profit-sharing, or retirement plans qualifying for exemption under §401(a) of the NMTIT.
- All persons other than those enumerated above are subject to the Gross Revenue Tax, as applicable.
- (d) <u>NMTIT</u>. Organizations may file for an exemption from the Northern Marianas Territorial Income Tax under the provisions of the NMTIT.

Section 2204.2 Application Process -- In General

- (a) <u>NMTIT</u>. The application process for the Northern Marianas Territorial Income Tax shall be that prescribed under the mirrored U.S. Internal Revenue Code procedures and these Regulations.
- (b) <u>Earnings Tax and Gross Revenue Tax</u>. The application process for the Earnings Tax and the Gross Revenue Tax shall be that prescribed under these Regulations.
- (c) <u>Previously Granted Exemption by U.S. Internal Revenue Service</u>. The application process for exemption from the Earnings Tax, the Gross Revenue Tax, or the NMTIT for organizations which have been granted tax-exempt status by the U.S. Internal Revenue Service shall be that prescribed by §2204.6 of these Regulations. Thus, an organization granted tax-exempt status by the U.S. Internal Revenue Service is not automatically exempt from the Earnings Tax, the Gross Revenue Tax, or the NMTIT but instead must apply to the Division of Revenue and Taxation for exemption from all such taxes under the procedures prescribed within these Regulations.
- (d) <u>Simultaneous Application with U.S. Internal Revenue Service</u>. The application process for exemption from the Earnings Tax, the Gross Revenue Tax, or the NMTIT for an organization which is applying simultaneously with the U.S.

Internal Revenue for an exemption from the U.S. Internal Revenue Code shall be that prescribed by §2204.7 of these Regulations. Thus, an organization is not automatically exempt from the Earnings Tax, the Gross Revenue Tax, or the NMTIT upon filing an application for tax-exempt status with the U.S. Internal Revenue Service but instead must apply to the Division of Revenue and Taxation for exemption from all such taxes under the procedures prescribed within these Regulations.

- (e) Return Filing Requirements During Pendency of Application. While an application for tax-exempt status under the Earnings Tax, the Gross Revenue Tax, and the NMTIT is pending, a person is not required to file an annual Earnings Tax return, quarterly Gross Revenue Tax returns, or income tax returns under the NMTIT. However, if the person is subsequently found not to qualify as a tax-exempt organization, the organization is required to file all previously required returns, pay all taxes with interest, and will be subject to all applicable penalties for late filing and late payment.
- (f) <u>Duty to Provide Requested Information</u>. During the application process, all persons must provide all information requested within the time specified and a failure to do so may result in the rejection of the application.

Section 2204.3 Application Process -- Time To Apply

- (a) Earnings Tax and Gross Revenue Tax. In order to apply for tax-exempt status from the Earnings Tax or the Gross Revenue Tax, a person must submit an application to the Division of Revenue and Taxation on or before March 31 of the first year of operations or within 30 days prior to the commencement of operations. The Division of Revenue and Taxation may extend the time to file this application for a period no longer than two (2) months; however, the Division of Revenue and Taxation may provide for a longer extension period for good cause shown.
- (b) Northern Marianas Territorial Income Tax. In order to apply for tax-exempt status from the Northern Marianas Territorial Income Tax, a person must submit an application to the Division of Revenue and Taxation on or before the time prescribed by the Northern Marianas Territorial Income Tax.

Section 2204.4 Application Fee

(a) <u>Earnings and Gross Revenue Tax</u>. The application fee

for applying for an exemption from the Earnings Tax and the Gross Revenue Tax is \$10.00 each. Such fee must be paid upon filing an application for exemption from the Earnings Tax, the Gross Revenue Tax, or both.

- (b) <u>NMTIT</u>. Except as provided in subsection (c) and (d), the application fee for applying for an exemption from the Northern Marianas Territorial Income Tax shall be that prescribed under the NMTIT. Such fee must be paid upon filing an application for exemption from the NMTIT.
- (c) <u>Previously Granted IRS Status</u>. The application fee specified in subsection (b) for an organization applying for an exemption from the NMTIT which has previously been granted tax-exempt status by the U.S. Internal Revenue Service shall be waived upon submission of proper proof of payment of the application fee to the U.S. Internal Revenue Service.
- (d) <u>Simultaneous Application with IRS</u>. The application fee specified in subsection (b) for an organization applying for an exemption from the NMTIT which has filed a simultaneous application with the U.S. Internal Revenue Service shall be waived upon submission of proper proof of payment of the application fee to the U.S. Internal Revenue Service.

Section 2204.5 Application Process -- Form and Procedure

- (a) <u>In General</u>. Except as provided in Section 2204.6 and Section 2204.7, if a person is applying for tax exempt status from either the Earnings Tax, the Gross Revenue Tax, the NMTIT, or a combination of any of these taxes, the applicant is required to submit only one application. Provided, that if the applicant is applying for tax-exempt status from the Earnings Tax, the Gross Revenue Tax, and the NMTIT, the applicant is required to submit a letter indicating that its application is being submitted for exemption from all three taxes.
- (b) Form of Application. The Division of Revenue and Taxation shall prescribe the form to be utilized as an application for exempt status from the Earnings Tax and the Gross Revenue Tax. In general, the application submitted for exemption from the Northern Marianas Territorial Income Tax is acceptable as the application for both the Earnings Tax and the Gross Revenue Tax provided the applicant indicates so at the time of submission.

Section 2204.6 <u>Application Process -- Previously Granted Tax-Exempt Status By U.S. Internal Revenue Service</u>

- (a) The application process for exemption from the Earnings Tax, the Gross Revenue Tax, or the NMTIT for organizations which have been granted tax-exempt status by the U.S. Internal Revenue Service shall be that prescribed by this section.
- (b) The organization must make an application to the Division of Revenue and Taxation by timely submitting the following documents:
 - (1) A cover letter specifying which local taxes the organization is applying for exemption from and under what provisions of §2204.1(b) and (c) of these Regulations and §501 of the NMTIT;
 - (2) A copy of Form 1023 or Form 1024, as applicable, as submitted to the U. S. Internal Revenue Service;
 - (3) A copy of all supporting documents required by the application as submitted to the U.S. Internal Revenue Service;
 - (4) A copy of Form 8718, User Fee, with proof of payment as submitted to the U.S. Internal Revenue Service;
 - (5) Proof of payment of application fee in the amount of \$10.00 each if applying for exemption from the Earnings Tax and/or the Gross Revenue Tax;
 - (6) A copy of the organization's favorable determination letter received by the U.S. Internal Revenue Service and all updated determination letters, if any, sufficient to verify the organization's current taxexempt status with the U.S. Internal Revenue Service;
 - (7) An affidavit, signed under penalties of perjury by an authorized, knowledgeable agent of the organization, setting forth that all the facts contained within its application with the U.S. Internal Revenue Service and supporting documents are true and have not changed in any way that would affect its continuing taxexempt status with the U.S. Internal Revenue Service; and
 - (8) Any other materials as requested by the Division of Revenue and Taxation.

Section 2204.7 <u>Application Process -- Simultaneous Application</u> with U.S. Internal Revenue Service

- (a) <u>In General</u>. The application process for exemption from the Earnings Tax, the Gross Revenue Tax, or the NMTIT for organizations filing a simultaneous application with the U.S. Internal Revenue Service shall be that prescribed by this section.
- (b) <u>Application</u>. The organization must make an application to the Division of Revenue and Taxation by timely submitting the following documents:
 - (1) A cover letter specifying which local taxes the organization is applying for exemption from and under what provisions of §2204.1(b) and (c) of these Regulations and §501 of the NMTIT;
 - (2) A copy of Form 1023 or Form 1024, as applicable, as submitted to the U.S. Internal Revenue Service:
 - (3) A copy of all supporting documents required by the application as submitted to the U.S. Internal Revenue Service;
 - (4) A copy of Form 8718, User Fee, with proof of payment as submitted to the U.S. Internal Revenue Service;
 - (5) Proof of payment of application fee in the amount of \$10.00 each if applying for exemption from the Earnings Tax and/or the Gross Revenue Tax;
 - (6) An affidavit testifying, under penalties of perjury that [1] it has on a specified date (as specified therein) applied for tax-exempt status with the U.S. Internal Revenue Service; [2] copies of its application and supporting documents submitted above were submitted to the U.S. Internal Revenue Service; [3] it has paid the appropriate user fee as specified on Form 8718 to the U.S. Internal Revenue Service; and [4] its purposes are within those specified in §2400.1 of these Regulations, §501 of the NMTIT, or both, as applicable; and
 - (7) All other materials as requested by the Division of Revenue and Taxation.
 - (c) Receipt of IRS Determination Letter.

- (1) <u>IRS Favorable Determination Letter</u>. If an organization receives a favorable determination letter from the U.S. Internal Revenue Service, it must within thirty (30) days from the date on the IRS favorable determination letter, submit the following information to the Division of Revenue and Taxation:
 - (A) A cover letter requesting that its CNMI application be further processed;
 - (B) A copy of the IRS favorable determination letter:
 - (C) A copy of all documentation received by and submitted to the IRS regarding its favorable exemption letter excluding all material and documents previously submitted to the Division of Revenue and Taxation;
 - (D) An affidavit, signed under penalties of perjury, setting forth that all the facts contained within its application to the U.S. Internal Revenue Service and supporting documents submitted therewith have not changed in any way that would affect its eligibility for tax-exempt status with the U.S. Internal Revenue Service; and
 - (E) All other information and materials as requested by the Division of Revenue and Taxation.
- If the organization submits the above-referenced information within 30 days from the date on the IRS favorable determination letter, the initial application filing date with the Division of Revenue and Taxation will remain the same; however, if the organization does not timely submit this information, the organization's application will be deemed to have been filed on the date that the Division of Revenue and Taxation receives the above-referenced information.
- (2) Adverse Determination Letter. If the organization receives an adverse determination letter from the U.S. Internal Revenue Service, the organization must within thirty (30) days from the date on the IRS adverse determination letter submit a copy of its adverse determination letter to the Division of Revenue and Taxation. The organization will, however, be automatically denied exempt status by the Division of Revenue and Taxation from the Earnings Tax, the Gross Revenue Tax, and the NMTIT, as applicable.

Section 2204.8 Annual Reporting Requirements

- (a) After Determination. All organizations granted taxexempt status from the Earnings Tax and/or the Gross Revenue Tax are required to file an annual information return.
- (b) <u>Pending Application</u>. All organizations whose applications are pending for an exemption from the Earnings Tax and/or the Gross Revenue Tax are required to file an annual information return.
- (c) Form. The annual information return required under this section shall be that as prescribed by the Division of Revenue and Taxation. The annual information return(s) filed for the NMTIT will be acceptable as the annual information return for the Earnings Tax and the Gross Revenue Tax.
- (d) <u>Penalty</u>. Failure to comply with the annual reporting requirements specified under this section shall be subject to the penalties as provided in 4 CMC, Division 1, as applicable.

Section 2204.9 Income Not Exempt From Tax Notwithstanding that an organization has filed for or even been granted tax-exempt status, the organization is still subject to all other applicable tax requirements including:

- (a) <u>Employment</u>. Complying with all employment tax requirements, including the payment of withholding taxes and the filing of all required employment and withholding returns;
 - (b) Excise. Payment of excise taxes;
- (c) <u>UBTI</u>. Payment and reporting of unrelated business taxable income as provided in 4 CMC §1203(a)(1) and 4 CMC §1305(g)(1); and
- (d) Other NMTIT Taxes. Payment and reporting of all excise taxes imposed upon a tax-exempt organization under the NMTTT.

Section 2204.10 Raffle Tickets

(a) <u>In General</u>. The sale of raffle tickets shall be exempt from the Earnings Tax and the Gross Revenue Tax only if:

- (1) No benefit from the sale of the raffle tickets inures, in whole or in part, to the benefit of any private stockholder or individual;
- (2) The organization selling the raffle tickets has applied for and been granted status as an organization exempt from the Earnings Tax and/or the Gross Revenue Tax as applicable by the Division of Revenue and Taxation;
- (3) Raffle tickets are registered with the Division of Revenue and Taxation at least 30 days before the date that tickets begin to be sold; and
- (4) The organization prepares an accounting of the proceeds from raffle tickets on a quarterly basis where raffle tickets are sold in more than two quarters the year, and within 30 days of the drawing or award of prizes where raffle tickets are sold if the sale of raffle tickets occur in two quarters or less of the year.
 - (A) The accounting in (4) above shall be filed with the Division of Revenue and Taxation.
 - (B) The deadlines for each quarter shall be the same as the deadlines for filing Gross Revenue Tax returns
 - (C) The accounting shall require such affidavit(s) as Revenue and Taxation shall require.
- (b) An exemption from the Earnings Tax or Gross Revenue Tax on the sale of raffle tickets shall not be denied on the basis that raffle tickets are sold by the exempt organization on a regular basis.

PART VI - SECTION 2205 GAMING MACHINE JACKPOT TAX

Section 2205.1 Gaming Machine Jackpot Tax. A tax of 10% is imposed on all jackpot winnings from poker machines, pachinko machines, slot machines, pachinko slot machines, and similar gaming devices on winnings in the amount of \$1,000.00 and over.

Section 2205.2 Collection and Payment. The owner or operator of the machine is responsible for collecting this tax. The withholding tax shall be remitted and filed with the Division of Revenue and Taxation on or before the tenth day of the month following the month in which the winning was paid and taxes withheld. Prior to distributing payment to the winner, the owner or operator must obtain the following information which must be maintained by the owner or operator:

- (a) Payor name;
- (b) Payor address;
- (c) Payor taxpayer identification number;
- (d) Month during which winnings were paid;
- (e) Payee name;
- (f) Payee address;
- (g) Payee Social Security Number. If payee does not have a U.S. Social Security number, the owner or operator must obtain another valid form of identification including passport, alien registration card, military identification card, voter's registration card;
 - (h) Payee CNMI Alien Registration Number, if applicable;
- (i) Payee driver's license number and place of issue. If the winner/payee has not been issued a driver's license by a jurisdiction, the owner or operator must obtain another valid form of identification which contains payee's picture;
 - (j) Gross amount of winning;
 - (k) Amount of Gaming Machine Jackpot Tax withheld;
 - (1) Date winnings were paid; and
- (m) Type of machine winnings made from; e.g., poker machine, pachinko slot machine;

Section 2205.3 Accumulation of Winnings

(a) <u>Single Occurrence</u>. The Gaming Machine Jackpot Tax is not applicable to jackpot winnings in an amount less than \$1,000 in a single occurrence.

Example Mr. X wins \$500 at 10:00 a.m. and then another \$500 during another game at 2:00 p.m.. In this case, none of Mr. X's \$1,000 winnings are subject to the Gaming Machine Jackpot Tax.

(b) <u>Progressive Occurrence</u>. The Gaming Machine Jackpot Tax is applicable to jackpot winnings in the amount of \$1,000 or more from a progressive occurrence, such as winnings of \$1,000 or more resulting from the doubling of a wager.

Example: Mr. X earns \$300 from a machine but chooses to continue playing on the machine by doubling his wager and ultimately wins \$1,200. In this case, all of Mr. X's \$1,200 earnings are subject to the Gaming Machine Jackpot Tax.

Section 2205.4 Reporting Requirements.

(a) Monthly Withholding Remittances. The withholding tax shall be remitted and filed with the Division of Revenue and Taxation on a Gaming Machine Jackpot Tax Monthly Withholding Return. A Gaming Machine Jackpot Tax Monthly Withholding Return must include all information as required by the Division of Revenue and Taxation.

(b) Annual Information Returns.

- (1) Payee Statement. On or before January 31, of the calendar year following that during which gross winnings were paid and Gaming Machine Jackpot Tax was withheld, the payor is required to issue an annual information return to the payee in and on the form prescribed by the Division of Revenue and Taxation. Form W-2G, Certain Gambling Winnings, may be used to satisfy this information return requirement; if such form is used, the payor should indicate in the box "State Income Tax Withheld" the amount of the Gaming Machine Jackpot Tax withheld and remitted for the payee.
- (2) Filing With Revenue and Taxation. On or before the last day of February of the calendar year following that during which gross winnings were paid and Gaming Machine Jackpot Tax was withheld, the payor is required

to file with the Division of Revenue and Taxation a copy of the annual information return specified in (1) above. All annual information returns filed by the payor shall be transmitted by a Form 1096, Annual Summary and Transmittal of U.S. Information Returns, and any other form as may be prescribed by the Secretary.

(c) <u>Annual Reporting Requirement</u>. For taxable year 1995, all payees are required to file an Annual Gaming Machine Jackpot Tax Return containing all information as required by the Secretary of Finance. Such return shall be due on or before April 15, 1996.

Section 2205.5 <u>Penalties</u> A withholding agent responsible for withholding the Gaming Machine Jackpot Tax shall be subject to all applicable penalties including the following:

- (a) <u>Failure to Remit Withholding</u>. 4 CMC §1815 for failure to withhold and timely remit the Gaming Machine Jackpot Tax;
- (b) <u>Failure to File Monthly Return</u>. 4 CMC §1816 for failure to timely file a Gaming Machine Jackpot Tax Withholding Return; and
- (c) <u>Failure to File Annual Information Return</u>. 4 CMC §1816 for failure to timely file annual an information return required under §2205.3(b)(2).

Part VII - SECTION 2206, INCOME TAX

Section 2206.1. <u>General Provisions</u>. Pursuant to Public Law 4-24, the provisions of §601 of the Covenant shall become fully implemented beginning after December 31, 1984. The U.S. Internal Revenue Code as applied within the CNMI is known as the Northern Marianas Territorial Income Tax or the "NMTIT". This Part is promulgated for the implementation of the NMTIT.

Section 2206.2 <u>Mirrored Provisions of Internal Revenue</u>

Code The NMTIT includes in mirror fashion the following provisions of the U.S. Internal Revenue Code:

(a) Subtitle A. <u>Income Taxes</u>:

- (1) Chapter 1. Normal Taxes and Surtaxes, but excluding Subchapter (N), Part III Subpart (D), "The Possessions of the United States", but not excluding §935;
- (2) Chapter 3. Withholding of Tax on Nonresident Aliens and Foreign Corporations;
- (3) Chapter 5. Tax on Transfers to Avoid Income Taxes;
 - (4) Chapter 6. Consolidated Returns.

(b) Subtitle C. Employment Taxes:

- (1) Chapter 24. Collection of Income Tax at source;
- (2) Chapter 25. General Provisions Relating to Employment Taxes;

(c) Subtitle F. Procedure and Administration:

- (1) Chapter 61. Information and Returns. (See §2206.17 of these Regulations);
- (2) Chapter 62. Time and place for Paying Tax, except as provided for in §2206.14 of these Regulations;
 - (3) Chapter 63. Assessment;
 - (4) Chapter 64. Collection;
 - (5) Chapter 65. Abatements, Credits, and Refunds;

- (6) Chapter 66. Limitations;
- (7) Chapter 67. Interest;
- (8) Chapter 68. Additions to the Tax, Additional Amounts, and Assessable Penalties;
 - (9) Chapter 70. Jeopardy, Receiverships, etc;
 - (10) Chapter 71. Transfers and Fiduciaries;
 - (11) Chapter 72. Licensing and Registration;
 - (12) Chapter 73. Bonds;
- (13) Chapter 74. Closing Agreements and Compromises;
- (14) Chapter 75. Crimes, Other Offenses, and Forfeitures;
 - (15) Chapter 76. Judicial Proceedings;
 - (16) Chapter 77. Miscellaneous Provisions;
- (17) Chapter 78. Discovery of Liability and Enforcement of Title;
 - (18) Chapter 79. Definitions; and
 - (19) Chapter 80. General Rules.

Section 2206.3. Non-retroactivity.

(a) <u>General Application</u>. The NMTIT does not apply to income received or accrued prior to January 1, 1985, except to the extent such income is not deemed "CNMI Sourced Income" as defined in §2206.4(d) of these Regulations. The NMTIT does apply to income received or accrued after December 31, 1984.

(b) Method of Accounting

(1) The taxpayer's method of accounting, cash or accrual, in use prior to January 1, 1985, will generally continue for purposes of the NMTIT. The taxpayer may elect to have the calendar year as a taxable year.

(2) Where a taxpayer is on fiscal year other than a calendar year with earnings accruing on and after January 1, 1985, to the fiscal year end, the taxpayer shall file for a short year and pay taxes based on Example No. 1 or No. 2 below.

Example No. 1. Taxpayer C is on a fiscal year, July 1 to June 30. Taxpayer C's gross income from July 1, 1984, to June 30, 1985, is \$100,000.00 of which \$50,000.00 is earned from July 1, 1984, to December 31, 1984; the other half is earned from January 1, 1985, to June 30, 1985.

The cost of goods sold from January 1, 1985, to June 30, 1985, is \$35,000.00; ordinary and necessary business deductions are \$10,000 of which \$5,000.00 is incurred in 1985. C would report and pay tax under the NMTIT as follows:

Gross	Income	\$50,000
Less:	Cost of Goods Sold	<u>(35,000)</u>
Gross	Margin	15,000
Less:	Business Deductions	(5,000)

Net Income \$10,000

C may also determine its full NMTIT liability on the complete fiscal year income, inclusive of income prior to January 1, 1985, and allocate the tax liability by applying a percentage method on the number of days, or months prior to and after January 1, 1985 to the fiscal year end [See Example No. 2]. Example No 2. Corporation D is on a fiscal year ending March 30, 1985. The Corporation's sales for fiscal year 1984 is \$200,000.00. D's cost of goods sold totaled \$125,000.00, and it incurred ordinary and necessary business deductions in the amount of \$25,000.00. Corporation D is unable to determine its income from January 1, 1985 to March 30, 1985. Corporation D may allocate its income based on the following:

Gross Income \$200,000
Less: Cost of Goods Sold (125,000)
Gross Profit 75,000
Less:
Ordinary & Necessary
Business Deductions 25,000
Taxable Income \$50,000

Allocation: [3/12] x [\$50,000] \$ 12,500

\$12,500.00 is deemed earned for the period beginning January 1, 1985 to March 30, 1985.

- (3) Special Rule on Employee's Benefits. Paid Time-off. Under normal circumstances benefits or compensation for:
 - (A) Vacation pay;
 - (B) Annual leave;
 - (C) Sick pay;
 - (D) Sick leave; and
 - (E) all other paid time-off

are provided on the basis of prior years' services but may be for future years' services. Normally, such benefits are earned through rendition of personal services, and in most cases, if not all, are not items of income until such time that they are taken, used, or paid. All benefits accrued up to December 31, 1984, shall be subject to taxation under §4.1709.1(A) of Revenue and Tax Regulations No. 8301. However, if the employment is terminated on December 31, 1984, and all benefits are cashed in for monetary value, the benefits accrued are not subject to the NMTIT regardless of when paid but are subject to 4 CMC Chapter 2.

(c) <u>Conforming Provisions</u>. Paragraphs (1) and (3) of 4

CMC §1703(b) pertain only to U.S. Internal Revenue Code provisions drafted with reference to inception dates prior to January 1, 1985. With respect to U.S. Internal Revenue Code provisions referencing inception dates after December 31, 1984, paragraphs (1) and (3) shall utilize the actual dates referenced.

Section 2206.4. Qualified Fresh Start Assets.

- (a) <u>Qualified Fresh Start Asset -- Definition</u>. Qualified fresh start assets means:
 - (1) All real property located in the Commonwealth; and
 - (2) All personal property which is both:
 - (A) owned, directly or indirectly, immediately prior to and on January 1, 1985 by:
 - (i) an individual who was a bona fide resident of the Commonwealth;
 - (ii) a trust all of whose beneficiaries were bona fide residents of the Commonwealth;
 - (iii) an estate who represented a decedent who was a bona fide resident of the Commonwealth as of the date of his death;
 - (iv) a corporation incorporated in or under the laws of the Commonwealth, immediately prior to an on January 1, 1985;
 - (v) a partnership all of whose partners
 were persons described under
 §2206.4(a)(2)(A)(i) (iv); and
 - (vi) an association all of whose members
 were persons described under
 §2206.4(1)(2)(A)(i) (iv).
 - (B) assuming that the personal property were sold on December 31, 1984, the amount realized from that sale would have been "CNMI sourced income" as determined pursuant to subsection (d) of these Regulations and would not have been subject to income taxation by the United States, the Virgin Islands, American Samoa, Puerto Rico, or Guam.

- (b) <u>Personal Property -- Definition</u> For purposes of §2206.4(a), "personal property" means all property, tangible or intangible, that is not real property. Personal property includes, but is not limited to:
 - (1) Installment sales contracts;
 - (2) Bank and loans owned by the lender;
 - (3) Pension and annuity contracts or plans (see §2206.5(d) of these Regulations;
 - (4) Interests in employees' benefits plans (see §2206.3(b)(3) of these Regulations;
 - (5) Inventory items, goods and commodities for sales;
 - (6) Contracts and leases; and
 - (7) Stock.

(c) Fair Market Value -- Determination

- (1) The fair market value of any qualified fresh start asset shall be established at the taxpayer's election by one of the following methods:
 - (A) <u>Independent Appraisal</u>. An independent appraisal which:
 - (i) was performed by a United States or CNMI licensed or registered appraiser in the Commonwealth, and who has engaged in that business for not less than 5 years; and
 - (ii) was performed six (6) months prior to or six (6) months after January 1, 1985. If the appraisal was not performed within six (6) months prior to or after January 1, 1985, the appraisal may be used to find the future value (at 1/1/85) and the present value (at 1/1/85) which will be the fair market value on January 1, 1985, by using the discounting method at the prevailing NMTIT §6621 underpayment interest rate per annum on January 1, 1985. The NMTIT underpayment interest rate on January 1, 1985 was 13% per annum.

(B) <u>Discount Method</u>. Discounting the sales price back to January 1, 1985, using the prevailing NMTIT underpayment interest rate per annum, in accordance with NMTIT §6621.

Example: Taxpayer E sold his land on June 30, 1985, for \$200,000.00, when the NMTIT underpayment interest rate was 11.25%. The fair market value, discounting the sales price back to January 1, 1985 is \$189,110.10.

(C) <u>Pro Rata Allocation</u>. A pro rata allocation of the difference between the adjusted cost basis and the sales price with respect to the periods it was held, before, and after January 1, 1985.

Example. Taxpayer F sold his residential property on December 31, 1985, for \$20,000.00. F purchased his property for \$10,000.00 on January 1, 1980, and subsequently made a \$5,000.00 capital improvement. The fair market value or modified adjusted cost basis on January 1, 1985, was \$19,166.64 calculated as follows.

Cost	\$10,000.00
Add. Improvement	5,000.00
Adjusted Cost basis	\$15,000.00
Sales Price	20,000.00
Less: Adj. Cost Basis	(15,000.00)
Difference	5,000.00
Divided by the number of	•
months owned	72
Allocable share per month	69.444
Multiply by the number of	
months in service prior to	
1/1/85	60
Allocable share prior to	
1/1/85	4,166.64
Add: adjusted cost basis	15,000.00
Fair market value or	
modified adjusted Cost	
basis on 1/1/85	\$19,166.64

- (D) Replacement Cost. A replacement cost may used for:
 - (i) Inventory items, goods and commodities for sale; and

- (ii) Depreciable assets including removable items of building but not structural components of the building.
- (E) <u>Book Value</u>. The book value of the asset on December 31, 1984.
- (d) <u>CNMI Sourced Income</u>. For purposes of 4 CMC §1703, "CNMI Sourced Income" shall be determined using the sourcing rules in effect in the U.S. Internal Revenue Code as mirrored in the Commonwealth as of December 31, 1984.
- (e) Recapture. If during any taxable year an asset is disposed of and a portion or all of the proceeds received from the disposition of the asset is not CNMI Sourced Income, the benefit of any deduction for depreciation, amortization, and like purposes previously claimed under the NMTIT attributable to such asset is to be recaptured and appropriately taxed pursuant to procedures established by the Secretary of Finance.
 - (f) Accelerated Cost Recovery System (ACRS).
 - (1) <u>Mandatory</u>. Except as provided in subsection (b), the Accelerated Cost Recovery System of the NMTIT is mandatory for all qualified fresh start assets whose fair market value is determined pursuant to any of the following methods:
 - (A) §2206.4(c)(1)(A), Independent Appraisal;
 - (B) §2206.4(c)(1)(A)(ii), Discount Method (Appraisal);
 - (C) §2206.4(c)(1)(B), Discount Method (Sales)
 - (D) §2206.4(c)(1)(C), Pro Rata Allocation
 - (E) §2206.4(c)(1)(D), Replacement Cost; or
 - (F) §2206.4(c)(1)(E), Book Value.
 - (2) Exception. Taxpayers may elect to continue a depreciation method in use immediately prior to January 1, 1985, only if they elect to determine the fair market value of the asset pursuant to the book value method prescribed in §2206.4(c)(1)(E) of these Regulations.
 - (3) Amortization. For purposes of determining

allowances for amortization and for similar cost recovery systems for qualified fresh start assets, the fair market value obtained pursuant to §2206.4(c)(1)(A) [independent appraisal] and §2206.4(c)(1)(D) [replacement cost] must be allocated in accordance with the applicable NMTIT sections on amortization.

(g) NMTIT 38 Credit and NMTIT 179 Deduction.

- (1) No credit shall be allowed under §38 of the NMTIT for any qualified fresh start assets.
- (2) No deduction shall be allowed under §179 of the NMTIT for any qualified fresh start assets.

Section 2206.5. Deductions and Credits.

- (a) No deduction shall be allowed if the transaction, event, or other course of conduct giving rise to the deduction took place prior to January 1, 1985, unless the taxpayer satisfies paragraph (1), (2), or (3) of subsection (c).
- (b) No credit against any NMTIT shall be allowed if the transaction, event, or other course of conduct giving rise to the credit took place prior to January 1, 1985, unless the taxpayer satisfies paragraph (1), (2), or (3) of subsection (c).
- (c) A deduction or credit, otherwise disallowed under subsections (a) and (b), shall be allowed if the taxpayer:
 - (1) is obligated to file a tax return and pay a tax through 1985 under repealed Chapter 7 on income derived from sources without the Commonwealth;
 - (2) arrived in the Commonwealth during and after calendar year 1985 from Guam and the United States;
 - (3) establishes from all the facts and circumstances that the deduction or credit is not contrary to 4 CMC §1704.
- (d) <u>Special Rule on Retirees</u>. In general, retirees are allowed to exclude from gross income his or her total contribution to a qualified retirement plan. Because of the fresh start asset concept of 4 CMC §1703, retirees are allowed to exclude from gross income his or her total contributions made to a qualified retirement plan as the retiree's

retirement commences on taxable year 1985.

Section 2206.6. Change of Rates. The effect of 4 CMC §1704(b)(2) as repealed by Pub. L. 9-22 effective January 1, 1995, shall not bind taxpayers who:

- (a) continue to file and pay tax through 1985 under the repealed 4 CMC Chapter 7 on income derived from sources without the Commonwealth, or
- (b) arrived into the Commonwealth during 1985 from Guam or the United States.

Section 2206.7. Carryforward of Losses.

- (a) <u>CNMI Home Office</u>. A taxpayer whose home office or parent company is located outside of the Commonwealth which has been reporting worldwide losses in the home office's or parent company's U.S. tax jurisdiction (including Guam), shall not carry forward such reported losses beginning January 1, 1985.
- (b) <u>Carryforward</u>. A taxpayer shall not carry forward against income earned or accrued on or after January 1, 1985, any losses incurred in the Commonwealth prior to January 1, 1985, which were unreported by the home office or parent company located outside the CNMI.

Example. Taxpayer G is a corporation whose home office or parent company is located in Guam. Taxpayer G has been in business in the Commonwealth since 1980, and since then has been writing off losses in the tax jurisdiction of Guam. On December 31, 1984, G's parent company has a balance of \$100,000 carry forward losses for the years beginning 1985 of which \$25,000 is attributable to the net operating losses incurred by Taxpayer G in the Commonwealth. Taxpayer G cannot offset any income earned or accrued in the Commonwealth on or after January 1, 1985, with the \$25,000 net operating losses.

Section 2206.08 Reserved.

Section 2206.09 Reserved.

Section 2206.10. Additional Tax -- Disincentives to Offisland Investments.

- (a) <u>Non-CNMI Deductions</u>. Pursuant to 4 CMC §1706 and except as provided in subsection (c), the amount of any deduction allowed to a taxpayer under the following NMTIT sections shall be deemed additional gross revenues and taxed accordingly under Chapter 3 of 4 CMC:
 - (1) §169, amortization of pollution control facilities;
 - (2) §179, election to expense certain depreciable business property;
 - (3) §180, farmers' fertilizer expenditures;
 - (4) §182, farmers' land clearing expenditures;
 - (5) §190, expensing of removing architectural and transportation barriers to the handicapped and elderly;
 - (6) §193, tertiary injectants;
 - (7) §194, amortization of reforestation expenditures;
 - (8) §195, start-up expenditures;
 - (9) §243, dividends received by corporations;
 - (10) §244, dividends received on certain preferred stock;
 - (11) §245, dividends from certain foreign corporations;
 - (12) §248, organizational expenditures;
 - (13) §263(c), expensing of intangible drilling costs, to the extent in excess of depreciation and amortization;
 - (14) §613 and 613(A), percentage depletion, to the extent in excess of cost depletion;
 - (19) §616(a), development expenditures, to the extent in excess of the amount deductible under NMTIT §616(b) as a deferred expense;
 - (20) §617, mining exploration expenditures, to the extent in excess of the amount allowable as a deduction had the costs been capitalized and deducted ratably over

10 years;

- (21) §631, gain or loss in the case of timber, coal and iron ore; and
- (22) §184, §185, §188, and §189 [if such deductions are reinstated under the NMTIT]

Taxpayers affected by 4 CMC §1706(a) and this subsection shall add the full amount of the deductions listed above as gross revenues to the taxpayer's quarterly Gross Revenue Tax Return under 4 CMC Chapter 3 and the provisions of 4 CMC §1805.

- (b) Non-CNMI Credits. Pursuant to 4 CMC §1706 and except as provided in subsection (c), an additional tax is imposed under Chapter 3 of 4 CMC on the amount of any credit allowed to a taxpayer under the following NMTIT sections:
 - (1) §21, household and dependent care;
 - (2) §38, general business credit; and
 - (3) §40, alcohol used as fuel.

Taxpayers affected by 4 CMC §1706(b) and this subsection shall add the full amount of the credits listed above to the taxpayer's quarterly Gross Revenue Tax return under 4 CMC Chapter 3 and the provisions of 4 CMC §1805.

- (c) Exception. The tax imposed under 4 CMC §1706(a) and 4 CMC §1706(b) and subsections (a) and (b) of this section may be waived if:
 - (1) the taxpayer establishes that the investment outside the CNMI substantially benefits business activities conducted or investments held for the production of income in the Commonwealth; or
 - (2) the taxpayer has derived no tax benefits from the deduction or credit.

Section 2206.11 <u>NMTIT Non-Refundable Credit</u>.

(a) <u>In General</u>. Except as provided by subsection (b) and pursuant to and as provided by 4 CMC §1205 and §1307, there will be allowed as a non-refundable credit against the tax imposed on wages and salaries, earnings, and gross revenues any NMTIT paid on the same item of income subject to the Wage and Salary Tax, the Earnings Tax, and the Gross Revenue Tax, respectively.

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- (b) <u>Deduction v. Credit</u>. In lieu of taking the NMTIT as non-refundable credit against the Wage and Salary Tax, the Earnings Tax, or the Gross Revenue Tax, a person may elect to treat the Wage and Salary Tax, the Earnings Tax, or the Gross Revenue Tax as a deduction allowed under the NMTIT to the extent allowed under the NMTIT.
- (c) <u>Withholding Taxes</u>. To determine the extent to which the §1205 non-refundable credit is allowed at the time NMTIT and non-NMTIT withholdings are deducted and remitted, see §2201.4 of these Regulations.
- (d) <u>Earnings Tax</u>. To determine the extent to which the §1205 non-refundable credit is allowed, see §2202.4 of these Regulations.
- (d) Estimated Tax Payments. To determine the extent to which the §1307 non-refundable credit is allowed at the time quarterly estimated NMTIT payments are made and quarterly Gross Revenue Tax payments are due, see §2203.9(b) of these Regulations.
- (e) Overpayment Carryforward. To determine the extent to which any overpayment of NMTIT from a previous taxable year carried forward to the current year is allowed as a non-refundable credit against the quarterly Gross Revenue Tax, see §2203.9(c) of these Regulations.

Section 2206.12 Tax Relief -- Rebate.

- (a) <u>In General</u>. Pursuant to and as provided by 4 CMC §1708, every person subject to the NMTIT is allowed a rebate with respect to the NMTIT paid on income derived from "Sources Within the Commonwealth" as determined pursuant to subsection (e) of this section. The amount of the rebate to which a taxpayer is entitled is determined pursuant to 4 CMC §1708. The amount of the rebate shall be the percentage specified under 4 CMC §1708(b)(1)(A) and (B) of the taxpayer's "rebate base". The "rebate base" is the NMTIT imposed on income derived from "sources within the Commonwealth" as determined by subsection (e) of these Regulations and paid by the taxpayer less the amount of the non-refundable credit allowable under §1205 or §1307.[See Examples in subsection (h).]
- (b) Exceptions to Entitlement to Rebate. The following are the list of exceptions to the entitlement to a rebate of the NMTIT:

(1) Late Filed Return. Notwithstanding subsection (a), the rebate amount for any person who fails to timely file an income tax return (determined with regard to extensions) for the taxable year shall be reduced by ten percent (10%) of the rebate amount for each month or part of a month that the person has not filed the return. A person who has failed to file an income tax return (determined with regard to extensions) for more than 180 days from the date on which the return should have been filed shall not be entitled to any rebate.

Example No. 1: For taxable year 1995, Taxpayer A's rebate base is \$1,000. Taxpayer A files his individual income tax return on or before April 15, 1996. Taxpayer A is entitled to a rebate in the amount of \$900.

Example No. 2: Same facts as Example No. 1 except that Taxpayer A files his individual income tax return on May 10, 1996, and does not apply for or receive an extension of time to file. Taxpayer A is entitled to a rebate in the amount of \$810.

Example No. 3: Same facts as Example No. 1 except that Taxpayer A files his individual income tax return on December 20, 1996, and does not apply for or receive an extension of time to file. Taxpayer A is not entitled to any rebate for taxable year 1995.

(2) <u>Outside Sale of Diesel Fuel</u>. Notwithstanding subsection (a), a person is not entitled to a rebate with respect to any NMTIT collected upon income effectively connected with the sale of diesel fuel for use in any vessel's commercial operations that are primarily outside the territorial waters of the Commonwealth;

Example No. 1: Corporation XYZ derives all of its income from the sale of diesel fuel. For the current taxable year, XYZ has an NMTIT liability of \$875,000 of which \$420,000 is attributable to income derived from the sale of diesel fuel for use primarily outside the territorial waters of the Commonwealth while the remaining \$455,000 is from within the territorial waters of the Commonwealth. Corporation XYZ is not entitled to a rebate of the NMTIT paid on income derived from the sale of diesel fuel for use outside the territorial waters of the Commonwealth in the amount of \$420,000.

Example No. 2: Same facts as Example No. 1 except that all of Corporation XYZ's income is attributable to the sale of diesel fuel for use primarily within the territorial waters of the Commonwealth. Corporation XYZ is entitled to a rebate of the entire NMTIT paid in the amount of \$875,000 as calculated pursuant to 4 CMC §1708.

(3) <u>Underpayment</u>. Notwithstanding subsection (a), a person is not entitled to a rebate with respect to the amount of any underpayment of NMTIT taxes as defined in NMTIT §6664. However, a person shall be entitled to a rebate if such an underpayment does not exceed the greater of \$100 or 10 percent of the income tax imposed by Subtitle A of the NMTIT.

Example No. 1: For taxable year 1995, individual Taxpayer A timely files an income tax return on April 5, 1996. On this return, Taxpayer A reports an NMTIT liability in the amount of \$35,000. In taxable year 1997, Taxpayer A's books and records for taxable year 1995 are examined by the Division of Revenue and Taxation, and adjustments are proposed increasing Taxpayer A's NMTIT liability to the amount of \$60,000. Taxpayer A has, therefore, underpaid his NMTIT liability by the amount of \$25,000 [i.e. \$60,000 less \$35,000]. As Taxpayer A's underpayment in the amount of \$25,000 is more than 10% of the amount reported [i.e. \$3,500], Taxpayer A is not entitled to any rebate with respect to the additional \$25,000 of NMTIT.

For taxable year 1995, individual Example No. 2: Taxpayer P timely files an income tax return on March 15, 1996. On this return, Taxpayer P reports an NMTIT liability in the amount of \$17,000. taxable year 1998, Taxpayer P's books and records for taxable year 1995 are examined by the Division of Revenue and Taxation, and adjustments are proposed increasing Taxpayer P's NMTIT liability to the amount of \$18,000. Taxpayer P has, therefore, underpaid his NMTIT liability by the amount of \$1,000 [i.e., \$18,000 less \$17,000]. As Taxpayer P's underpayment in the amount of \$1,000 is not more than 10% of the amount reported [i.e. \$1,700], Taxpayer A is entitled to a rebate with respect to the additional \$1,000 of NMTIT in an amount as provided by law.

Example No. 3: For taxable year 1995, Corporation ABC timely files an income tax return on February 20, 1996. On this return, Corporation ABC reports an NMTIT liability in the amount of \$100. In taxable year 1998, Corporation ABC's books and records for taxable year 1995 are examined by the Division of Revenue and Taxation, and adjustments are proposed increasing Corporation ABC's NMTIT liability to the amount of \$108. Corporation ABC has, therefore, underpaid its NMTIT liability by the amount of \$8 [i.e., \$108 less \$100]. As Corporation ABC's underpayment in the amount of \$8 is not more than \$100, Corporation ABC is entitled to a rebate with respect to the additional \$8 of NMTIT in an amount as provided by law.

(4) Failure to Pay. Notwithstanding subsection (a), a person is not entitled to a rebate with respect to the amount of the total income tax liability for such taxable year as stated in the taxpayer's return which was not paid by the date the tax was required to be paid. A taxpayer is not entitled to any rebate if the taxpayer has not timely paid his or her entire NMTIT liability. However, if a person has entered into an installment agreement with the Secretary pursuant to §6159 of the NMTIT on or before the due date of the tax, the taxpayer shall be entitled to the rebate upon the satisfaction of the installment agreement.

Example No. 1: For taxable year 1995, individual Taxpayer M timely files an income tax return on March 3, 1996. On this return, Taxpayer M reports an NMTIT liability in the amount of \$1,500. Taxpayer M does not, however, pay any amount of this NMTIT liability on or before April 15, 1996. Taxpayer M is not entitled to a rebate with respect to any of the \$1,500 NMTIT liability.

Example No. 2: Same facts as Example No. 1 except that Taxpayer M pays his NMTIT liability on April 30, 1996. Taxpayer M is still not entitled to a rebate on any portion of the \$1,500 NMTIT liability as Taxpayer M has not paid his NMTIT liability on or before the due date of April 15, 1996.

Example No. 3: Same facts as Example No. 1 except that Taxpayer M pays \$1,000 of his NMTIT liability prior to April 15, 1996, and then pays the remaining \$500 in two installments on April 30,

1996 and May 31, 1996, pursuant to a valid installment agreement entered into with the Division of Revenue and Taxation on or before April 15, 1996. Taxpayer M is entitled to a rebate with respect to the entire \$1,500 as provided by law; however, Taxpayer M is not entitled to any portion of the rebate (including the amount on the \$1,000 timely paid) until the last installment of his NMTIT liability is made on May 31, 1996. [See subsection (d) (3) for time of rebate]

Example No. 4: For taxable year 1995, individual Taxpayer K timely files an income tax return on March 30, 1996, and pays his entire NMTIT liability on the same date. For this taxable year, Taxpayer K is also subject to a failure to estimate penalty in the amount of \$35. Taxpayer K is entitled to a rebate with respect to the \$1,500 NMTIT liability in an amount as provided by law. Taxpayer M need not pay the failure to estimate penalty in the amount of \$35 in order to be entitled to a rebate.

- (5) Accumulated Earnings Tax. Notwithstanding subsection (a), a person is not entitled to any rebate with respect to any accumulated earnings tax paid by the person pursuant to §531 of the NMTIT;
- (6) Not Subject to Local Taxes. Notwithstanding subsection (a) and except as provided in (A) or (B) below, a person who has any income from sources within the Commonwealth that is not subject to any taxes under Chapter 2 or Chapter 3 shall not be entitled to any rebate with respect to the income tax on such income.
- (A) Notwithstanding (6) above and as provided by 4 CMC §1708(d)(1)(B)(i) (iii), a person is entitled to a rebate with respect to NMTIT paid on income when such income is not subject to taxes under Chapter 2 or Chapter 3 if any of the following provisions apply:
 - (i) the income is exempt from the Earnings Tax pursuant to §2202.1(c) of these Regulations;
 - (ii) the income is exempt from the Gross Revenue Tax under §1305(a) or (d);
 - (iii) the income is taxed under §1421 of 4 CMC under the user fee provisions.

- (B) Notwithstanding (6) and as provided by 4 CMC §1708(d)(2), a person is entitled to a rebate with respect to NMTIT paid on income from sources within the Commonwealth when such income is not subject to taxes under Chapter 2 or Chapter 3 if the person elects to have that income taxed as if it were subject to the applicable tax under Chapter 2 or Chapter 3.
 - (i) Such an election shall be made in the manner and on the form prescribed by the Secretary.
 - (ii) For purposes of (B) and except as provided in (iv), a taxpayer may elect to have an item of income subject to the Earnings Tax if the item was not derived in the course of carrying on a business whether or not the item constitutes "earnings" as defined within the Earnings Tax. In such case, the item of income shall be combined with all other items of earnings subject to the Earnings Tax, including those subject thereto due to the taxpayer's election. Such an election must be made on or before the due date of the Earnings Tax; if not made on or before this date, the taxpayer is subject to all applicable penalties and interest for such underpayment but still is entitled to the rebate with respect to the NMTIT paid on such income.
 - For purposes of (B) and except as provided in (iv), a taxpayer may elect to have an item of income subject to the Gross Revenue Tax if the item of income was derived in the course of carrying on a business whether or not the item of income constitutes "gross revenues" as defined within the Gross Revenue In such case, the item of income shall be combined with all other items of gross revenue subject to the Gross Revenue Tax, including those subject thereto due to the taxpayer's election. Such an election must be made on or before the last day of the month following the quarter during which the income was received or accrued; if not made on or before this date, the taxpayer is subject to all applicable penalties and interest for such underpayment but still is entitled to the rebate with respect to the NMTIT paid on such

income;

(iv) For purposes of (b), a taxpayer may elect to have gross winnings from any gaming, lottery, raffle or other gambling activity without the Commonwealth subject only to the Earnings Tax. A taxpayer may not elect to have such gross winnings subject to the Gross Revenue Tax.

(C) Examples.

Example No. 1: For taxable year 1995, individual Taxpayer A has CNMI sourced interest income not derived in the course of carrying on a business in the amount of \$100 and wages and salaries from services performed in the Commonwealth in the amount of \$30,000. Taxpayer A's interest income is subject to Earnings Tax and Taxpayer A's wages and salaries are subject to the Wage and Salary Tax. Taxpayer A is entitled to a rebate of the NMTIT paid on both the interest income and the wages and salary.

Example No. 2: Same facts as Example No. 1 except that Taxpayer A's interest income is derived from sources outside the Commonwealth. Taxpayer A's interest income is not subject to Chapter 2 or to Chapter 3. Taxpayer A is not entitled to rebate of the NMTIT paid on the interest income. Taxpayer A cannot make an election to have the interest income subject to Chapter 2 or Chapter 3 tax as the interest income was not sourced within the Commonwealth.

Example No. 3: Same facts as Example No. 1 except that instead of interest income, Taxpayer A receives housing benefits in the amount of \$6,000. Taxpayer A's housing benefits in the amount of \$6,000 are not subject to Chapter 2 or Chapter 3 tax. As housing benefits are exempt from the Earnings Tax under §2201.1(c) of these Regulations, Taxpayer A is entitled to a rebate of the NMTIT paid on the

housing benefits.

Example No. 4: Taxpayer L sold real property, not in the course of carrying business, located on in Commonwealth \$100,000 with for adjusted basis in the amount of \$20,000. Taxpayer L's gain in the amount of \$80,000 is taxed under the Earnings Tax to the extent of 1/2 of the gain, i.e., \$40,000. For purposes of the NMTIT, the entire \$80,000 gain is subject to the NMTIT. Taxpayer L is entitled to a rebate of the NMTIT paid on the entire \$80,000 gain to the extent of the rebate attributable to the \$40,000 which was not taxable under the Earnings Tax and to the extent of the \$40,000 which was taxable under the Earnings Tax. Taxpayer L need not make any sort of election to have the entire \$80,000 subject to the Earnings Tax as Taxpayer L would be entitled to a rebate on the entire \$80,000 as provided by law.

- (c) <u>Procedure</u>. The amount of the rebate shall be rebated by timely filing an income tax return that includes the claim for rebate for the taxable year to which the rebate relates. No rebate shall be allowed prior to the filing of the required tax return to which the rebate relates. Under no circumstances whatsoever shall the rebate be advanced or taken in advance or shall the rebate be used as a credit against the income tax shown or required to be shown on an income tax return under the NMTIT.
- (d) <u>Time For Payment of Rebate</u>. Except as provided in (1), (2), (3), or (4) below, the amount properly subject to the rebate shall be made as soon as practicable but no later than 6 months from the due date of the return or the date of filing, whichever is later.
 - (1) Notwithstanding subsection (d), a rebate subject to audit will not be made until the return is cleared from audit.
 - (2) Notwithstanding subsection (d), where the Secretary reasonably determines that the taxpayer may have committed fraud with respect to the filing of his or her tax return, the amount of the rebate shall not be made until the return has been cleared.

- (3) Notwithstanding subsection (d), a rebate shall under no circumstances be made until the entire NMTIT liability has been paid by the taxpayer. In cases where NMTIT is not timely paid, upon payment of the entire (and not a portion thereof) NMTIT liability by the taxpayer, the rebate shall be made no later than 6 months from the date on which the NMTIT was paid in full, except to the extent (1) or (2) above is applicable.
- (4) Notwithstanding subsection (d), a rebate subject to review (but not audit) of which the taxpayer is made aware in writing, shall not be made until the return is cleared from review.
- (e) <u>Definition -- Source of Income</u>. For purposes of determining the rebate, the term "sources within the Commonwealth", shall be determined pursuant to 4 CMC §1712 and §2201.2 of these Regulations. All other sourcing issues with respect to the rebate shall be determined pursuant to the sourcing rules of the NMTIT at §861 et seq.

(f) Fiscal Year Filers -- Transition Rule

- (1) For persons whose taxable years end other than on December 31, 4 CMC §1708 as enacted by Pub. L. 9-22 shall apply to fiscal years commencing after December 31, 1994.
- (2) For persons whose taxable years end other than on December 31, 4 CMC §1708 as repealed by Pub. L. 9-22 shall apply to fiscal years commencing before December 31, 1994.

Example: The fiscal year of Corporation ABC ends September 30. For all income of Corporation ABC derived during fiscal year 1994 from October 1, 1994, to September 30, 1995, Corporation ABC is entitled to a rebate of NMTIT paid on such income in the amount allowed under the provisions of 4 CMC §1708 as repealed by Pub. L. 9-22. For all taxable years commencing on or after October 1, 1995, Corporation ABC is entitled to a rebate of NMTIT paid on income derived during those fiscal years in the amount allowed under the provisions of 4 CMC §1708 as enacted and amended by Pub. L. 9-22.

(g) Rebate Trust Account.

(1) Requirement. The Secretary shall deposit funds collected under the NMTIT into one or more special

purpose interest-bearing trust accounts in banks within the Commonwealth. The amount to be deposited shall be no less than the amount needed for purposes of making rebates of NMTIT required under 4 CMC §1708. The Secretary shall prescribe a method and manner that will determine the amount required to be deposited in such accounts, as will bear a reasonable relationship to the ultimate rebate to be paid out.

- (2) <u>Withdrawal of Proceeds</u>. The proceeds from the rebate trust account(s) may be withdrawn from the trust account(s) only for the purpose of:
 - (A) making rebates as provided by 4 CMC §1708;
 - (B) payment into the General Fund, but only after a final determination, including a judicial determination if requested by the taxpayer, that the amount in question is not validly subject to rebate; or
 - (C) payments into the General Fund of interest derived from the trust accounts.
- (3) Shortfalls. In the event of any shortfall in the rebate trust account(s), the Director of Revenue and Taxation shall immediately report in writing the conditions of the shortfall to the Secretary. The Secretary upon proper legal approval shall cause to have the proper amount of shortfall be paid from the General Fund.
- (4) <u>Surplus</u>. In the event of any surplus in the rebate trust account(s), the Director of Revenue and Taxation shall immediately report such surplus to the Secretary for disposition.
- (h) Examples.

<u>Example No. 1</u>. For taxable year 1995, Taxpayer H has income in the amount of \$20,000 derived solely from wages and salaries received for services performed within the Commonwealth. For this taxable year, Taxpayer A is allowed to claim 2 personal exemptions and files a joint income tax return. H prepares his 1040CM for taxable year 1995 and determines the following:

	Chapter 7 NMTIT	Chapter 2 WST
Gross Income/Wages and Salaries	\$20,000.00	\$20,000.00
Less: Personal Exemptions	(4,000.00)	N/A
Less: Standard Deduction	(6,350.00)	N/A
Taxable Income	9,650.00	20,000.00
Calculated Tax	1,500.00	1,000.00
Less: Non-Refundable Credit	N/A	1,000.00
Balance After Non-Refundable Credit	1,500.00	-0-
Tax Withheld	1,300.00	-0-
Tax Underpayment/(Overpayment)	200.00	-0-
Calculation of Rebate Base: Tax Imposed: \$1,500.00 Less Credit: (1,000.00) Rebate Base: 500.00	500.00	N/A
Amount of Rebate (\$500.00 x 90%)	450.00	-0-

**Note: Figures are for illustrative purposes only

In this case, Taxpayer H is required to pay the NMTIT underpayment in the amount of \$200.00. Taxpayer A will then be entitled to a rebate in the amount of \$450.00.

Example No. 2. For taxable year 1995, Taxpayer M has income in the following amounts: [1] \$50,000 derived from wages and salaries received for services performed within the Commonwealth; [2] gain (as calculated under the NMTIT) from the sale of real property located in the Commonwealth the sale of which was not in the course of carrying on a business in the amount of \$75,000; [3] interest income from a savings account with a bank located in the amount of \$1,000; and [4] interest income from a savings account with a bank located in Guam in the amount of \$2,000. For this taxable year, Taxpayer M has income subject to the NMTIT in the amount of \$128,000; income subject to the Wage and Salary Tax in the amount of \$50,000; and income subject to the earnings tax in the amount of \$38,500 [1/2 gain of \$75,000 and \$1,000 CNMI sourced interest income]. For this taxable year, Taxpayer A is allowed to claim 2 personal exemptions and files a joint income tax return. H prepares his 1040CM for taxable year 1995 and determines the following:

	CH 7 NMTIT	CH 2 WST	CH 3 ET
Gross Income/Wages and Salaries	\$128,000.00	\$50,000.00	\$38,500.00
Less: Personal Exemptions	(4,000.00)	N/A	N/A
Less: Standard Deduction	(6,350.00)	N/A	N/A
Taxable Income	117,650.00	50,000.00	38,500.00
Calculated Tax	29,000.00	4,000.00	2,695.00
Less: Non-Refundable Credit	N/A	4,000.00	2,695.00
Balance After Non-Refundable Credit	29,000.00	-0-	-0-
Less Tax Withheld and Est.Tax Payments	39,000.00	-0-	-0-
Tax Withheld: \$15,000	•		
Est.Tax Payments: \$24,000			
Tax Underpayment/(Overpayment)	(10,000.00)	-0-	-0-
Calculation of Rebate Base (see below **)	21,725.00	N/A	N/A
Amount of Rebate	11,562.50	N/A	N/A
\$ 1,950.00	•		
9,612.50 [\$21,725] - [2,500] x	50%		

\$11,562.50

^{*}Note: Figures are for illustrative purposes only

**Calculation of Rebate Base:

Percentage of Income Within: 98%
<u>Within:</u> [\$50,000] + [\$75,000] + [\$1,000]/\$128,000 = 98%

Percentage of Income Without: 2% Without: \$2,000/\$128,000 = 2%

Tax Imposed Within:

\$28,420.00 [\$29,000] x [98%]

Less Non-Refundable Credits:

(6,695.00)

Rebate Base:

\$21,725.00

In this case, Taxpayer M is entitled to a refund in the amount of 10,000.00 for NMTIT and a rebate in the amount of 11,562.50.

Example No. 3: For taxable year 1995, Taxpayer A has revenues in the amount of \$100,000 derived from sources within the Commonwealth in the course of carrying on a business. For this year, Taxpayer A has no other income, will file a joint income tax return, and will claim two (2) personal exemptions. Taxpayer A prepares his Form 1040CM for taxable year 1995 and determines the following:

	<u>Chapter 7 NMTIT</u>	Chapter 3 GRT
Gross Income/Gross Revenues	\$100,000.00	\$100,000.00
Less: Personal Exemptions	(4,000.00)	N/A
Less: Standard Deduction	(6,350.00)	N/A
Taxable Income	89,650.00	100,000.00
Calculated Tax	20,300.00	2,000.00
Less: Non-Refundable Credit	N/A	2,000.00
Balance After Non-Refundable Credit	20,300.00	-0-
Estimated Tax Payments Made	24,000.00	N/A
Tax Underpayment/(Overpayment)	(4,000.00)	-0-
Calculation of Rebate Base:	18,300.00	N/A
Tax Imposed: \$20,300.00	•	
Less Credit: <u>(2,000.00</u>)		
Rebate Base: 18,300.00		
Amount of Rebate	9,850.00	N/A

^{**}Note: Figures are for illustrative purposes only

In this case, Taxpayer A is entitled to a refund in the amount of \$4,000.00 for NMTIT and a rebate in the amount of \$9,850.00.

Example No. 4: For taxable year 1995, Corporation ABC, a domestic corporation, has revenues in the amount of \$500,000 of which \$400,000 are derived from sources within the Commonwealth in the course of carrying on a business while the remaining are derived from sources without the Commonwealth. Corporation ABC has allowable deductions attributable to the \$400,000 of CNMI sourced gross revenues in the amount of \$75,000 and \$10,000 attributable to non-CNMI sourced gross revenues in the amount of \$100,000. Corporation ABC prepares its Form 1120CM for taxable year 1995 and determines the following:

	Chapter 7 NMTIT	Chapter 3 GRT
Gross Income/Gross Revenues	\$500,000,00	\$400,000.00
Less: Allowable Deductions	85,000.00	N/A
Taxable Income	415,000.00	400,000.00
Calculated Tax	130,000.00	12,000.00
Less: Non-Refundable Credit	N/A	12,000.00
Balance After Non-Refundable Credit	130,000.00	-0-
Estimated Tax Payments Made	120,000.00	N/A
Tax Underpayment/(Overpayment)	10,000.00	-0-
Calculation of Rebate Base:	89,400.00	N/A
Percentage of Income Within: 78%		
Within: [\$400,000] - [\$75,000]/\$4	15,000 = 78%	
Percentage of Income Without: 22%		
Without: [\$100,000] - [\$10,000]/\$4		
Tax Imposed Within: \$101,400.00 [\$1	30,000] x [78%]	
Less Credit: (12,000.00)		
Rebate Base: 89,400.00		
Amount of Rebate	66,580.00	N/A

**Note: Figures are for illustrative purposes only

In this case, Corporation XYZ is required to pay the NMTIT underpayment in the amount of \$10,000.00. Corporation XYZ will then be entitled to a rebate in the amount of \$66,580.00.

Section 2206.13. Tax on Overpayments.

- (a) <u>In General</u>. Pursuant to 4 CMC §1709 and except as provided in subsection (b), there is imposed on every person subject to the NMTIT a separate, additional tax for such taxable year equal to the amount of any overpayment arising from any excessive credit, including those credits specified in subsection (c). However, nothing within 4 CMC §1709 or this subsection shall prohibit a taxpayer from taking such credits to the extent of the taxpayer's NMTIT liability.
- (b) <u>Exceptions</u>. Subsection (a) shall not apply to an excessive credit resulting from any overpayment of the following:
 - (1) withholding tax credit allowed under §31 of the NMTIT;
 - (2) estimated tax credit;
 - (3) earned income tax credit allowed under §32 of the NMTIT claimed by individuals with a "qualifying child" as defined by the NMTIT; and

- (4) all withholding or estimated tax credits withheld at source of nonresident aliens and foreign corporations allowed under §33 of the NMTIT.
- (c) <u>Inclusions</u>. The separate, additional tax imposed on any excessive credit is imposed on, but is not limited to, the following credits allowed under the NMTIT:
 - (1) §21, credit for household and dependent care services;
 - (2) §22, credit for the elderly and the permanently and totally disabled;
 - (3) §25, interest on certain home mortgages;
 - (4) §27 and §901, foreign tax credit;
 - (5) §28, clinical testing expenses for certain drugs for rare diseases or conditions;
 - (6) §29, credit for producing fuel from a nonconventional source;
 - (7) §30, credit for qualified electric vehicles;
 - (8) §38, general business credit; and
 - (9) all other credits which reduce tax liabilities dollar for dollar, except as provided in subsection (b) of this section.

DUE DATE

Section 2206.14. Estimated Tax

(a) <u>Due Dates</u>. Notwithstanding §6654 of the NMTIT, the following are the due dates for payments of estimated tax for all taxpayers, both individual and non-individual:

<u> </u>	<u>DOD DIIID</u>
First Quarter	April 30
Second Quarter	July 31
Third Quarter	October 31
Fourth Quarter	January 31

(b) Place to File.

OUARTER

(1) Individual Taxpayer

- (A) For an individual taxpayer that resides (as determined under §935 of the NMTIT) within the CNMI for the entire taxable year, all quarterly estimated NMTIT payments should be made to the Commonwealth.
- (B) For an individual taxpayer that resides both within the Commonwealth and the United States and/or Guam during a taxable year, the determination of where the taxpayer is to make quarterly estimated NMTIT payments is made pursuant to §935 of the NMTIT.
- (2) Non-Individual Taxpayer. All taxpayers other than an individual taxpayer must file its estimated income tax payments with the CNMI.
- (c) <u>Tentative Non-Refundable Credit</u>. Pursuant to and as provided by 4 CMC §1307, a person may take any NMTIT as a non-refundable credit against the Gross Revenue Tax imposed by Chapter 3 of 4 CMC. To determine the extent to which this tentative non-refundable credit is allowed at the time quarterly estimated NMTIT payments are made and quarterly Gross Revenue Tax payments are due, see §2203.9(b) of these Regulations.

Section 2206.15. <u>Nonresident Aliens, Foreign Corporations,</u> and all other Persons

- (a) Nonresident Alien and Foreign Corporations. A "nonresident alien" as defined by §7701(b) of the NMTIT and a "foreign corporation" as defined by §7701(a)(5) of the NMTIT is subject to the NMTIT as provided under the NMTIT. Generally, a nonresident alien and a foreign corporation are subject to the NMTIT only on income deemed sourced within the Commonwealth. Nonresident aliens and foreign corporations subject to the NMTIT shall file all income tax returns as specified by the NMTIT.
- (b) <u>All Others</u>. All persons other than those specified in subsection (a) are subject to the NMTIT on income from all sources. Such persons shall file a Territorial Individual Tax Return on Form 1040A-CM or 1040CM on or before April 15, following the close of the taxable year.

Section 2206.16. <u>Changes in Nomenclature -- United States</u> <u>Agencies and Commonwealth Agencies</u>.

(a) <u>In General</u>. Pursuant to 4 CMC §1701(e), in applying

the NMTIT for any purpose, except where it is manifestly otherwise required, the applicable provisions of the U.S. Internal Revenue Code shall be read so as to make all necessary changes in nomenclature and other language where necessary to effect the intent of Chapter 7 of 4 CMC.

- (b) Government Agencies. Wherever the NMTIT mentions an agency or department of the United States government, it shall be construed to be applicable in the Commonwealth equal to its comparable agency or administration in the Commonwealth such as:
 - (1) United States Office of Personnel Management Retirement System is the Northern Mariana Islands Retirement Fund established under Chapter 1, Division 8 of 1 CMC;
 - (2) General Accounting Office is the Office of the Public Auditor established under Chapter 6, Division 2, of 1 CMC.

Section 2206.17. Forms and Returns. The Secretary shall prescribe all necessary forms and returns for the implementation of the NMTIT. The forms and returns prepared by the U.S. Internal Revenue Service for implementation of the U.S. Internal Revenue Code may be adopted and modified to suit the application thereof. See §§2201.5 - 2201.8 regarding withholding payments and returns.

Section 2206.18 §1701(i) Reasonable Cause Waiver. Additions to tax, additional amounts, penalties or any part thereof, due to acts performed or not performed by a person acting in reasonable reliance on Chapter 7 or on any rules and regulations promulgated thereunder shall be waived under 4 CMC §1701(i) only if "reasonable cause" exists to waive such amounts. For purposes of this section, "reasonable cause" is defined the same as under the mirrored-income tax provisions of the NMTIT.

PART VIII - SECTION 2207, ADMINISTRATIVE PROVISIONS -- GENERAL RULES

Section 2207.1 Applicability, Authority, and Income Tax Regulations

- (a) Applicability. Unless otherwise specifically provided, the provisions in Parts VIII-XIV shall apply to taxes, fees, and charges imposed under 4 CMC, Division 1, except that Parts VIII-XIV shall not apply to the following:
 - (1) Taxes, fees, and other charges imposed under 4 CMC, Chapter 4 which are administered by the CNMI Division of Customs;
 - (2) Taxes, fee, and other charges imposed under 4 CMC, Chapter 10, Developer's Infrastructure Tax which are administered by the Department of Public Works;
 - (3) Taxes, fees, and other charges imposed under 4 CMC, Chapter 7, the Northern Marianas Territorial Income Tax.
- (b) <u>Authority</u>. The Secretary is authorized to promulgate Parts VIII-XIV pursuant to those provisions specified in §2200.1 of these Regulations, including the following provisions of the law:
 - (1) 1 CMC §2557 -- The Department of Finance may adopt rules and regulations not inconsistent with the law regarding those matters within its jurisdiction and to provide penalties both civil and criminal for violation thereof;
 - (2) 4 CMC §1811 -- All taxes imposed or authorized under this Act shall be a lien upon any property of the person or business obligated to pay said taxes and may be collected by levy upon such property in the manner to be prescribed by the Secretary pursuant to §1818 of this Act;
 - (3) 4 CMC §1818 -- The Secretary upon approval of the Governor, shall have broad authority to prescribe all necessary rules and regulations not in conflict with this Act for the assessment and collection of taxes, penalties, fees, and charges and for the proper administration of this Act.

(c) <u>Income Tax Regulations</u>. To the extent applicable and not inconsistent or in compatible with the law and these Regulations, the Regulations in Parts VIII-XIV are supplemented by the tax regulations to comparable NMTIT sections issued under the U.S. Internal Revenue Code which are mirrored for purposes of the NMTIT as follows:

CNMI Regulations	NMTIT
Section Number	<u>Section Number</u>
2207.4	7502
2207.5	7502 7503
2207.7(a) & (b)	7622
2207.8(a)	7121
2207.8(b)	7122
2207.9	6011(e)
2207.10	6107
2208.1	6201(a)
2208.2	6201(a)(3)
2208.3	6201(a)
2208.4	6203
2208.5	6204
2208.6	6020
2208.8	6851
2208.9	6404(a)
2209.1	6301
2209.2	6303
2209.3	6159
2210.1	6321
2210.2	6322
2210.3	6323(f)
2210.4	6323(a)
2210.5	6325
2210.6	6323(g)
2210.7	6326
2211.1	6331
2211.2	6332
2211.3	6334
2211.4	6335
2211.5	6337
2211.6	6338
2211.7(a)	6339
2211.7(b)	6338
2211.8	6340
2211.9	6341
2211.10 2211.11	6342
2211.11	6343
2212.1	7601 7403
2212.2	7602 7407
2212.4	7603 7605
2212.4	7605 7606
4414.3	(OUO

Section 2207.2 Private Letter Rulings The procedures for private letter rulings shall follow that form prescribed in 4 CMC §1707.

Section 2207.3 Service By Publication. For all tax actions where service of process is required, the Commonwealth Government or its designee may serve process on a party not found within the

Northern Mariana Islands under the same circumstances and in the same manner as the laws or court rules of the Northern Mariana Islands authorize service of process by private plaintiffs.

Section 2207.4 <u>Timely Mailing Treated As Timely Filing and Paying.</u>

(a) General rule.

- (1) Date Of Delivery. If any return, claim, statement, or other document required to be filed, or any payment required to be made, within a prescribed period or on or before a prescribed date under authority of any provision of the Commonwealth tax laws is, after such period or such date, delivered by United States mail to the agency, officer, or office with which such return, claim, statement, or other document is required to be filed, or to which such payment is required to be made, the date of the United States postmark stamped on the cover in which such return, claim, statement, or other document, or payment, is mailed shall be deemed to be the date of delivery or the date of payment, as the case may be.
- (2) Mailing Requirements. This subsection shall apply only if:
 - (A) the postmark date falls within the prescribed period or on or before the prescribed date:
 - (i) for the filing (including any extension granted for such filing) of the return, claim, statement, or other document, or
 - (ii) for making the payment (including any extension granted for making such payment), and
 - (B) the return, claim, statement, or other document, or payment was, within the time prescribed in subparagraph (A), deposited in the mail in the United States in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the agency, officer, or office with which the return, claim, statement, or other document is required to be filed, or to which such payment is required to be made.

(b) <u>Postmarks</u>. This section shall apply in the case of postmarks not made by the United States Postal Service only if and to the extent allowed under the Income Tax Regulations of §7502 of the NMTIT.

(c) Registered and Certified Mailing.

- (1) Registered Mail. For purposes of this section, if any such return, claim, statement, or other document, or payment, is sent by United States registered mail:
 - (A) such registration shall be prima facie evidence that the return, claim, statement, or other document was delivered to the agency, officer, or office to which addressed, and
 - (B) the date of registration shall be deemed the postmark date.
- (2) Certified Mail. The provisions of paragraph (1) of this subsection with respect to prima facie evidence of delivery and the postmark date shall apply to certified mail in the manner and to the extent as provided under the Income Tax Regulations of §7502 of the NMTIT.
- (d) <u>Exceptions</u>. This section shall not apply with respect to:
 - (1) the filing of a document in, or the making of a payment to the Commonwealth Superior Court.
 - (2) currency or other medium of payment unless actually received and accounted for, or
 - (3) returns, claims, statements, or other documents, or payments, which are required under any provision of the Commonwealth tax laws or the regulations thereunder to be delivered by any method other than by mailing.

(e) Mailing of Deposits.

(1) Date Of Deposit. If any deposit required to be made (pursuant to the Income Tax Regulations of §7502 of the NMTIT) on or before a prescribed date is, after such date, delivered by the United States mail to the bank, trust company, domestic building and loan association, or credit union authorized to receive such deposit, such deposit shall be deemed received by such bank, trust

company, domestic building and loan association, or credit union on the date the deposit was mailed.

- (2) Mailing Requirements. Paragraph (1) shall apply only if the person required to make the deposit establishes that:
 - (A) the date of mailing falls on or before the second day before the prescribed date for making the deposit (including any extension of time granted for making such deposit), and
 - (B) the deposit was, on or before such second day, mailed by United States mail in an envelope or other appropriate wrapper, postage prepaid, properly addressed to the bank, trust company, domestic building and loan association, or credit union authorized to receive such deposit. In applying subsection (c) for purposes of this subsection, the term 'payment' includes 'deposit', and the reference to the postmark date refers to the date of mailing.
- (3) No Application To Certain Deposits. Paragraph (1) shall not apply with respect to any deposit of \$20,000 or more by any person who is required to deposit any tax more than once a month.

Section 2207.5 Time For Performance Of Acts Where Last Day Falls On Saturday, Sunday, Or Legal Holiday. When the last day prescribed under authority of the Commonwealth Tax laws for performing any act falls on Saturday, Sunday, or a legal holiday, the performance of such act shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday, or a legal holiday. For purposes of this section, the last day for the performance of any act shall be determined by including any authorized extension of time; the term ''legal holiday'' means a legal holiday in the CNMI.

Section 2207.6 Extensions to File Tax Returns.

- (a) <u>Wage and Salary Tax Return and Earnings Tax Return</u>. See §2201.9 regarding the Wage and Salary Tax Return and §2202.6 regarding the Earnings Tax Return.
- (b) <u>Gross Revenue Tax Returns</u>. In the case of the Gross Revenue Tax, the Secretary may for good cause extend the time for filing returns but no later than the last day of the first month succeeding the regular due date. In all other cases, there shall be no extension to file a tax return.

Section 2207.7 Authority to Administer Oaths and Certify; Authority to Regulate Practice.

- Oaths -- Department of Finance Personnel. officer or employee of the Department of Finance designated by the Secretary for that purpose is authorized to administer such oaths or affirmations and to certify to such papers as may be necessary under the CNMI tax laws or these Regulations made thereunder.
- Oaths -- Other Government Employees. Any oath or affirmation required or authorized under any CNMI tax law or under any regulations made thereunder may be administered by any person authorized to administer oaths for general purposes of the law of the Commonwealth, where in such oath or affirmation is administered. This subsection shall not be construed as an exclusive enumeration of the persons who may administer such oaths or affirmations.
- Regulation of Practice. For purposes of both the NMTIT and non-NMTIT provisions of 4 CMC, Division 1, the Secretary shall have the authority to regulate practice before the Division of Revenue and Taxation under the mirrored provisions of the Conference and Practice Requirements of §§601.501-601.509 of Title 26 of the U.S. Code of Federal Regulations and Treasury Department Circular No. 230 codified at 31 U.S. Code of Federal Regulations, Part 10, Circular 230.

Section 2207.8 Closing Agreements; Compromises

- (a) Closing Agreements. The Secretary is authorized to enter into an agreement in writing with any person relating to the liability of such person (or of the person or estate for whom he acts) in respect of any Commonwealth tax for any taxable period. If such agreement is approved by the Secretary (within such time as may be stated in such agreement, or later agreed to) such agreement shall be final and conclusive, and except upon a showing of fraud or malfeasance, or misrepresentation of a material fact,
 - (1) the case shall not be reopened as to the matters agreed upon, and
 - in any suit, action, or proceeding, such agreement, or any determination, assessment, collection, payment, abatement, refund, or credit may be made in accordance therewith, shall not be annulled, modified, set aside, or disregarded.

(b) <u>Compromises</u>. The Secretary may compromise any civil or criminal case arising under the Commonwealth tax laws prior to reference to the Attorney General's Office for prosecution or defense and the Attorney General or his delegate may compromise any such case after reference to it.

Section 2207.9 Returns on Magnetic Media. All annual wage and salary tax statements, Forms W-2, shall be filed on magnetic media if required under §6011(e) of the NMTIT and the Income Tax Regulations thereunder.

Section 2207.10 CNMI Tax Return Preparer Must Furnish Copy of Return to Taxpayer and Must Retain a Copy or List.

- (a) Furnishing a copy to taxpayer. Any person who is a CNMI "income tax return preparer" as defined by §7701(a)(36) of the NMTIT with respect to any return or claim for refund shall furnish a completed copy of such return or claim to the taxpayer not later than the time such return or claim is presented for such taxpayer's signature.
- (b) Copy or list to be retained by CNMI tax return preparer. Any person who is a CNMI income tax return preparer with respect to a return or claim for refund shall, for the period ending 3 years after the close of the return period -
 - (1) retain a competed copy of such return or claim, or retain, on a list, the name and taxpayer identification number of the taxpayer for whom such return or claim was prepared; and
 - (2) make such copy or list available for inspection upon request by the Secretary.
- (c) In cases where 2 or more persons are CNMI income tax return preparers with respect to the same return or claim for refund, compliance with the requirements of subsection(a) or (b), as the case may be, of one such person shall be deemed to be compliance with the requirements of such subsection by the other persons as provided by §6107 of the NMTIT and regulations thereunder.

PART IX - SECTION 2208, ASSESSMENTS

Section 2208.1 Authority. The Secretary of Finance or his delegate is authorized to make inquiries, determinations and assessments of all taxes (including interest, additional amounts, additions to the tax, and assessable penalties).

Section 2208.2 Erroneous Prepayment Credits. If on any return or claim for refund of taxes, there is an overstatement of the credit for tax withheld at the source or of the amount paid as estimated tax, the amount so overstated which is allowed against the tax shown on the return or which is allowed as a credit or refund may be assessed by the Secretary in the same manner as in the case of a mathematical or clerical error appearing upon the return.

Section 2208.3 Taxes Assessed. The Secretary shall assess all taxes determined by the Secretary as to which returns, schedules, lists or entry certificates are required to be made. Taxes and all other amounts indicated as due on returns filed by a taxpayer are deemed assessed on the date the return is filed.

Section 2208.4 Method of Assessment. Secretary's assessments shall be made by recording the liability of the taxpayer in the Office of the Secretary in the manner and to the extent as provided under the Income Tax Regulations of §6201 of the NMTIT. request of the taxpayer, the Secretary shall furnish the taxpayer a copy of the Secretary's record of assessment.

Section 2208.5 <u>Supplemental Assessments</u>. The Secretary may, at any time within such periods as may be prescribed for assessments, make such supplemental or additional assessment whenever it is ascertained that any assessment is imperfect or incomplete. The Secretary may also make an assessment for the recovery of any erroneous refund or rebate made.

Section 2208.6 Assessment No Return Filed.

- (a) Notice. Upon the failure of any person to make and file a return required within the time and the manner and form prescribed, or upon failure to pay any amount due, Secretary may notify such person of such failure and demand that a return be made and filed and the tax paid as required.
- Preparation of Return by Secretary. Except as provided by 4 CMC §1708, if any person shall fail to make a required return, but shall consent to disclose all information necessary for the preparation thereof, then, and in that case, the Secretary may prepare such return, which being signed by

such person, may be received by the Secretary as the return of such person.

(c) Execution of Return by Secretary.

- Except as provided by 4 CMC §1708, if any person fails to make any required return at the time prescribed therefore, and if such person upon notice and demand made by the Secretary, fails or refuses within 30 days after said notice and demand to make and file a return and pay the tax required after said notice and demand has been mailed to the taxpayer's last known address or within 30 days after said notice has been otherwise caused to be delivered to the taxpayer, the Secretary may make a return for such persons from his own knowledge and from such information as he can obtain through testimony or otherwise, and may assess the appropriate amount of tax.
- (d) Status of Returns Executed by Secretary. Any return made and subscribed by the Secretary pursuant to this section shall be prima facie good and sufficient for all legal purposes.

Section 2208.7 <u>Assessment Erroneous Return Filed</u>. In the event any taxpayer makes and files a required return, schedule or list and the Secretary determines that said return, schedule or list is untrue, erroneous, incomplete or incorrect in any respect, or does not otherwise conform to law, the Secretary may determine and assess the proper amount of tax in accordance with the procedures of Division 1 of 4 CMC and these Regulations.

Section 2208.8 Termination Assessment.

- (a) <u>In General</u>. If the Secretary believes that a taxpayer intends to:
 - (1) depart from the Commonwealth;
 - (2) remove his property from the Commonwealth;
 - (3) conceal himself or his property from the Commonwealth; or
 - (4) do any other act (including in the case of a corporation, distributing all or a part of its assets in liquidation or otherwise)

which tends to prejudice or to render wholly or partially ineffectual proceedings to collect tax for the current and/or

the immediately preceding taxable year, unless such proceeding be brought without delay, the Secretary shall immediately make a determination of tax for the current taxable year and/or for the preceding taxable year. Notwithstanding any other provision of law or these Regulations, such tax shall become immediately due and payable. The Secretary shall immediately assess the amount of the tax so determined (together with all interest, additional amounts, and additions to the tax provided by law) for the current taxable year and/or such preceding taxable year, and shall cause notice of such determination and assessment to be given to the taxpayer, together with a demand for immediate payment of such tax.

- (b) Computation of Tax. In the case of a current taxable year, the Secretary shall determine the tax for the period beginning on the first day of such current taxable year and ending on the date of the determination under subsection (a) as though such period were a taxable year of the taxpayer and shall take into account any prior determination made under this section with respect to such current taxable year.
- (c) <u>Treatment of Amounts Collected</u>. Any amounts collected as a result of any assessments under this section shall, to the extent thereof, be treated as a payment of tax for such taxable year.
- (d) <u>Departure of Alien</u>. Subject to such exceptions as are provided under the Income Tax Regulations under §6851 of the NMTIT:
 - (1) No alien shall depart from the CNMI unless he first procures from the Secretary a certificate that he has complied with all obligations imposed upon him by the CNMI tax laws.
 - (2) Payment of taxes shall not be enforced by any proceedings under the provisions of this section prior to the expiration of the time otherwise allowed for paying such taxes, if in the case of an alien about to depart from the CNMI, the Secretary determines that the collection of the tax will not be jeopardized by the departure of the alien.
- (e) <u>Limitation</u>. This section shall not authorize any assessment of tax for the preceding taxable year which is made after the due date of the taxpayer's return for such taxable year (determined with regard to any extensions of time to file a return).

Section 2208.9 <u>Abatement</u>. The Secretary is authorized to abate the unpaid portion of the assessment of any tax or any liability in respect thereof, which--

- (a) is excessive in amount;
- (b) is assessed after the expiration of the period of limitations properly applicable thereto;
 - (c) is erroneously or illegally assessed; or
- (d) is small in amount if the Secretary determines that the administration and collection costs involved would not warrant collection of the amount due.

PART X - SECTION 2209, COLLECTIONS

Section 2209.1 <u>Collection Authority</u> The Secretary shall collect all taxes imposed.

Section 2209.2 Notice and Demand for Tax Unless otherwise provided, the Secretary shall, as soon as practicable after the making of an assessment of a tax pursuant to Part XIV of these Regulations give notice to each person liable for the unpaid tax, stating the amount and demanding payment thereof. Such notice shall be left with a responsible person at the dwelling or usual place of business of such person, or shall be sent by certified mail to such person's last known address.

Section 2209.3 <u>Agreements for Payment of Tax Liability in Installments</u>

- (a) <u>Authorization of Agreements</u>. The Secretary is authorized to enter into written agreements with any taxpayer under which such taxpayer is allowed to satisfy liability for payment of any tax in installment payments if the Secretary determines that such agreement will facilitate collection of such liability.
 - (b) Extent to Which Agreement Remains in Effect.
 - (1) In General. Except as otherwise provided in this subsection, any agreement entered into by the Secretary under subsection (a) shall remain in effect for the term of the agreement.
 - (2) Inadequate Information or Jeopardy. The Secretary may terminate any agreement entered into by the Secretary under subsection (a) if--
 - (A) information which the taxpayer provided to the Secretary prior to the date such agreement was entered into was inaccurate or incomplete; or
 - (B) the Secretary believes that collection of any tax to which an agreement under this section relates is in jeopardy. "Jeopardy" is defined as when the Secretary believes that a taxpayer intends to:
 - (i) depart from the Commonwealth;
 - (ii) remove his property from the Commonwealth;

- (iii) conceal himself or his property from the Commonwealth; or
- (iv) do any other act (including in the case of a corporation, distributing all or a part of its assets in liquidation or otherwise)

which tends to prejudice or to render wholly or partially ineffectual proceedings to collect tax.

- (3) Subsequent Change in Financial Conditions.
- (A) In General. If the Secretary makes a determination that the financial condition of a taxpayer with whom the Secretary has entered into an agreement under subsection (a) has significantly changed, the Secretary may alter, modify, or terminate such agreement.
- (B) Notice. Action may be taken by the Secretary under (A) only if--
 - (i) notice of such determination is provided to the taxpayer no later than 30 days prior to the date of such action; and
 - (ii) such notice includes the reasons why the Secretary believes a significant change in the financial condition of the taxpayer has occurred.
- (4) Failure to Pay an Installment or Any Other Tax Liability When Due or To Provide Requested Financial Information. The Secretary may alter, modify, or terminate an agreement entered into by the Secretary under subsection (a) in the case of the failure of the taxpayer --
 - (A) to pay any installment at the time such installment payment is due under such agreement;
 - (B) to pay any other tax liability at the time such liability is due; or
 - (C) to provide a financial condition update as requested by Secretary.

PART XI - SECTION 2210, LIEN FOR TAXES

Section 2210.1 Lien. If any person liable to pay any tax neglects or refuses to pay the same after demand, the amount (including any interest, additional amount, addition to tax, or assessable penalty, together with any costs that may accrue in addition thereto) shall be a lien in favor of the Commonwealth upon all property and rights to property, whether real or personal, belonging to such person.

Section 2210.2 Period of Lien. The lien imposed by law and pursuant to Section 2210.1 of these Regulations shall arise at the time the assessment is made and shall continue until the liability for the amount so assessed (or a judgment against the taxpayer arising out of such liability) is satisfied, the assessment expires under applicable Commonwealth law, or the lien is released by the Secretary.

Section 2210.3 Place for Filing Notice Notice of a tax lien shall be recorded with the Commonwealth Recorder's Office. A notice of a tax lien so recorded shall be perfected as to all of a taxpayer's real property located within the Commonwealth, to all tangible and intangible personal property and income of a taxpayer residing within the Commonwealth, and to all tangible and intangible personal property and income located in the Commonwealth of a taxpayer residing without the Commonwealth.

Section 2210.4 <u>Validity and Priority of Tax Lien.</u>

- (a) <u>In General</u>. Except as provided in subsection (b) or (c), the validity and priority of a tax lien of the Commonwealth Government in the property and income of a taxpayer for unpaid taxes, additions to tax, penalties and interest (and any cost that may accrue in addition thereto) shall, as against anyone else claiming an interest in the same property or income of the taxpayer, be determined in accordance with applicable Commonwealth law (including 1 CMC §3711 and 2 CMC §4520).
- (b) Exception. No tax lien of the Commonwealth Government in a taxpayer's property and income shall have priority over a bona fide purchaser or lessee of the taxpayer for valuable consideration, a bona fide holder of a security interest for value, a bona fide judgment lien creditor or holder of another bona fide interest or encumbrance for value, unless the Commonwealth Government's tax lien has been recorded previously or the party claiming the competing interest in the property or income of the taxpayer has actual

notice of the tax lien.

(c) <u>Filing Requirement</u>. No interest claimed by a competing party in property or income of a taxpayer shall prevail over a tax lien of the Commonwealth Government unless the party claiming such competing interest has taken all steps under applicable law to properly create and perfect the interest claimed in the taxpayer's property or income, and said interest is not otherwise contrary to or in violation of Commonwealth law.

Section 2210.5 Release of Lien, Discharge, and Subordination.

- (a) Release of Lien. Except to the extent as provided in the Income Tax Regulations of §6325 of the NMTIT, the Secretary shall issue a certificate of release of any lien imposed with respect to any non-NMTIT tax not later than 30 days after the day on which:
 - (1) Liability Satisfied or Unenforceable. The Secretary finds that the liability for the amount assessed, together with all interest in respect thereof, has been fully satisfied or has become legally unenforceable; or
 - (2) Bond Accepted. There has been furnished to the Secretary and accepted by him a bond that is conditioned upon the payment of the amount assessed, together with all interest in respect thereof, within the time prescribed by law (including any extensions of such time), and that is in accordance with such requirements relating to terms, conditions, and form of the bond and sureties thereon, as may be specified by the Secretary.
- (b) <u>Discharge of Property</u>. As provided in (1), (2), and (3) and in the manner and to the extent provided in the Income Tax Regulations under §6325 of the NMTIT, the Secretary may discharge property from a lien.
 - (1) The Secretary may issue a certificate of discharge of any part of property subject to a lien if the Secretary finds that the fair market value of that part of such property remaining subject to the lien is at least double the amount of all other liens upon such property which have priority over such lien.
 - (2) The Secretary may issue a certificate of discharge of any part of the property subject to a lien if-

- (A) there is paid over to the Secretary in partial satisfaction of the liability secured by the lien an amount determined by the Secretary, which shall not be less the value, as determined by the Secretary, of the interest of the CNMI in the part to be so discharged; or
- (B) the Secretary determines at any time that the interest of the CNMI in the part to be so discharged has no value.

In determining the value of the interest of the CNMI in the part to be so discharged, the Secretary shall give consideration to the value of such part and to such liens thereon as have priority over the lien of the CNMI.

- (3) The Secretary may issue a certificate of discharge of any part of the property subject to a lien if such part of the property is sold and, pursuant to an agreement with the Secretary, the proceeds of such sale are to be held as a fund subject to the liens and claims of the CNMI in the same manner and with the same priority as such liens and claims had with respect to the discharged property.
- (c) <u>Subordination of lien</u>. In the manner and to the extent provided in the Income Tax Regulations under §6325 of the NMTIT, the Secretary may issue a certificate of subordination of a lien imposed upon any part of the property subject to such lien if—
 - (1) there is paid over to the Secretary an amount equal to the amount of the lien or interest to which the certificate subordinates the lien of the CNMI; or
 - (2) the Secretary believes that the amount realizable by the CNMI from the property to which the certificate relates, or from any other property subject to the lien, will ultimately be increased by reason of the issuance of such certificate and that the ultimate collection of the tax liability will be facilitated by such subordination.

(d) Effect of certificate.

(1) Conclusiveness. Except as provided in paragraphs (2) and (3), if a certificate is issued pursuant to this section by the Secretary and is filed in the same office as the notice of lien to which it relates (if such notice of lien has been

filed) such certificate shall have the following effect:

- (A) in the case of a certificate of release, such certificate shall be conclusive that the lien referred to in such certificate is extinguished;
- (B) in the case of a certificate of discharge, such certificate shall be conclusive that the property covered by such certificate is discharged from the lien; and
- (C) in the case of subordination, such certificate shall be conclusive that the lien or interest to which the lien of the CNMI is subordinated is superior to the lien of the CNMI.
- (2) Revocation of certificate of release. If the Secretary determines that a certificate of release was issued erroneously or improvidently, or if a certificate of release of such lien was issued pursuant to a collateral agreement entered into in connection with a compromise under §2207.8(b) of these Regulations which has been breached, and if the period of limitation on collection after assessment has not expired, the Secretary may revoke such certificate and reinstate the lien—
 - (A) by mailing notice of such revocation to the person against whom the tax was assessed at his last known address; and
 - (B) by filing notice of such revocation in the same office in which the notice of lien to which it relates was filed (if such notice of lien had been filed).

Such reinstated lien [1] shall be effective upon the date notice of revocation is mailed to the taxpayer in accordance with the provisions of (A), but not earlier than the date on which any required filing of notice of revocation is filed in accordance with the provisions of (B); and [2] shall have the same force and effect (as if such date) and until the expiration of the period of limitation on collection after assessment, as a lien imposed by §2210.1 of these Regulations. (3) Certificates void under certain conditions. Notwithstanding any other provision of these Regulations, any lien imposed by these Regulations shall attach to any property with respect to which a certificate of discharge has been issued if the person liable for the tax reacquires such property after such certificate has been issued.

Section 2210.6 Refiling of Notice For purposes of validity and priority of the tax lien--

- (a) <u>General Rule</u>. Unless a notice of lien is refiled in the manner prescribed in subsection (b) during the required filing period, such notice of lien shall be treated as filed on the date on which it is refiled (in accordance with §§2210.1-2210.4 of these Regulations) after the expiration of such refiling period.
- (b) Place for filing. A notice of lien refiled during the required refiling period shall be effective only if such notice of lien is refiled in the Commonwealth Recorder's Office.
- (c) Required Refiling Period. In the case of any notice of lien, the term "required refiling period" means --
 - (1) the one year period ending 30 days after the expiration of 10 years after the date of the assessment of the tax; and
 - (2) the one year period ending with the expiration of 10 years after the close of the preceding required refiling period for such notice of lien.

Section 2210.7 Administrative Appeal of Liens

- (a) Appeal. In the manner and to the extent provided in the Income Tax Regulations under §6326 of the NMTIT, any person shall be allowed to appeal to the Secretary after the filing of a notice of a lien under these Regulations on the property or the rights to property of such person for release of such lien alleging an error in the filing of the notice of such lien.
- (b) <u>Certificate of Release</u>. If the Secretary determines that the filing of the notice of any lien was erroneous, the Secretary shall expeditiously issue a certificate of release of such lien and shall include in such certificate a statement that such filing was erroneous.

PART XII - SECTION 2211, SEIZURE OF PROPERTY FOR COLLECTION OF TAXES

Section 2211.1 Levy and Distraint.

- (a) <u>Authority</u>. If any person liable to pay any tax neglects or refuses to pay the same within 10 days after notice and demand, it shall be lawful for the Secretary to collect such tax (and such further sums as shall be sufficient to cover the expenses of the levy) by initiating levy proceedings upon all property and rights to property (except such property as is exempt under §2211.3 of these Regulations) belonging to such person or on which there is a lien for the payment of such tax. If the Secretary makes a finding that the collection of such tax is in jeopardy, as defined in §2209.3(b)(2)(B) of these Regulations, notice and demand for immediate payment of such tax may be made by the Secretary and upon failure or refusal to pay such tax, collection thereof by levy shall be lawful without regard to the 10 day period provided in this section.
- (b) <u>Seizure and Sale of Property</u>. The term 'levy' as used in Part XII of these Regulations includes the power of distraint and seizure by any means. Except as otherwise provided, a levy shall extend only to property possessed and obligations existing at the time thereof. In any case in which the Secretary may levy upon property or rights to property, he may seize and sell such property or rights to property (whether real or personal, tangible or intangible).
- (c) <u>Successive Seizures</u>. Whenever any property or right to property upon which levy has been made by virtue of subsection (a) is not sufficient to satisfy the claim of the Commonwealth for which levy is made, the Secretary may, thereafter, and as often as may be necessary, proceed to levy in like manner upon any other property liable to levy of the person against whom such claim exists, until the amount due from him, together with all expenses, is fully paid.

(d) Requirement of Notice Before Levy.

(1) Notice. A levy under subsection (a) may only be made after the Secretary has notified the person in writing of his intention. Such notice must be made at least 30 days before the day of levy by giving the taxpayer the notice in person, leaving the notice at the taxpayer's dwelling or usual place of business, or by sending the notice by certified or registered mail to such taxpayer's last known address.

- (2) Jeopardy. If the Secretary makes a finding that the collection of such tax is in jeopardy, as defined in §2209.3(b)(2)(B) of these Regulations, (1) shall not apply to a levy.
- (3) Contents of Notice. The notice required shall include a brief statement which sets forth in simple and nontechnical terms:
 - (A) the provisions of the law, including these Regulations, relating to levy and sale of property;
 - (B) the procedures applicable to the levy and sale of property under these Regulations;
 - (C) the administrative appeals available to the taxpayer with respect to such levy and sale and the procedures relating to such appeals;
 - (D) The alternatives available to taxpayers which coulD prevent levy on the property (including installment agreements);
 - (E) the provisions of these Regulations relating to redemption of property and release of liens on property; and
 - (F) the procedures applicable to the redemption of property and the release of a lien on property under these Regulations.
- (e) <u>Continuing levy on salary and wages</u>. The effect of a levy on salary or wages payable to or received by a taxpayer shall be continuous from the date such levy is first made until such levy is released under §2211.11 of these Regulations.
- (f) <u>Uneconomical levy</u>. No levy may be made on any property if the amount of the expenses which the Secretary estimates (at the time of levy) would be incurred by the Secretary with respect to the levy and sale of such property exceeds the fair market value of such property at the time of levy.
 - (g) Levy on appearance date of summons.
 - (1) In General. No levy may be made on the property of any person on any day on which such person (or officer or employee of such person) is required to appear in response to a summons issued by the Secretary

for the purpose of collecting any underpayment of tax.

(2) No application in case of jeopardy. This subsection shall not apply if the Secretary finds that the collection of tax is in jeopardy as defined by §2209.3(b)(2)(B) of these Regulations.

Section 2211.2 Surrender of Property Subject to Levy

- (a) Requirement. Except as otherwise provided in this section, any person in possession of (or obligated with respect to) property or rights to property subject to levy upon which a levy has been made shall, upon demand of the Secretary, surrender such property or rights (or discharge such obligation) to the Secretary, except such part of the property or rights as is, at the time of such demand, subject to an attachment or execution under any judicial process.
- (b) Special Rule for Banks. Any bank or financial institution shall surrender (subject to an attachment or execution under judicial process) any deposits (including interest thereon) in such bank only after 21 days after service of levy.

(c) Enforcement of Levy.

- (1) Extent of Personal Liability. Any person who fails or refuses to surrender any property or rights to property subject to levy, upon demand by the Secretary, shall be liable in his own person and estate to the Commonwealth in a sum equal to the value of the property or rights not so surrendered, but not exceeding the amount of taxes for the collection of which such levy has been made, together with costs and interest on such sum from the date of such levy. Any amount (other than costs) recovered under this paragraph shall be credited against the tax liability for the collection of which such levy was made.
- (2) Penalty For Violation. In addition to the personal liability imposed by paragraph (1), if any person required to surrender property or rights to property fails or refuses to surrender such property or rights to property without reasonable cause, such person shall be liable for a penalty equal to 50 percent of the amount recoverable under paragraph (1). No part of such penalty shall be credited against the tax liability for the collection of which such levy was made.
- (d) Effect of Honoring Levy. Any person in possession

- of (or obligated with respect to) property or rights to property subject to levy upon which a levy has been made who, upon demand by the Secretary, surrenders such property or rights to property (or discharges such obligation) to the Secretary (or who pays a liability under subsection (c)(1)) shall be discharged from any obligation or liability to the delinquent taxpayer and any other person with respect to such property or rights to property arising from such surrender or payment.
- (e) <u>Person Defined</u>. The term ''person,'' as used in this section, includes an officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee, or member is under a duty to surrender the property or rights to property, or to discharge the obligation.

Section 2211.3 Property Exempt From Levy

- (a) Enumeration. There shall be exempt from levy:
- (1) Wearing Apparel And School Books. Such items of wearing apparel and such school books as are necessary for the taxpayer or for members of his family;
- (2) Fuel, Provisions, Furniture, and Personal Effects. If the taxpayer is the head of a family, so much of the automobile fuel, provisions, furniture, and personal effects in his household, and of the firearms for personal use, livestock, and poultry of the taxpayer, as does not exceed \$1,650 in value or that amount as allowed under §6334 of the NMTIT;
- (3) Books and Tools of a Trade, Business, or Profession. So many of the books and tools necessary for the trade, business, or profession of the taxpayer as do not exceed in the aggregate \$1,100 in value or that amount as allowed under §6334 of the NMTIT;
- (4) Undelivered Mail. Mail, addressed to any person, which has not been delivered to the addressee;
- (5) Worker's Compensation. Any amount payable to an individual as worker's compensation (including any portion thereof payable with respect to dependents) under a worker's compensation law of the Commonwealth, the United States, or any state, possession, or territory of the United States;
- (6) Judgments for Support of Minor Children. If the taxpayer is required by judgment of a court of competent

jurisdiction, entered prior to the date of levy, to contribute to the support of his minor children, so much of his salary, wages, or other income as is necessary to comply with such judgment; and

- (7) Principal Residence Exempt in Absence of Certain Approval or Jeopardy. Except to the extent provided in subsection (d), the principal residence of the taxpayer (within the meaning of §1034 of the NMTIT).
- (b) <u>Appraisal</u>. The officer seizing property of the type described in subsection (a) shall appraise and set aside to the owner the amount of such property declared to be exempt. If the taxpayer objects at the time of the seizure to the valuation fixed by the officer making the seizure, the Secretary shall summon two disinterested individuals who shall make the valuation.
- (c) No Other Property Exempt. Notwithstanding any other law of the Commonwealth, no property or rights to property shall be exempt from levy other than the property specifically made exempt by subsection (a).
- (d) <u>Levy Allowed on Principal residence in Case of Jeopardy or Certain Approval</u>. Property described in subsection (a) (7) shall not be exempt from levy if--
 - (1) the Secretary personally approves (in writing) the levy of such property; or
 - (2) The Secretary finds that the collection of tax is in jeopardy, as defined in §2209.3(b)(2)(B) of these Regulations.

Section 2211.4 Sale of Seized Property.

- (a) Notice of Seizure. As soon as practicable after seizure of property, notice in writing shall be given by the Secretary to the owner of the property (or, in the case of personal property, the possessor), or shall be left at the owner/taxpayer's usual place of abode or business. If the owner/taxpayer cannot be readily located or has no dwelling or place of business in the Commonwealth, the notice may be mailed to his last known address. Such notice shall specify the sum demanded and shall contain, in the case of personal property, an account of the property seized, and in the case of real property, a description with reasonable certainty of the property seized.
 - (b) Notice of Sale. The Secretary shall as soon as

practicable after the seizure of the property give notice to the owner, in the manner described in subsection (a) and shall cause a notification to be published in a generally circulated local newspaper and post the notices at the United States Post Offices in the Commonwealth. Such notice shall specify the property to be sold and the time, place, manner, and conditions of the sale. Whenever levy is made without regard to the 10 day period specified in §2211.1(a) of these Regulations, public notice of the sale of the property seized shall not be required to be made within such 10 day period unless the type of goods require immediate sale.

- (c) <u>Time of Sale</u>. The time of the sale shall not be less than 10 days nor more than 40 days from the time of giving public notice.
- (d) Manner and Conditions of Sale. The manner and conditions of the sale shall be reasonable for all circumstances and shall be as consistent as possible with the manner and conditions of a sale of property relating to taxes under the NMTIT as provided in §6335 of the NMTIT.

Section 2211.5 Redemption of Property.

(a) <u>Before Sale</u>. Before the sale of seized property, any person whose property has been levied upon shall have the right to pay the amount due, together with the expenses of the proceeding, if any, to the Secretary at any time prior to the sale thereof, and upon such payment the Secretary shall restore such property to him and all further proceedings in connection with the levy on such property shall cease from the time of such payment.

(b) Redemption of Real Estate After Sale.

- (1) Period. The owners of any real property located in the Commonwealth sold as provided in §2211.4 of these Regulations, their heirs, executors, or administrators, or any person having any interest therein, or a lien thereon, or any person in their behalf, shall be permitted to redeem the property sold, or any particular tract of such property, at any time within 180 days after the sale thereof.
- (2) Price. Such property or tract of property shall be permitted to be redeemed upon payment to the purchaser, or in case he cannot be found then to the Secretary, for the use of the purchaser, his heirs, or assigns, of the amount paid by such purchaser and interest thereon at the rate of 20 percent per annum.

(c) <u>Record</u>. When any lands sold are redeemed as provided in this section, the Secretary shall cause entry of the fact to be made upon the records maintained by the Secretary, and such entry shall be evidence of such redemption.

Section 2211.6 <u>Certificate of Sale; Deed of Real Property.</u>

- (a) <u>Certificate of Sale</u>. In the case of property sold as provided in §2211.4 of these Regulations, the Secretary shall give to the purchaser a Certificate of Sale upon payment in full of the purchase price. In the case of real property, such certificate shall set forth the real property purchased, for whose taxes the same was sold, the name of the purchaser, and the price paid therefore.
- (b) <u>Deed to Real Property</u>. In the case of any real property sold as provided in §2211.4 of these Regulations and not redeemed in the manner and within the time provided in §2211.5 of these Regulations, the Secretary shall execute to the purchaser of such real property at such sale, upon his surrender of the Certificate of Sale, a deed of the real property so purchased by him, reciting the facts set forth in the certificate.
- (c) Real Property Purchased by Commonwealth. If real property is declared purchased by the Commonwealth at a sale pursuant to §2211.4 of these Regulations, the Secretary shall at the proper time execute a deed therefore, and without delay cause such deed to be duly recorded in the Commonwealth Recorder's Office.

Section 2211.7 <u>Legal Effect of Certificate of Sale of Personal Property and Deed of Real Property</u>.

- (a) <u>Certificate of Sale of Property Other Than Real Property</u>. In all cases of sale pursuant to §2211.4 of these Regulations of property (other than real property), the certificate of such sale:
 - (1) As Evidence. Shall be prima facie evidence of the right of the officer to make such sale, and conclusive evidence of the regularity of his proceedings in making the sale; and
 - (2) As Conveyances. Shall transfer to the purchaser all right, title, and interest of the party delinquent in and to the property sold; and
 - (3) As Authority For Transfer Of Corporate Stock.

If such property consists of stocks, shall be notice, when received, to any corporation, company, or association of such transfer and shall be authority to such corporation, company, or association to record the transfer on its books and records in the same manner as if the stocks were transferred or assigned by the party holding the same, in lieu of any original or prior certificate, which shall be void, whether canceled or not; and

- (4) As Receipts. If the subject of sale is securities or other evidences of debt, shall be a good and valid receipt to the person holding the same, as against any person holding or claiming to hold possession of such securities or other evidences of debt; and
- (5) As Authority For Transfer Of Title To Motor Vehicle. If such property consists of a motor vehicle, shall be notice, when received, to any public official charged with the registration of title to motor vehicles, of such transfer and shall be authority to such official to record the transfer on his books and records in the same manner as if the certificate of title to such motor vehicle were transferred or assigned by the party holding the same, in lieu of any original or prior certificate, which shall be void, whether canceled or not.
- (b) <u>Deed of Real Property</u>. In the case of the sale of real property pursuant to §2211.4 of these Regulations:
 - (1) Deed As Evidence. The deed of sale given pursuant to §2211.6 of these Regulations shall be prima facie evidence of the facts therein stated; and
 - (2) Deed As Conveyance of Title. If the proceedings of the Secretary as set forth have been substantially in accordance with the provisions of Commonwealth law, such deed shall be considered and operate as a conveyance of all the right, title, and interest the delinquent party had in and to the real property thus sold at the time the lien of the Commonwealth attached thereto.
- (c) Effect of Junior Encumbrances. A Certificate of Sale of personal property given or a deed to real property executed pursuant to §2211.6 of these Regulations shall discharge such property from all liens, encumbrances, and titles over which the lien of the Commonwealth with respect to which the levy was made had priority.

Section 2211.8 Records of Sale.

- (a) Requirement. The Secretary shall keep a record of all sales of real property under §2211.4 of these Regulations and of redemptions of such property. The record shall set forth the tax for which any such sale was made, the dates of seizure and sale, the name of the party assessed and all proceedings in making such sale, the amount of expenses, the names of the purchasers, and the date of the deed.
- (b) <u>Copy as Evidence</u>. A copy of such record, or any part thereof, certified by the Secretary shall be evidence in any court of the truth of the facts therein stated.

Section 2211.9 Expense of Levy and Sale. The Secretary shall determine the expenses to be allowed in all cases of levy and sale.

Section 2211.10 Application of Proceeds of Levy.

- (a) <u>Collection of Liability</u>. Any money realized by proceedings under this Part (whether by seizure, by surrender under §2211.2 of these Regulations, or by sale of seized property) or by sale of property redeemed by the Commonwealth (if the interest of the Commonwealth in such property was a lien arising under the provisions of this act) shall be applied as follows:
 - (1) Expense of Levy and Sale. First, against the expenses of the proceedings;
 - (2) Specific Tax Liability on Seized Property. If the property seized and sold is subject to a tax imposed by any Commonwealth law which has not been paid, the amount remaining after applying (1) shall then be applied against such tax liability (and, if such tax was not previously assessed, it shall then be assessed);
 - (3) Liability of Delinquent Taxpayer. The amount, if any, remaining after applying (1) and (2) shall then be applied against the liability in respect of which the levy was made or the sale was conducted.
- (b) <u>Surplus Proceeds</u>. Any surplus proceeds remaining after the application of subsection (a) shall, upon application and satisfactory proof in support thereof, be credited or refunded by the Secretary to the person or persons legally entitled thereto.

Section 2211.11 <u>Authority to Release Levy and Return</u> Property.

(a) Release of Levy and Notice of Release.

- (1) In General. In the manner and to the extent as provided in the Income Tax Regulations of §6343, the Secretary shall release the levy upon all, or part of, the property or rights to property levied upon and shall promptly notify the person upon whom such levy was made (if any) that such levy has been released if:
 - (A) the liability for which such levy was made is satisfied or becomes unenforceable by reason of lapse of time;
 - (B) release of such levy will facilitate the collection of such liability;
 - (C) the taxpayer has entered into an agreement with the Secretary under §2209.3 of these Regulations to satisfy such liability by means of installment payments, unless such agreement provides otherwise. For purposes of this provision, the Secretary is not required to release such levy if such release would jeopardize the secured creditor status of the Secretary;
 - (D) the Secretary has determined that such levy is creating an economic hardship due to the financial condition of the taxpayer; or
 - (E) the fair market value of the property exceeds such liability and release of the levy on a part of such property could be made without hindering the collection of such liability.
- (2) Expedited Determination on Certain Business Property. In the case of any tangible personal property essential in carrying on the trade or business of the taxpayer, the Secretary shall provide for an expedited determination under paragraph (1) if levy on such tangible personal property would prevent the taxpayer from carrying on such trade or business.
- (3) Subsequent Levy. The release of levy on any property under paragraph (1) shall not prevent any subsequent levy on such property.
- (b) Return of Property. If the Secretary determines that

property has been wrongfully levied upon, it shall be lawful for the Secretary to return:

- (1) the specific property levied upon;
- (2) an amount of money equal to the amount of money levied upon; or
- (3) an amount of money equal to the amount of money received by the Commonwealth from a sale of such property.

Property may be returned at any time. An amount equal to the amount of money levied upon or received from such sale may be returned at any time before the expiration of 9 months from the date of such levy.

PART XIII - SECTION 2212, EXAMINATION AND INSPECTION

Section 2212.1 <u>Canvass of CNMI for Taxable Persons and Objects</u>

- (a) <u>General Rule</u>. The Secretary shall, to the extent he deems it practicable, cause officers or employees of the Department of Finance to proceed, from time to time, through the Commonwealth and inquire after and concerning all persons therein who may be liable to pay any Commonwealth tax, and all persons owning or having the care and management of any objects with respect to which any tax is imposed.
- (b) <u>Penalties</u>. For penalties applicable to forcible obstruction or hindrance of Department of Finance officers or employees in the performance of their duties, see §2213.7(b)(3)(A) of these Regulations.

Section 2212.2 Examination Of Books and Witnesses.

(a) <u>In General</u>. For the purpose of ascertaining the correctness of any return, making a return where none has been made, determining the liability of any person for any Commonwealth tax or the liability at law or in equity of any transferee of fiduciary of any person in respect of any Commonwealth tax or collecting any such liability, the Secretary is authorized to examine any books, papers, records, or other data which may be relevant or material to such inquiry;

Section 2212.3 Reserved.

Section 2212.4 <u>Time and Place of Examination</u>.

- (a) <u>Time and Place</u>. The time and place of examination under §2212.2 of books, papers, records, or other data shall be such time and place as may be fixed by the Secretary and as are reasonable under the circumstances; however, the date fixed to make such records available shall not be less than 10 days from the date of the request.
- (b) Restriction on Examination of Taxpayer. No taxpayer shall be subjected to unnecessary examination or investigations, and only one inspection of a taxpayer's books of account shall be made for each taxable year unless the taxpayer requests otherwise or unless the Secretary, after investigation, notifies the taxpayer in writing that an additional inspection is necessary.

Section 2212.5 Entry of Premises for Examination of Taxable Objects.

- (a) Entry During Day. The Secretary may enter, in the daytime, any building or place where any articles or objects subject to tax are made, produced, or kept, so far as it may be necessary for the purpose of examining said articles or objects.
- (b) Entry at Night. When such premises are open at night, the Secretary may enter them while so open, in the performance of his official duties.

PART XIV - SECTION 2213, MISCELLANEOUS

Section 2213.1. Record Maintenance.

- (a) Requirement. All books and records of all business transactions necessary to determine the gross revenue tax and other taxes imposed by the Commonwealth Government are to be maintained within the Commonwealth at the central office of the business operation and shall be made available for examination not later than ten (10) days beginning with the date when the request is received. A full and accurate record of all business transactions necessary to determine the annual business gross revenue tax and other taxes must be maintained for a minimum of three (3) years after the date of such transaction.
- (b) <u>Bar Tax</u>. Every establishment licensed to serve alcoholic beverages and subject to the tax imposed under 4 CMC §1501 must record separately the sales of all beverages.
- (c) <u>Hotel Occupancy Tax</u>. Every person subject to tax under 4 CMC §1502 must record separately all revenues earned from transient occupants of hotels, lodging and other facilities.
- Section 2213.2. <u>Withholding Record</u>. All books and payroll records necessary to determine an employee's wages and salaries and respective withholding taxes imposed by the Commonwealth Government are to be maintained in the Senatorial District within the Commonwealth where the business operation is conducted and shall be made available for examination not later than ten (10) days beginning with the date when the request is received.
- Section 2213.3. Permanent Change of Residence Outside the CNMI. Every individual in both private and public employment who intends to permanently change his residence during the taxable year to a country outside the Commonwealth of the Northern Mariana Islands, including the United States, its territories and possessions, and depart the Commonwealth, must secure a tax clearance from the Division of Revenue and Taxation, that all fees, taxes, penalty, and interest due and owing the Commonwealth Government have been paid in full. Upon written request for a tax clearance, a determination shall be made within twenty-one days from the date of receipt of the request for clearance or the individual shall be deemed cleared.

Section 2213.4. Payments.

(a) <u>In General</u>. All taxes, fees, and charges, except where other provisions of these Regulations govern, shall

immediately become due and must be paid in cash, or by U.S. Postal Money Order, or check drawn at a bank in the Northern Mariana Islands, or a bank in any of the states in the United States of America made payable to the "CNMI Treasurer". The Division of Revenue and Taxation shall have the right to reject any or all personal checks and demand payment in the form of cash, U.S. Postal Money Order, or certified checks.

- (b) <u>Made Through Bank</u>. If tax payments are made directly or through a bank account of the CNMI government, the taxpayer is required to furnish to the Division of Revenue and Taxation within five (5) working days of the payment a copy of the payment transaction indicating the type of tax, period to which it relates, amount of payment, taxpayer name, and taxpayer identification number.
- (c) <u>Dishonored checks</u>. Any check returned by the bank due to insufficient funds or dishonored for any other reason must be replaced by either cash, U.S. Postal Money Order, or certified check. Any tax, fee, or charge paid by a check and returned by the bank due to insufficient funds or dishonored for other reasons is construed to have not been paid when due and the payor shall be assessed and collected penalty and interest, in addition to all charges arising as result of the check being returned, including those charges pursuant to 7 CMC §2242.
- (d) <u>Withholding Payments</u>. Withholding returns filed without payment shall not be considered timely filed even though it is sent in the mail 4 CMC §1804(b)(1).

Section 2213.5 <u>Disclosure of Information</u>. The Division of Revenue and Taxation of the Commonwealth of the Northern Mariana Islands shall maintain all records and documents associated with the administration and enforcement of the tax laws and related regulations. Except as otherwise authorized by law, only authorized employees of the Division of Revenue and Taxation shall have access to these records and documents. Employees of the Division of Revenue and Taxation are prohibited from making any unauthorized disclosure to any person regarding another person's records, tax returns, and return information maintained pursuant to law and these and other related regulations.

Section 2213.6 <u>Tax Forms; Preparation; Signatures</u>.

(a) <u>In General</u>. Pursuant to 4 CMC §1806, the Secretary shall prescribe the forms of all returns required to be furnished under the provisions of 4 CMC, Division 1. All information required by the form of any return must be included in the return by the person responsible for making

the return.

- (b) <u>Signature</u>. All returns must be signed by a natural person. No return shall be complete unless and until it is signed by the taxpayer. A person other than the taxpayer may sign a taxpayer's return only as provided in subsection (e).
- (c) <u>Returns Prepared by Tax Preparer</u>. Any CNMI tax return preparer as defined by §7701(a)(36) of the NMTIT who prepares a return for a taxpayer, must sign the return as the tax return preparer. In addition to signing the return as the tax return preparer, the tax return preparer must provide therein the following information:
 - (1) the date the tax return preparer signed the return;
 - (2) the firm name and address by which the tax return preparer is employed;
 - (3) the tax return preparer's employer identification number;
 - (4) the tax return preparer's social security number.
- (e) Representative Signature. A person other than the taxpayer may sign a taxpayer's return only as provided in (1) and (2) below. In all other instances, a taxpayer must sign his or her return.
 - (1) <u>Joint Returns</u>. A tax return of a married couple filing jointly may be signed by one spouse on behalf of the other if:
 - (A) the couple are filing a joint return as allowed under subsection (c);
 - (B) the non-signing spouse is physically unable by reason of disease or injury to sign the return;
 - (C) the signing spouse must have the oral consent of the incapacitated spouse;
 - (D) the signing spouse must sign the incapacitated spouse's name to the return in the proper space followed by the words "By Spouse Name Husband/Wife;

- (E) the signing spouse must sign his/her own name in the proper space;
- (F) the signing spouse must attach a statement to the return with the following information:
 - (i) the name of the return being filed (e.g., Wage and Salary Tax Return, Earnings Tax Return, Gross Revenue Tax Return);
 - (ii) the taxable year or period;
 - (iii) the reason for the inability of the spouse who is incapacitated to sign the return:
 - (iv) that the incapacitated spouse consented to the signing of the return. An example of such a statement is as follows:
 - "I, Taxpayer John Q. Public, am filing a joint Gross Revenue Tax return with my wife, Suzie Q. Public for the quarter ended March 31, 1995. Because my wife is unable to sign this return due to her having two broken arms, I am signing this return on her behalf. My wife, Suzie Q. Public, has authorized me to sign her name to this return.
- (2) <u>All Other Returns</u>. In all instances other than that specified in (1) above, a representative may sign a taxpayer's tax return on the taxpayer's behalf if:
 - (A) the taxpayer executes a power of attorney which specifically authorizes the agent to make, execute, or file the return. A Form 2848CM is sufficient as a power of attorney provided the taxpayer specifies within the Form 2848CM that he is specifically authorizing his representative to make, execute, or file his return; and
 - (B) the taxpayer submits a letter to the Division of Revenue and Taxation requesting permission to have his representative sign his return. The taxpayer must indicate within the letter the reason why he is unable to sign the return. The request will be granted only if the taxpayer has provided good cause for allowing his

representative to sign his return. Provided, however, that permission from the Division of Revenue and Taxation is not required under the following circumstances:

- (i) if the taxpayer is unable by reason of disease or injury to sign the return; or
- (ii) if the taxpayer is unable to sign the return because he is absent from the CNMI for a continuous period of at least 60 days prior to the date for filing the return.

The provisions of (2) apply in all instances other than that specified in (1) above. Accordingly, a return may be signed by an accountant, attorney, spouse for separately filed returns, and all other instances only as authorized by (2) above.

Section 2213.7 Penalties

- (a) <u>NMTIT</u>. For purposes of taxes, charges, and fees imposed under Chapter 7 of 4 CMC, the penalty and interest provisions applicable thereto are those provided under the NMTIT.
- (b) Non-NMTIT. The provisions of (2) and (3) apply to applicable failures and underpayments under, but not limited to the provisions in (1)

(1) Applicable provisions:

- (A) Wage and Salary Tax imposed by 4 CMC §1201;
 - (B) Earnings Tax imposed by 4 CMC §1202;
- (C) Gross Revenue Tax imposed under Chapter
 3, Division 1, 4 CMC;
- (D) Excise and other taxes imposed by Article 1, Chapter 4, Division 1 of 4 CMC;
- (E) User Fee imposed by Article 2, Chapter 4, Division 1 of 4 CMC;
 - (F) Bar Tax imposed by 4 CMC §1501;
 - (G) Hotel Occupancy Tax imposed by 4 CMC

§1502;

- (H) Poker Machine License Fees, Pachinko Slot Machine License Fees, and Amusement Machine License Fees imposed under Chapter 5, Division 1, 4 CMC;
- (I) Gaming Machine Jackpot Tax imposed under Chapter 5, Division 1, 4 CMC; and
- (J) Additional Gross Revenue Tax imposed under 4 CMC §1706.
- (2) Applicable Penalties include, but are not limited to the following:
 - (A) 4 CMC §1815. Monthly Penalty Upon Taxes;
 - (B) 4 CMC §1816. Failure to File Return on Time; and
 - (C) 4 CMC §1817. Interest.

(3) Additional Penalties:

- (A) Corrupt or forcible interference; forcible rescue of seized property:
 - (i) Corrupt or forcible interference. Whoever corruptly or by force or threats of force (including any threatening letter or communication) endeavors to intimidate or impede any officer or employee of the Division of Revenue and Taxation acting in an official capacity under Division 1, 4 CMC, shall, upon conviction thereof, be fined not more than \$5,000, or imprisoned not more than 3 years, or both, except that if the offense is committed only by threats of force, the person convicted thereof shall be fined not more than \$3,000, or imprisoned not more than 1 year or both. The term "threats of force", as used in this subsection, means threats of bodily harm to the officer or employee of the Division of Revenue and Taxation or to a member of his or her family.
 - (ii) Forcible rescue of seized property. Any person who forcibly rescues or causes to be rescued any property after it shall have been seized under Division 1, 4 CMC, or shall

attempt or endeavor so to do, shall, excepting in cases otherwise provided for, for every such offense, be fined not more than \$500, or not more than double the value of the property so rescued whichever is greater, or be imprisoned not more than 2 years.

(c) <u>Process in Imposing</u>. For purposes of the penalties imposed under 4 CMC §1815 and 4 CMC §1816, the penalties shall be imposed at the time the tax was due unless the taxpayer's failure to timely file or timely pay is due to reasonable cause as that term is defined under the NMTIT. If the taxpayer's failure is due to reasonable cause as that term is defined under the NMTIT, the penalty imposed under 4 CMC §1815 and 4 CMC §1816 shall be imposed at the time the tax was paid or upon notice and demand for payment, as applicable. The taxpayer shall have the burden of establishing that its failure to timely file or to timely pay, as applicable, was due to reasonable cause.

Part XV - <u>SECTION 2300 RULES AND REGULATIONS FOR THE</u> OPERATION OF POKER MACHINES

Section 2300.1 <u>Definitions</u> For purposes of this Part, the following definitions apply:

- "Beneficial Interest" in an organization means an interest held by a person directly or indirectly: (1) that entitles such person to control, directly or indirectly, such organization; or (2) which permits a person to share in any income or profit earned from a licensed poker machine; or (3) which constitutes more than five percent (5%) of the shares of voting stock or other voting securities which control or regulate the operation of the organization; or (4) that entitles such person to more than five percent (5%) of the earnings and profits or distributions of such organization; or (5) that entitles such person to five percent (5%) or more of the assets of such corporation upon the liquidation or dissolution of such organization; or (6) from which such person receives or is legally entitled to receive over a period of time, interest payments, dividends, or other payments totalling more than Five Thousand Dollars (\$5,000.00), other than payments with respect to bonds, certificates of deposits, notes or other evidences of indebtedness which are generally offered to members of the public and for which such person paid a fair market value.
- (b) "Moral Turpitude" means a crime, whether a felony or misdemeanor, that involves illegal gambling, bookmaking, embezzlement, theft, bribery, use of controlled substance, corruption, abuse of a minor, contribution to the delinquency of a minor, or any other act or conduct that could or may impair a person's ability to perform his or her duties related to the supervision of the operation of a poker machine;
- (c) "Organization" means a corporation, partnership, joint stock association, sole proprietorship, joint venture, business association, cooperative association, professional corporation, or other entity existing for any purpose.
- (d) "Person" includes an individual, association, corporation, club, trust, estate, society, company, joint stock company, receiver, trustee, organization, or any other person acting in a fiduciary or representative capacity, or any combination of individuals. "Person" includes any department, commission, agency, or instrumentality of the Commonwealth, including any municipality or political

subdivision and any agency or instrumentality thereof.

- (e) "Skimming": the skimming of poker machine proceeds is the intentional exclusion, or the taking of any action in an attempt to exclude any money, proceeds or their value from the deposit, counting, collection, or computation of the gross revenue or net proceeds of the operation of a poker machine.
- (f) "Software" means the programs or data used to control the machine.
- (g) "Token" means a piece of metal or composite material approved by the Department of Finance for use in the operation of poker machines which represents a specific monetary value or a U.S. twenty-five cent piece, i.e., a quarter, as the context requires.

Section 2300.2. Poker machines -- Applications

- (a) All applications for a poker machine license must be submitted by the owner of the machine on the form prescribed by the Department of Finance and must contain --
 - (1) the statutorily required license fee attached to the application;
 - (2) the make, model, year, brand name, and serial number (or manufacturer identification number if serial number is not applicable) of each machine;
 - (3) the date each poker machine was imported into the CNMI and a copy of all required documents establishing that all excise taxes have been paid;
 - (4) the intended location (by building, village and island) of each machine;
 - (5) a color photograph of each machine while in operation with its screen illuminated;
 - (6) the name, address, telephone number, and signature of the owner of the machine and of any person or organization holding a beneficial interest in the owner of the machine;
 - (7) a photocopy of the applicant's identification or passport, and a copy of the applicant's criminal history issued by the proper authorities;
 - (8) a copy of the corporation's by-laws, if

applicable;

- (9) the most recent financial statement;
- (10) a memorandum explaining the applicant's business experience, human and technical resources of the applicant(s);
- (11) social security number and tax identification number of the owner;
- (12) a letter of compliance issued by the Division of Revenue and Taxation proving the applicant is not delinquent in payment of taxes;
- (13) all other information required by the Department of Finance;
- (14) a statement under penalty of perjury that all information related to the application is true and correct.
- (b) All applications must be submitted by the owner of the machine to the Secretary, Department of Finance.
- (c) The Department of Finance may prescribe a different application form for renewal of a poker machine which may require the same, more, or less information than that required in an initial application.
- (d) Upon written request by an applicant and written approval by the Secretary of Finance, the Secretary may authorize an applicant to omit certain information from an application if the information is not available to the applicant provided such information is provided to the Secretary on or before the date prescribed by the Secretary.

Section 2300.3 Renewal of Licenses

- (a) Poker machine licenses must be renewed annually on or before December 31 of the year preceding the year for which the renewal application is submitted. All applications for renewal of a poker machine license shall be submitted no sooner than sixty (60) days before expiration of such license and must be submitted no later than thirty (30) days before the expiration of such license. Poker machines may continue in operation during the review period unless the license application is denied.
 - (b) The application procedure for renewal of a poker

machine license is pursuant to §2300.2 of these Rules and Regulations as specified therein.

(c) Except as indicated otherwise, the rules and procedures pertaining to the renewal of a poker machine license shall be the same as those pertaining to the original license issued.

Section 2300.4 Issuance of Poker Machine Licenses

- (a) Issuance of License and Eligibility. Applications must be timely submitted in the proper form prescribed by these Rules and Regulations.
- (b) Upon receipt of an application for a poker machine license, the Department of Finance will issue licenses pursuant to the following procedures:
 - (1) the Department of Finance may visit the premises designated in the application and certify that the information contained in the application is true and correct and that the machines and applicants are in full compliance with these Rules and Regulations;
 - (2) the Department of Finance will review all applications and supporting documents to ensure full compliance with these Rules and Regulations;
 - (3) If the application meets all requirements, a license will be issued within 60 days from the date of the lottery. Said license shall be in writing and must be posted on the premises where the machine is located in such a manner as will be visible to the public.
 - (4) An application for initial license may be denied as specified under §2300.23 of these Rules and Regulations.
 - (5) Before a license is issued, all charges, taxes and fees relating to poker machines must be fully paid, including applicable penalty and interest charges.
 - (6) All poker machines imported into the Commonwealth for commercial use must be properly identified pursuant to §2300.11(a) of these Regulations. Poker machines not properly identified shall not be issued a license.

Section 2300.5 Replacement of Machines.

- (a) For Senatorial District 3, Saipan and all islands north of Saipan, the method to lower the number of poker machines to the statutory limit of 200 is as follows:
 - (1) The total number of machines licensed to each owner as of the effective date of these Regulations, shall be divided by 246. This yields the distribution ratio.

Example No. 1

	No. of Machines on Effective Date	Distribution Ratio	<u>Owner</u>
Α	98	39.84	
В	29	11.79	
C	76	30.89	
D	10	4.07	
\mathbf{E}	11	4.47	
F	2	.81	
G	20	8.13	
	246	100.00%	

(2) The statutory ceiling of 200 is multiplied by the distribution ration in paragraph (a) to determine the maximum number of machine and owner shall have at the time the 200 level is reached.

EXAMPLE NO. 2

<u>Owner</u>	Distribution <u>Ratio</u>	S 	tatutory Limit		No. of Machines Authorized at 200 Level
A	39.84	Х	200	=	79
В	11.79	Х	200	=	24
С	30.89	Х	200	=	62
D	4.07	Х	200	==	8
E	4.47	Х	200	=	9
${f F}$.81	Х	200	=	2
G	8.13	Х	200	=	16
					200

EXAMPLE NO. 3

Owner	See <u>Example I</u>	Potential <u>Reduction</u>	Target <u>Level</u>
A	98	19	79
В	29	5	24
С	76	14	62
D	10	2	8
E	11	2	9
F	2	0	2
G	20	4	16_
	246	46	200

(3) Before reaching the target level as shown in Example III, an owner may be authorized to replace poker machines with any number that will maintain the target level (see Examples IV and V).

EXAMPLE NO. 4

After several attempts to repair licensed poker machines, Owner A determined that eight machines were irreparable. Because Owner A needs to reduce its inventory of poker machines by 19 as shown in Example III, the eight irreparable machines cannot be replaced.

EXAMPLE V

During Supertyphoon Kim, 12 of the 20 poker machines in the same room of Owner G were soaked with salt water. These 12 machines were damaged beyond repair. Since Owner G is required to reduce its machines by 4, Owner G may be authorized to replace 8 of the broken machines. The eight machines that were not destroyed by the typhoon and the eight new machines brings the number of poker machine to the target level of 16. Should any of the 16 machines subsequently become defective and need to be replaced, Owner G may be authorized to make such replacement on a one to one basis.

(b) There is no special rule for replacement of machines in Senatorial Districts 1 and 2, Rota and Tinian-Aguiguan respectively. Poker machines in these districts may be replaced pursuant to other sections of these Regulations provided that the total number of machines in each district does not exceed 200 at any given time.

Section 2300.6 Quota Transferable.

- (a) The distribution ratio established on the effective date of these Regulations determine the maximum number of machines that each owner should have in order to reduce the total number of machines in Senatorial District #3 to 200.
- (b) If an owner maintains his poker machine inventory at a level lower than the determined quota for three months, the owner shall lose the right to that quota and the portion shall immediately become available for use by other persons, provided the maximum number of poker machine in a district is less than 200.
- (c) Such unused quota shall be made available to qualified applicants based on procedures to be established by the Division of Revenue and Taxation. The acquisition of such quota by a qualified applicant simply gives the person the right to apply for a license.
- (d) If a poker machine business is sold, the quota of the former owner is automatically transferred to the new person.

Section 2300.7 Reserved

Section 2300.8 Reserved

Section 2300.9 Tags

- (a) Licensed poker machines must bear a numbered tag on the top right-hand corner of the machine. This tag may be removed only by the Department of Finance. A second identical tag shall be placed inside the poker machine.
- (b) No poker machine may be operated unless it has a valid tag affixed to its cabinet. No tag can be transferred from one machine to another. A replacement tag will be issued and a fee of \$25 will be charged and collected for each new tag. The poker machine owner shall report to the Department of Finance whenever a tag is lost or defaced, and that lost or defaced tag will be promptly replaced by the Department of Finance after the Department verifies the tag number from the identifying tag inside the machine and a replacement fee of \$25 is paid to the Department of Finance.

Section 2300.10

Transfer of Tag and License.

- (a) No poker machine license tag may be transferred from a defective or malfunctioning machine to an operative machine without the written approval of the Secretary of Finance.
 - (b) Reserved.

Section 2300.11

Identification of Machines.

- (a) All poker machines must bear a visible, engraved identification plate which contains the following information:
 - (1) name of the manufacturer;
 - (2) serial number;
 - (3) model number;
 - (4) manufacturer's commercial name.

Section 2300.12 Security Requirements.

- (a) All poker machines must comply with the following security requirements in order to be issued a poker machine license:
 - (1) the door may not be opened without a key;
 - (2) the power switch and the payout level key switch must be located inside the cabinet;
 - (3) the processor board must be enclosed in a transparent plastic case;
 - (4) any errors or malfunctions must be displayed by error codes on the machine. The errors must be cleared by an attendant;
 - (5) the mechanism to accept coins must be capable of detecting a valid coin and rejecting all others. The mechanism must signal an error if any invalid condition is detected;
 - (6) the machine must resist forced or illegal entry and must retain evidence of any entry until properly cleared or until a new play is initiated;

- (7) any malfunction of the machine must void all pays and plays for that game and must be clearly marked on the machine;
- (8) each machine must have a system of lights or sound to notify the operator of a machine door open, hopper empty, printer problems, and call button (customer service);
- (9) each machine must indicate that a coin has been accepted. Manual payouts must have a system to call the operator (lights or sound) and must be able to block coins-in until the operator has reset the machine;
- (10) electronic meters must be preserved for a minimum of 5 years in case of power off condition. A machine must be able to complete its cycle and complete all pays owed to the player in the event of a power interruption, once the power has been restored to its proper level;
- (11) each machine must have a tamper evidence seal placed over the ROM and socket containing it.

Section 2300.13 Accounting Requirements.

- (a) All owners of poker machines must place a meter inside each poker machine for recording the number of coins inserted into the machine.
- (b) Such meter is to be read each time the machine is opened for fills and withdrawals. Each reading must be kept as a permanent accounting record of all poker machine businesses.
 - (c) Each machine must have the following meters:
 - (1) electronically stored meters that can be read by the attendant without opening the machine door;
 - (2) electronically stored meters of at least 6 digits in length, that are stored in memory and register token/coin-in, token/coin-out or credits paid, and token/coin to drop.
- (d) An entry must be made each time the door to the machine is opened noting the following information:
 - (1) date;

- (2) purpose of opening the door;
- (3) initials, signature, or control number of person opening door;
 - (4) time door was opened;
 - (5) time door was closed.

Such documentation must be kept inside the machine at all times.

Section 2300.14 <u>Safety Requirements</u>.

(a) Electrical Immunity Requirements

- (1) Each machine must be totally immune to human electrostatic discharge (up to 20,000 volts DC).
- (2) Each machine must completely recover from 20,000-27,000 volt DC discharges, without any data or video corruption.

(b) Other Safety Requirements

- (1) Each machine shall be manufactured in a way as not to present any electrical, mechanical or fire hazard.
- (2) Each machine must comply with all electrical standards, industrial codes, and safety standards set prescribed by law.
- (3) Each machine must be properly fused or protected by circuit breakers.

Section 2300.15 Reserved

Section 2300.16 Movement of Machines. Before any poker machine can be relocated from one building or business location to another, the licensee of the machine must first submit a written request to the Secretary of Finance. The request must be signed by the person who is the licensee of the poker machine in question under penalty of perjury. The request must include the following information:

(a) present location of the poker machine to be moved;

- (b) the intended location of the poker machine to be moved;
- (c) the serial number and the CNMI tag number of such machine.
- (d) all other information requested by the Department of Finance.

The Secretary of Finance must act on the relocation request within 10 working days after receipt of such request. If any poker machine is found to have been moved without prior written approval from the Secretary of Finance, the person who is the licensee of such machine shall have his license to operate any poker machines suspended for no less than 30 days and not more than 180 days.

Section 2300.17 Notification of Machine Location Within 30 days after the receipt of a poker machine license pursuant to these Rules and Regulations, each person who is the licensee shall give written notice to the Department of Finance of the location, by building, village and island of each of its licensed poker machines.

Section 2300.18 Separate Room, Minors, and Prohibition of Alcohol.

- (a) <u>Separate Room</u>. Poker machines operated in an establishment at which any other business is carried on shall be segregated from the other business area(s) of the establishment by a wall or barrier from floor to ceiling, creating a completely separate room. Poker machines may be operated in a segregated room which contains poker machines to the extent allowed by law. Poker machines may be operated in hotel or motel lobbies without a wall or barrier.
- (b) <u>Minors</u>. Only persons 18 years of age or older shall be allowed entry into the poker machine room. Every person who is a licensee is responsible for ensuring that only those authorized by law are permitted to enter the segregated room and are permitted to operate a poker machine. A sign must be visibly displayed on the outside of the separate room or the establishment if no separate room is required at the entrance which reads "No Person Under 18 Years Old Allowed".
- (c) <u>Prohibition of Alcohol</u>. No alcoholic beverages or other intoxicants shall be allowed in the separate room specified in subsection (a).

Section 2300.19 <u>Location</u>. Poker machines may be operated only in locations authorized by law.

Section 2300.20 <u>Inspection of Machines</u>. The Secretary of Finance or his designee has an absolute right at all times to open, inspect, and test any poker machine to determine compliance with these Rules and Regulations and/or applicable law. This right of inspection includes, but is not limited to, the right to remove any poker machine, or any components thereof, from the premises where the machine is being operated.

Section 2300.21 Reserved.

section 2300.22 Other Reporting Requirements. Persons who are the licensees of poker machines must strictly adhere to all reporting requirements under the tax laws of the Commonwealth of the Northern Mariana Islands, including the filing of information returns and payments of taxes. Failure to comply will be grounds for suspension or revocation of an existing poker machine license or for denying an application for renewal of a poker machine license.

Section 2300.23 <u>Violation</u> The receipt of a CNMI Poker machine License is a privilege not a right. However, any such license once issued is revocable only for cause.

- (a) The Secretary of Finance may grant or deny an application for a license or revoke a license issued on any one or more of the factors herein listed:
 - (1) The financial responsibility and security of the applicant and the business or activity in which the applicant is engaged. Consideration of this factor may include the analysis of the applicant's credit record, compliance with tax laws or this or other jurisdictions, status of other permits and licenses, results of a criminal background investigation, adequacy of security procedures against theft, the type of construction of the applicant's facility and whether the location is fixed and permanent, whether the applicant can provide appropriate security, and any other factor that may assist the Secretary of Finance in such evaluation; or
 - (2) The location of, and public accessibility to, the applicant's place of business or activity. Consideration of this factor may include analysis of the applicant's hours of operation, proximity to major transit routes, proximity to large employers, public

parking availability, and any other factor that may assist the Secretary of Finance in such evaluation; or

- (3) the applicant has been convicted of a felony, or criminal fraud, or gambling or a gambling-related offense, or any felony or misdemeanor involving moral turpitude, if less than 10 years has elapsed since the termination of the sentence, parole, mandatory supervision, or probation served for the offense; or
- (4) the applicant is or has been a professional gambler. A "professional gambler" is a person whose profession is, or whose major source of income derives from, playing games of chance for profit; or
- (5) the applicant is delinquent in the payment of any Commonwealth tax, duty, fee or similar charge or any other debt due the Commonwealth at any time after the application is filed but before the Department of Finance acts to grant or deny the license; or
- (6) the applicant has a spouse, child, parent, parent-in-law, or spouse's child who is a person described in paragraph (3), (4), or (5) of this subsection; or
- (7) the applicant has violated the Poker machine Act or a Rule or Regulation adopted pursuant to the Poker machine Act; or
- (8) the applicant is not an individual, but an individual described in one or more of paragraphs (3) (7) of this section holds a beneficial interest in the applicant; or
- (9) the applicant provided false or misleading information on the application form, or failed to provide information required as part of the application or evaluation process; or
- (10) the applicant failed to cooperate or to provide any additional or supplemental information which the Secretary of Finance deems necessary in order to determine whether the applicant is suitable to hold a license; or
- (11) the applicant operates any poker machine without a license; or
 - (12) the applicant fails to comply with any other

factor that is or may be helpful in determining whether the applicant's experience, character, and general fitness are such that the licensing of the person to operate a poker machine will not detract from the integrity, security, honesty, or fairness of the operation of the poker machine business. An example of the type of factor considered in this regard is the analysis of the type of product currently sold or form of service currently provided or other business activity currently conducted by the applicant.

- (b) Poker machines operating in violation of law or these Rules and Regulations shall be dealt with in accordance with the applicable CNMI laws. If a poker machine is found not to be in compliance with the requirements of these Rules and Regulations, the person who is the licensee of such machine will have his license to operate poker machines suspended until compliance with the Rules and Regulations is met to the satisfaction of the Secretary of Finance.
- (c) In addition to the basis of denying or revoking a poker machine license set forth in §2300.23(a)(1) (12), a license once issued may also be revoked if the person holding such license:
 - (1) operates a machine without proper documentation or provides or maintains inaccurate or false information; or
 - (2) alters the software programs, payback percentages, jackpots, meters, or any other equipment that imply a modification of the conditions under which the machines were approved; or
 - (3) allows minors to play a poker machine;
 - (4) fails to cooperate with or provide all relevant information requested by the Department of Finance; or
 - (5) accepts or exchanges a food stamp coupon, an NAP coupon or similar item for coins or tokens used to play a poker machine; or
 - (6) violates any CNMI or federal law.
- (d) If a licensed or unlicensed machine is seized, the owner and/or the person licensed to operate such machine shall be liable for the cost of transporting the machine, a reasonable storage charge of not less than \$25 per day per machine, and any labor charges incurred in the seizure and

storage of such machine.

(e) The Department of Finance and the Commonwealth Government shall not be liable for damages arising from the seizure and/or confiscation of machines, including damages occurring during transfer and storage, provided that reasonable care is used in seizure and confiscation.

Section 2300.24 Continuous Disclosure of Information.

- (a) Any information provided to the Secretary of Finance under these Rules and Regulations or on any application, filing or other instrument submitted to the Secretary of Finance that subsequently becomes incorrect or misleading, shall be immediately updated by the applicants or licensees providing an explanation thereof to the Secretary of Finance. Without limiting the foregoing, all applicants or licensees shall notify the Secretary of Finance immediately if any change in the ownership or beneficial interest or location of the applicant or licensee occurs.
- (b) The Secretary of Finance may develop forms for poker machine license applications requesting all such information required by the Poker machine Act or by these Rules and Regulations or that is deemed necessary or appropriate to evaluate the applicant's suitability to hold a license. Such application shall be completed, executed, acknowledged and notarized by the applicant prior to submission to the Secretary of Finance.

Section 2300.25 <u>License Proceedings</u>.

(a) Denial of an Application of License. Whenever the Secretary of Finance ("Secretary") has reason to believe that an applicant is not eligible to receive a license, he may issue a written notice of denial to the applicant. The notice shall set forth the matters of fact and law relied upon in determining that the application should be denied, and shall afford the applicant 15 days from the date of receipt of the notice to submit a written Request for Reconsideration to the Secretary of Finance wherein the applicant may set forth the basis pursuant to which the applicant believes that the denial of a license was based on either an incorrect understanding of fact or an incorrect application of the law. The Secretary shall promptly review the Request for Reconsideration and, in writing, either affirm or modify the previous denial of a The denial of a poker machine license by the license. Secretary is subject to judicial review and may be reversed by the court only upon a finding that the Secretary acting in an arbitrary and capricious manner in denying such license.

(b) Suspension or Revocation of License.

- (1) Without any way limiting or restricting the ability of the Secretary of Finance to consider the factors listed in §2300.23 as grounds for suspension or revocation of a license issued by the Secretary of Finance, the Secretary may also suspend or revoke a license held by a licensee based upon a finding of one or more of the following:
 - (A) The determination by the Secretary of Finance of the existence of any one or any combination of factors previously listed as grounds for denial of issuance of a license under §2300.23 of these Rules and Regulations or the determination by the Secretary of Finance that the existence of any one or more factors listed in subsections (B) (M) below directly apply to or relate to the holder of the poker machine license; or
 - (B) that the beneficial interest in the ownership of the business premises has changed or the business location of the applicant has changed without approval of the Secretary of Finance; or
 - (C) that the licensee has permitted a person under 18 years of age to play a poker machine; or
 - (D) that the licensee has not prominently displayed, at the licensed location, the license issued by the Secretary of Finance; or
 - (E) that the licensee has violated any directive or instruction issued by the Secretary of Finance; or
 - (F) that the licensee has violated any express term or condition of its license, the Poker machine Act, or these Rules and Regulations; or
 - (G) that the licensee and/or its employee(s) has exhibited discourteous treatment including but not limited to, abusive language toward customers or any government agents, employees or their designees; or
 - (H) that the licensee has assigned or

transferred or attempted to assign or transfer its license to another party without the prior written approval of the Secretary of Finance; or

- (I) that the licensee engaged in fraud, deceit, misrepresentation or other conduct prejudicial to public confidence in the poker machine business; or
- (J) that the licensee engaged in telecommunication or printed advertising that the Secretary of Finance determines to have been false, deceptive, or misleading; or
- (K) that the licensee failed to establish or maintain reasonable security precautions with regard to the operation of the licensed poker machines; or
- (L) that the licensee has engaged in skimming of poker machine funds; or
- (M) that the licensee has failed to make payments when due by any poker machine to the CNMI.
- (2) Notice of suspension or revocation of a license shall, if possible, be given to the licensee in writing setting forth the reasons therefore. A suspended or revoked license shall immediately be surrendered to the Secretary of Finance.

Section 2300.26 <u>Hearings</u>. All hearings related to these Rules and Regulations shall be conducted in accordance with the CNMI Administrative Procedure Act, 1 CMC §9101 et seq.

Section 2300.27 <u>Confidentiality</u>. All information submitted to the Department of Finance regarding licensing of a poker machine shall be confidential and shall be disclosed only as follows:

- (a) to the license applicant; or
- (b) to the Department of Commerce only to the extent necessary to permit that agency to carry into effect its statutory business licensing provisions; or
- (c) for the purpose of carrying into effect these Rules and Regulations, laws pertaining to poker machines, or any law

imposing taxes or duties payable to the Commonwealth of the Northern Mariana Islands.

Section 2300.28 Presence Upon Opening of Machines Pursuant to law, the Secretary of Finance is authorized to be present at all times when monies are withdrawn from poker machines. Accordingly, the Secretary of Finance will establish a schedule in coordination with all applicants receiving poker machines licenses, to ensure that the Secretary of Finance or his designee is present at all times when monies are withdrawn from poker machines. otherwise authorized by the Secretary of Finance, no monies may be withdrawn from any poker machine unless the Secretary of Finance or his designee is present at such time. In the alternative, the Secretary of Finance may promulgate additional or supplemental Rules or Regulations to accomplish the objectives of this Section which are to assure that the integrity of the game is protected and that there is an accurate accounting of income generated from each machine and that any and all fees and taxes due and owing to the CNMI are promptly and fully paid.

PART XVII - SECTION 2500 AMUSEMENT MACHINES

Section 2500.1 Licenses

- (a) All amusement machines, including inoperative amusement machines, in the Commonwealth must be licensed before they can be used for commercial purposes.
- (b) Licenses for the commercial operation of amusement machines must be applied for on a form prescribed by the Secretary of Finance-
 - (1) before a new amusement machine is operated, and
 - (2) no later than December 31, of the year preceding that for which the renewal applies.
- (c) Before a license is issued, all charges and fees relating to amusement machines must be fully paid, including applicable penalty and interest charges.
- (d) An initial license issued for an amusement machine shall be effective from the date of issue until December 31, unless revoked or replaced.
- (e) Renewal licenses for amusement machines shall be effective from January 1 to December 31, unless revoked or replaced.
- (f) All amusement machine licenses shall expire December 31. No amusement machine shall be operated after December 31 until a renewal license was applied for, paid, and issued by the Division of Revenue and Taxation.
- (g) All new and renewed license applications for amusement machines must be accompanied by a listing of machines to be licensed showing the following information:
 - (1) Type of machine to be licensed;
 - (2) Serial number of the machine to be licensed;
 - (3) Location where the machine is to be used. The location must include the name of the establishment and address (municipal district number and village) of the establishment; and
 - (4) The license tag issued by Revenue and Taxation. For licenses of new machines, the word "new" must be

indicated.

- (h) All amusement license fees shall become due and payable at the time the license application is submitted to the Division of Revenue and Taxation.
- (i) Once an initial license is issued, all subsequent licenses shall be renewals and subject to the full annual license fees.
- (j) The license fee may be prorated on a quarterly basis for the initial issuance of licenses for new amusement machines. The annual license fees may also be prorated for the operation of amusement machines which were not in use one year or more after they were registered with the Division of Revenue and Taxation as inoperative machines. The license fee for inoperative machines shall be the annual fee if the machines were inoperative less than one calendar year. All license fees are due and payable pursuant to subsection (h) of this section.
- (k) A separate license certificate shall be issued for each class of machine showing the serial numbers of machines licensed and the numbers of the license tags issued by the Division of Revenue and Taxation.

Section 2500.2 License Tag

- (a) Licensed amusement machines must bear a Commonwealth Government license tag on the top right-hand corner of the screen or viewing window or scoreboard; or for those machines without viewing window, screen or scoreboard, the area designated by a Revenue Officer. Only licensed amusement machines may be operated commercially in the Commonwealth.
- (b) A licensed machine cannot be replaced by another machine which is not licensed.
- (c) Owners and/or operators of amusement machines are responsible to ensure that the license tags are not removed, defaced, or destroyed. Owners and/or operators are also responsible for the expenses of replacing damaged license tags.
- (d) Damaged license tags shall be replaced by the Division of Revenue and Taxation. The operator of the machine shall be required to pay a \$5 retagging fee for each new license tag issued.
 - (e) A license tag shall not be removed from one machine

to another machine. The owner or operator shall be charged \$100 for each new license tag issued for this purpose.

- (f) The Division of Revenue and Taxation shall have the right to confiscate unlicensed machines and store them at a location it chooses to utilize. Confiscated machines shall remain in the custody of the Division of Revenue and Taxation until the machines are properly licensed.
- (g) If an unlicensed machine is confiscated, both the owner and the operator shall be liable for the cost of transporting the machine, storage charge of \$5 per day per machine, labor cost, and other charges incurred in the transfer of the machine from the operator/owner's place of business to the storage facility of the Commonwealth Government. These charges must be paid prior to the issuance of a license.
- (h) The Division of Revenue and Taxation shall not be liable for damages arising from the confiscation of unlicensed machines, and including damages occurring during transfer and storage.
- **Section 2500.3** Trademark and Serial Numbers. Effective with the effective date of this amendment, all amusement machines imported into the Commonwealth for commercial use must have a trademark and a serial number. Amusement machines without a trademark and a serial number shall not be issued a license.
- Section 2500.4 Relocating Amusement Machines. Before any amusement machine can be relocated from one building or business location to another, the owner of the machine must first submit a written request to the Director, Division of Revenue and Taxation. The request must be signed by the owner of the amusement machine in question under penalty of perjury. The request must include the following information:
 - (a) present location of the amusement machine to be moved;
 - (b) the intended location of the amusement machine to be moved; and
 - (c) the serial number and the CNMI tag number of such amusement machine.

The Director, Division of Revenue and Taxation must act on the relocation request within 10 normal working days after receipt of such request. If any amusement machine is found to have been moved without prior written approval from the Director, the owner of such

machine shall have his license to operate amusement machines suspended for no less than 30 days and not more than 180 days.

Section 2500.5 Revocation The Division of Revenue and Taxation may revoke an amusement machine license due to nonpayment of the license fees, taxes, penalty, interest, and other fees and charges due and owing the Commonwealth by the owner and/or operator, and/or for noncompliance with these Regulations.

Section 2500.6 <u>Liability for Charges</u>. All charges imposed by this Part and 4 CMC §1503 shall be the liability of any owner or lessee, or any officer, manager, or representative of any owner or lessee, of the amusement device, or any person operating or managing any business at which such amusement machine is offered for patronage.

Part IVIII - SECTION 2600. SEVERABILITY

Section 2600.1. If any provision of these Regulations shall be held invalid by a court of competent jurisdiction, the validity of the remainder of the Regulations shall not be affected thereby.

Issued by:

Maria D. Cabrera
Secretary of Finance

Concurred by:

Law C. Porta 4/13/95

Jasus C. Borja
Acting Governor

Recorded by:

Remedu M. Hadman 4/13/96

Fr. Registrar of Corporations

Date

13240



TINIAN CASINO GAMING CONTROL COMMISSION Municipality of Tinian and Aguiguan Commence with a fitte Northern Mariana Islands

Commonwealth of the Northern Mariana Islands

Commissioners:

Jose P. Mafnas Chairman

Notice of Proposed Schedule of Fees

Paul Palmer Acting Executive Director

Esther H. Barr Deputy Director

Vicent M. Manglona Vice-Chairman

Joseph M. Mendiola Antonio S. Borja Vicente S. Sablan

The Tinian Casino Gaming Control Commission hereby gives notice to the public of its intention to adopt proposed Schedule of Fees promulgated pursuant to its duties and responsibilities under Article XXI of the Commonwealth Constitution, as amended, and the authority given the Commission by and through the Revised Tinian Casino Gaming Control Act of 1989.

Copies of the proposed Schedule of Fees are available at the Commission Office, P.O. Box 143, San Jose Village, Tinian MP 96952.

This schedule of fees shall be effective upon notice of its adoption as provided by the Commonwealth Administrative Procedure Act.

day of __VMLLCH

TINIAN CASINO GAMING CONTROL COMMISSION

Paul Palmer

Acting Executive Director



Municipality of Tinian and Aguiguan Commonwealth of the Northern Mariana Islands

Commonwealth of the Northern Mariana Islands

Commissioners:

Jose P. Mafnas Chairman

Noticia Pot I Ma Propopone Na Schedule of Fees

Paul Palmer Acting Executive Director

Esther H. Barr Deputy Director

Vicent M. Manglona Vice-Chairman

Joseph M. Mendiola Antonio S. Boria Vicente S. Sablan

I Tinian Casino Gaming Control Commission (Commission) sumen magof mannae noticia para i publiko ni intensionna para u adapta i ma propopone na Schedule of Fees ni ha-estapblesi sigun gi responsibilidad qi papa i Attikulo XXI gi Constitution, ni ma-amenda, yan i autoridad ni nina'e i Commission gi papa i Revised Tinian Casino Gaming Control Act of 1989.

Copian este na ma propopone na Schedule of Fees guaha gi offisinan i Tinian Casino Gaming Control Commission, P.O. Box 143, San Jose Village, Tinian.

Este na Schedule of Fees para u efektibo gi noticia na ma-adopta sigun ni maprobiniyi gi Commonwealth Administrative Procedures Act.

na haane gi MAKCH

TINIAN CASINO GAMING CONTROL COMMISSION

Paul Palmer

Acting Executive Director

1.8.9 Machine fees

- (a) Machine fees defined in this section shall include all mechanical and video device used as part of the games available for play to the patrons of the casino. This includes but not limited to slot machines, video poker, video roulette, panchinko machines, video black jack, mechanical craps, video slot machines and any and all other video combination machines.
- (b) Fees for all machines defined in part (a) of this section shall be imposed on a declining scale depending on the number of machines in the casino. As a set rule for all machine fees the following schedule shall apply to all machines in the casino.

001	-	100	machine machine	sa	,\$	250.00	per ma	chine
101	-	200	machine	\$	\$\$	200.00	per ma	ichine /
201	_	300	machine	S	\$	175.00	per ma	chine
301	- 4	400	machine	S	\$\$	150,00	per ma	achine
401	130	up	12.50				per m	

1:8.9.01 Gaming Table Fees

- (a) All casinos shall have at least one each of the following table games and may be conditioned in their license to have more then this minimum:
 - 1. Craps

4. Black Jack (Twenty-One)

2. Roulette

5. Wheel (Wheel of Fortune, Big Six etc.)

3. Baccarat

- 6. Asian Games (Pai Gow, Fan Tan, etc.)
- (b) Fees for each Gaming Table available for play by the patrons in the casino shall be \$500.00. This includes any type of gaming table inside the casino available to the customers.
- (c) Table Games are not limited to those outlined in 1:8.9.01 (a) and may include Keno, Bingo, Chemin de Fer, Faro, Chuck-A-Luck, Panguingui, Poker, Red Dog, etc.

1:8.10 Casino Service Industry License Fees

- (a) 1. No Casino Service Industry license shall be issued or renewed unless the applicant shall have first paid in full an annual license fee of \$250.00. This fee, unlike the casino license fee, shall not be prorated based on the date of issuance in the fiscal year.
- (b) 2. In addition to the annual license fee of \$250.00, no Casino Service Industry license shall be renewed unless a fee in the amount of one-half (1/2) of one (1) percent of the gross income of such services provided to the casino shall be imposed. This fee shall be remitted to the Commission no later than 30 days after the end of each Fiscal Year ending September 30th.
- (c) In determining the annual gross of the service industry fee, all taxes imposed by other government agencies shall first be deducted prior to the calculation of the one-half (1/2) of one (1) percent fee. A copy of all documents related to the annual gross income and taxes must be provided to the Commission upon remittance of this fee.
- (d) Fees defined in part (a) and (b) above shall not be exempted for license issued in accordance to Section 3-1.12

- (e) 1. Non-payment of all fees describe in this section shall be sufficient grounds for the revocation or suspension of license for such service industry.
 - 2. All Casino Service Industry License suspended or revoked shall cease its services to the casino immediately upon notification from the Commission.
 - 3. All casino licensees shall terminate its services from such service industry licensee upon notification from the Commission that such service industry's license has been suspended or revoked.
- (f) Violation of this section shall result in penalties assess to either the casino service industry licensee or the casino licensee in the amount in an amount to be determined by the Commission, but not to exceed \$100.00 per day.

1:8.11 Casino Key Employee License Fees

A fee of \$500.00 for each and every casino key employee as defined, shall be paid in full to the commission prior to the employee engaging in any work related to the casino. This fee, unlike the casino license fee, shall not be prorated based on the date of issuance in the fiscal year and shall be paid in full on or before January 1st of each year renewed.

1:8.12 Casino Employee License Fees

A fee of \$50.00 for each and every casino employee as defined, shall be paid in full to the commission prior to the employee engaging in any work related to the casino. This fee, unlike the casino license fee, shall not be prorated based on the date of issuance in the fiscal year and shall be paid in full on or before January 1st of each year renewed.



Caller Box 10007 Saipan, Mariana Islands 96950



Facsimile - (67) 234-8531 Cable - c/o (GOV. NMI Saipan

Administrative division (670) 234-6823/8536

Central Station 234-6333/6431

Corrections Division 234-7254/8534

Fire Division 234-6222/9222/3437

Patrol Division/Public Relations 234-6823/8536

Investigation Section 234-7208

Juvenile Unit 234-7208

Motor Vehicle Bureau 234-6921/9137

Highway Safety Office 234-6021/6055

Traffic Section 234-6823/8536

Boating Safety Office 322-4037

ffice 20. /208

Police Academy/Training 234-5639

Koblerville Substation 234-1318

Garapan Substation 234-7212/7153

EMERGENCY - 911

PUBLIC NOTICE

DEPARTMENT OF PUBLIC SAFETY

PROPOSED UNIFORM REGULATIONS FOR SWORN POLICE OFFICERS, CORRECTIONS OFFICERS AND FIREFIGHTERS

The Commissioner of the Department of Public Safety hereby provides public notice on the proposed uniform regulations, pursuant to Public Law No. 9-10, for the uniforms of sworn police officers, corrections officers and firefighters. purpose of the proposed regulation is to give notice to the public that the Department of Public Safety has established a uniform departmental dress for sworn police officers. corrections officers and firefighters. In addition, this is to prevent the impersonation of a police officer, corrections officer or firefighter by someone directly or indirectly in the facilitation of the commission of a crime. These regulations are published in accordance with the Administrative Procedure Act, 1 CMC Section 9101 et seq.

Pursuant to 1 CMC Section 9104, comments regarding the contents of these regulations may be sent in writing to the Office of the Commissioner, Department of Public Safety, Civic Center, Susupe, Saipan, MP 96950 within thirty (30) days of the date of their publication in the Commonwealth Register.

Issued by

JOSE M. CASTRO

Commissioner of Public Safety

Date

Received by

DONNA C. CRUZ

Governor's Authorized Staff

Data

Filed by

SOLEDAD B. SASAMOTO

Registrar of Corporations

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Police Academy/Training 234-5639

Koblerville Substation 234-1318

Garapan Substation 234-7212/7153

EMERGENCY - 911

NUTISIAN PUBLIKU

DIPATAMENTON PUBLIC SAFETY

I MAPRUPOPONI NA REGULASION UNIFORM
PARA I MANMAHULA ESTA NA
OFISIALIS PULUSIA, PULUSIAN PRESU YAN FIREFIGHTERS

I, Komisinan Dipatamenton Public Safety ginen este ha nutitisia i pupbliku put i maprupoponi na regulasion uniform, sigun gi sinangan Lai Pupbliku No. 9-10, para uniform para pulusia siha ni esta manmanhula komu ofisialis pulusia, pulusian presu yan firefighters. I propositum esta na regulasion i para u nutisia i pupbliku na i Dipatamenton Public Safety esta ha establesi regulasion uniform para ayu siha na ofisialis pulusia ni esta manmanhula komu pulusia, pulusian presu yan firefighters. Lokkue* rason ni macho gue este i i para impersonation i pulusia, pulusian presu yan firefighter ginen otro petsona direktamente osino indirektamente gi para u alibia a che cho kriminat. Este siha na regulasion manmapupblika huyong sigun gi tina go Administrative Procedure Act 1 CMC Seksiona 9101 et seg.

Sigun gi sinangan yan fuetsan 1 CMC Seksiona 9104, komentu siha put suhetun este siha na regulasion sina man manmatuge papa ya u manahalom guatu gi Ofisinan Commissioner, Dipartment of Public Safety, Civic Center, Susupe, Saipan, MP 96950 gi halom trenta (30) dias despues di mapupblika huyong este na nutisia gi Rehistran Commonwealth.

Linaknos as

JOSE M. CASTRO

Commissioner of Public Safety

Fochs

Rinisibi as

DONNA C. CRUZ

I ma aturisa na staff Gubetnu

Fecha

Ma File as

SOLEDAD B. SASAMOTO

Registrar of Corporations

Fecha



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Traffic Section 234-6823/8536

Boating Safety Office 322-4037

Hice 2. , 208

Police Academy/Training 234-5639

Koblerville Substation 234-1318

Garapan Substation 234-7212/7153

EMERGENCY - 911

ARONGORONGOL TOWLAP

DIPATAMENTOOL PUBLIC SAFETY

FFEKRUL ALLEGH REEL UNIFORM-UUR PULUSIIYA KKA RAA TAKKAL AKKPALLO, PULUSIYAAL KALABOOS ME FIREFIGHTERS

Kkumisinaal Diaptamentool Public Safety, nge ekke arongaar towlap igha ebwe ayoora alleghul uniform, reel rebwe attabweey aileewal Alleghul Towlap ye No. 9-10, reel uniform-uur pulusiiya kka raa takkal akkapallo, pulusiyaal kalabwoos me firefighters. Ipital Allegh yeel nge ebwe aghuleey ngaliir towlap igha Dipatamento yeel aa ayoora mille alleghul uniform-uur pulusiiya kka raa takkal akkapallo, pulusiyaal kalaboos, me firefighters. Mille re feeru milleel reel nge igha ebwe pileey mille reghal ira bwe impersonation iye eschay aramas ebwe feruulo bwe ii pulusiya me ngare firefighters bwe ebwe mmwelil feeru milikka ese alleew (crime). Allegh kkaal nge e ffeer sangi aileewal me bwangil Administrative Procedures Act, 1 CMC Talil ye 9101 et seg.

Sangi aileewal me bwangil 1 CMC Talil ye 9104, nge aramas ye e tipali bwe ebwe atotoolong meta mangemangil me ngare tipal reel owtol allegh kkaal, nge emmwel schagh bwe ebwe ischiitiw nge aa afanga ngali Office of the Commissioner, Department of Public Safety, Civic Center, Susupe, Saipan, MP 96950 11ol eliigh (30) ral sangi igha e toowow arongorong yeel mellol Commonwealth Register.

Feruuyat

CASTRO

Commissioner of Public Safety

Alleghuuyat

DONNA C. CRUZ

Governor's Authorize Staff

Fileliiyal

SOLEDAD B. SASAMOTO

Registrar of Corporations

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234-6222/9222/3437

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Investigation Section 234-7208

Juvenile Unit

234-7208

Motor Vehicle Bureau 234-6921/9137

Highway Safety Office 234-6021/6055 Traffic Section

234-6823/8536 **Boating Safety Office**

322-4037 Mice 234-7208

Police Academy/Training 234-5639

Koblerville Substation 234-131B

Garapan Substation 234-7212/7153

EMERGENCY - 911

POLICE OFFICER AND CORRECTIONS OFFICER UNIFORM

SUBJECT: Dress and Personal Appearance

PURPOSE: To establish departmental dress and personal

appearance procedures for sworn police officers and

corrections officers.

THIS ORDER CONSISTS OF THE FOLLOWING NUMBERED SECTIONS:

Ι. Objectives

II. Policy

Uniform Items Specifications III.

OBJECTIVES Ι.

- Α. To establish appropriate dress and personal appearance police officers quidelines for and corrections officers of the Department of Public Safety.
- В. To exercise good taste and discretion in selecting and wearing appropriate attire and maintaining a desirable personal appearance.

II. POLICY

It shall be the policy of the Department of Public Safety that all personnel maintain a high standard of dress and personal appearance.

III. UNIFORM ITEMS SPECIFICATIONS

A. Trousers

1. Material: The trousers shall be made of 85% Dacron and 15% Gabardine, soil-resistant, dark blue in color, permanent press, wash and wear. Waistband be lined with is to regulation material or backed with a fully strung canvas interlining utilizing the best quality tackle twill.

2. Style: The trousers shall be plain with yellow piping, without pleats with two (2) hip and two (2) side pockets. Out-seam of trousers legs shall have 3/4 inch light blue selt seam to be sewn with hidden stitches, full cut, straight hanging and cuffless. The hip pockets must have flap covers with the lower corners of the flaps rounded and buttoned in the center with blue matching buttons.

B. Shirt

- 1. <u>Material</u>: The shirts shall be made of 85% Dacron and 15% Gabardine, soil-resistant, blue in color, permanent press, wash and wear.
- 2. Style: The shirts shall be plain, two standard pockets with flap covers. The lower corners of the flaps shall be rounded and buttoned in the center. The left pocket shall have a 1/2 inch pen slot included. Shirts shall have seven buttons on the front side and must be the same color as the shirt. All button holes must be strongly reinforced. The shirt shall have 1 1/2 inch epaulets buttoned down next to the neck and extended down to the shoulder.

C. Badge Holder

The badge holder shall be a one inch wide strip of reinforcing material sewn on the inside of the shirt extending from the center of the left shoulder to the center of the left pocket for badge support. Centered between the shoulder and the left pocket shall be two vertically positioned metal or plastic eyelets for the purpose of pinning the badge. These eyelets should be positioned 1 1/2 inches above the top seam of the pocket.

D. Identification Badge

Identification (ID) badge shall be worn by police officers and corrections officers while on duty in civilian attire. The identification badge shall be worn on the chest with the face side of the ID facing out.

E. Badges

Officer I, II, III, Sergeant and Sergeant II badges shall be silver in color. Lieutenants and upper rank badges shall be gold in color. The CNMI seal shall be at the center and the rank designation below the eagle. The word "DEPT. OF PUBLIC SAFETY" shall be above the seal and the word "POLICE" below the seal. The badge number shall be stamped in the square block at the bottom. The badge shall be pinned above and centered on the left breast pocket of the uniform.

F. Shoulder Patches

Organizational emblem shoulder patches, blue field with CNMI seal at the center, with the words "POLICE" evenly embroidered at the top above the CNMI seal, outlined in yellow, to be sewn on the left side on each uniform shirt sleeve, 1/2 inch from the shoulder seam, centered and aligned with the shoulder loops. The American flag shoulder patch shall be sewn on the right side on each uniform shirt sleeve, 1/2 inch from the shoulder seam, centered and aligned with the shoulder loops.

G. Name Tag

Name tags shall be made of metal plate, 5/8 inches wide by 3 inches long, clutch-type fastener, letterings shall be 3/8 inch block type (last name only), and must be worn centered directly above the right breast pocket of the uniform shirt.

H. Headgear

Headgears shall be equipped with the appropriate hat insignia and shall be worn with the police and corrections uniform, except for personnel assigned to Criminal Investigation Section and Rapid Response Team.

- The dark blue baseball cap shall have the word "POLICE" embroidered in white letters across the front of the cap on top of the CNMI seal.
- Women's hat shall be white with dark blue corded brim, military weave style, with the appropriate hat insignia.

- 3. Men's hat shall be the 8-point regulation type, Lancaster Brand, white with the appropriate hat insignia as follows:
 - a. Majors and above: Black board covered visor with embroidered gold oak leaf and oak design, with gold braid hat band. Commissioner's headgear shall have an additional gold leaf around the hat.
 - b. Captain: Plain black visor with gold braid hat band.
 - Lieutenant: Plain black visor with gold braid hat band.
 - d. Sergeant: Plain black visor with silver hat band.
 - e. POI, POII, and POIII: Plain black visor with silver hat band.

I. Belt

Belt shall be black leather, 2 inches wide, and basket weave design. Belts shall be worn with the police and corrections officer's uniform.

- Sam Brown Belt: Waist belt, black leather 2 1/2
 inches wide with buckle. The buckle shall be
 centered on the trouser zipper line. To be worn
 with other police equipment when wearing the
 regular police blue uniform.
- 2. Ranger SB Web Belt: Waist belt, flex resistant, 2 inches black nylon belt with plastic center reinforcement. Molded heavy-duty quick release buckle. To be worn with other police equipment when wearing the field uniform (Fatigue or Camouflage). The ranger SB Web Belt is an optional item and shall be obtained at the owner's expense.

J. Rank Insignia Designation

- POII: Shall be constructed with black background, one silver stripe with yellow chevron centered on the shoulder board.
- 2. POIII: Shall be constructed with black background, two silver stripes and two yellow chevron centered on the shoulder board.

- 3. Sergeant I: Shall be constructed with black background, three silver stripes and three yellow chevron centered on the shoulder board.
- 4. Sergeant II: Shall be constructed with black background, four silver stripes and four yellow chevron centered on the shoulder board.
- Lieutenant: Shall be constructed with black background and one silver bar centered on the shoulder board with one gold stripe near the edge of the shoulder board.
- 6. Captain: Shall be constructed with black background and two silver bars centered on the shoulder board with two gold bar stripe near the edge of the shoulder board.
- Major: Shall be constructed with black background, with a gold oak leaf centered with two gold and one silver stripes near the edge of the shoulder board.
- 8. Director (Lt. Colonel): Shall be constructed with black background, a silver oak leaf centered with three gold stripes near the edge of the shoulder board.
- 9. Colonel: Shall be constructed with black background, a silver eagle centered with three gold and one silver stripe near the edge of the shoulder board.
- 10. Deputy Commissioner: Shall be constructed with black background, one silver star centered on shoulder board with four gold stripes near the edge of the shoulder board with khaki bar centered.
- 11. Commissioner: Shall be constructed with black background, two silver stars centered on shoulder board with five gold stripes near the edge of the shoulder board with Khaki bar centered on gold stripes. One gold stripe at the top edge of shoulder board.

K. Police Jacket

Police jacket shall be blue, cotton/polyester lightweight, water repellent, waist length, zipper front, partially lined, two (2) slant pockets with shoulder loops. Wearing of the jacket by police officers on motorcycles are authorized. The DPS shoulder patch shall be sewn on each jacket sleeve. Rank insignia shall be worn in the same manner as the duty uniform.

L. Reflectorized Vest

Reflectorized vest shall be an instant identification for police officers on the scene. Bright orange with charcoal gray letters made of 2"H 3MScotchlite reflective material screen printed on the front and back. Made of water resistant nylon, the edges of these vests are trimmed in durable black fabric. Tie strings are bar tacked on each side for an adjustable fit.

M. Shoulder Unit Designation Device

The Shoulder Unit Designation Device is an optional wear item of uniform for those officers assigned to units which are authorized to wear such a device. The Unit Designation Device shall be 2 inches wide by 2 inches long, to be worn attached to the uniform shoulder loop of the work or field uniform. The following units are authorized to wear the Unit Designation Device:

- Training and Staff Development Division Red background with 1/4 inch gold border on the outside edges.
- Traffic Unit Green background with dark green border on the inside and outside edges with the green cross emblem pinned to the center of the device.
- 3. Criminal Investigation Section White background with 1/4 inch gold border on the outside edges with unit insignia made of metal and appropriate design in enamel insignia made of metal attached to each shoulder loop with clutch back fasteners.
- 4. Harbor Division Unit Light blue background with 1/8 inch white border and outside edges.

- Internal Affairs Bureau Dark blue background with 1/4 inch gold border on the outside edges.
- 6. Fire Division Orange background with 1/4 inch red border on the outside edges.
- Division of Corrections Dark blue background with 1/4 inch silver border on the outside edges.
- 8. Patrol Unit Gray background with 1/4 inch red border on the outside edges.
- Logistic/Supply Unit Khaki background with 1/4 inch navy blue border on the outside edges.
- 10. Tactical Unit Olive green background with one gold lightning at the upper left edge and one at bottom right edge.

DATE: 3-28-95

JOSE M. CASTRO

Commissioner of Public Safety





Caller Box 10007 Saipan, Mariana Islands 96950

Facsimile - (67) 234-8531 Cable - c/o (GOV. NMI Saipan FIREFIGHTER UNIFORM

Administrative division (670) 234-6823/8536

SUBJECT:

Dress and Personal Appearance

Central Station 234-6333/6431

PURPOSE:

To establish departmental dress and personal appearance

procedures for sworn firefighters.

Corrections Division 234-7254/8534 Fire Division 234-6222/9222/3437

THIS ORDER CONSISTS OF THE FOLLOWING NUMBERED SECTIONS:

Patrol Division/Public Relations 234-6823/8536

I.

Objectives

Investigation Section

II. Policy

234-7208

Standards for Wearing

Juvenile Unit 234-7208

III. IV.

Uniform Items Specifications

Motor Vehicle Bureau 234-6921/9137

OBJECTIVES

Highway Safety Office

234-6021/6055

Traffic Section 234-6823/8536

Boating Safety Office

322-4037 Office

254-7208

Police Academy/Training 234-5639

Koblerville Substation 234-1318

Garapan Substation 234-7212/7153

EMERGENCY - 911

To establish appropriate dress and personal appearance A. guidelines for uniformed fire personnel of the Department of Public Safety.

B. To exercise good taste and discretion in selecting and wearing appropriate attire and maintaining a desirable personal appearance.

II. POLICY

It shall be the policy of the Department of Public Safety that all personnel maintain a high standard of dress and personal appearance.

III. STANDARDS FOR WEARING

- A. Authorized Uniforms
 - 1. Class "A" uniform shall be longsleeve in khaki color.
 - 2. Class "B" uniform shall be short-sleeve in khaki color.
 - 3. Class "C" uniform shall be T-shirt and denim pants (ieans).
- В. Class "A" uniform shall be worn by all firefighters on special assignments such as funeral detail, honor/color guard, escorts, or any other occasion as deemed appropriate by the Fire Director.
- C. Class "B" uniform shall be worn by all firefighters during regular duty hours.

- D. Class "C" uniform shall be worn by all firefighters when responding to a fire call.
- E. Medic Smock shall be worn outside Class "B" uniform during response by medic personnel only.

IV. FIRE UNIFORM ITEMS SPECIFICATIONS

A. Trousers

- Material: The trousers shall be made of 85% Dacron and 15% Gabardine, soil-resistant, khaki in color, permanent press, wash and wear. Waistband is to be lined with regulation material or backed with a fully strung canvas interlining, utilizing the best quality tackle twill.
- 2. Style: The trousers shall be plain, without pleats with two (2) hip and two (2) side pockets. Out—seam of trouser's legs shall have 3/4 inch khaki seam to be sewn with hidden stitches, full cut, straight hanging and cuffless. The hip pockets must have flap covers with the lower corners of the flaps rounded and buttoned in the center with khaki matching buttons. There shall be seven belt loops, 1 inch wide and 1 1/2 inches high. Trousers shall be neatly tailored, loose enough to allow complete freedom of movement.

B. Shirt

- Material: The shirts shall be made of 85% Dacron and 15% Gabardine, soil—resistant, khakiin color, permanent press, wash and wear.
- 2. Style: The shirts shall be plain, two standard pockets with flap covers. The lower corners of the flaps shall be rounded and buttoned in the center. The left pocket shall have a 1/2 inch pen slot included. Shirts shall have seven buttons on the front side and must be the same color as the shirt. All button holes must be strongly reinforced. The shirt shall have 1 1/2 inch epaulets buttoned down next to the neck and extended down to the shoulder.

C. Badge Holder

The badge holder shall have a one inch wide strip of reinforcing material sewn on the inside of the shirt extending from the center of the left shoulder to the center of the left pocket for badge support. Centered between the shoulder and the left pocket shall be two vertically positioned metal or plastic eyelets for the purpose of pinning the badge. These eyelets should be positioned 1 1/2 inches above the top seam of the pocket.

D. Identification Badge

Identification (ID) badges (laminated plastic) shall be worn by firefighters while on duty in civilian attire or conducting business in any DPS facility. The ID badge shall be worn on the chest with the face side of the ID badge facing out.

E. Badges

Firefighters I, II and III badges are silver in color. Lieutenants and upper ranks are gold in color. Badges shall have the CNMI seal at the center and the rank designation below the eagle. The initial "D.P.S." shall be above the seal and the word "FIRE DIVISION" below the seal. The badge number shall be stamped in the square block at the bottom of the badge to be pinned above and centered on the left breast pocket of the uniform.

F. Shoulder Patches

Organizational emblem shoulder patches shall be yellow field with CNMI seal at the center, with the words "FIRE" evenly embroidered at the top above the CNMI seal, outlined in red, to be sewn on the left side on each uniform shirt sleeve, 1/2 inch from the shoulder seam, centered and aligned with the shoulder loops. The American flag shoulder patch shall be sewn on the right side on each uniform shirt sleeve, 1/2 inch from the shoulder seam, centered and aligned with the shoulder loops.

G. Name Tag

Name tag shall be made of metal plate, 5/8 inches wide by 3 inches long, clutch—type fastener, lettering shall be 1/4 inch block type (last name only), and shall be worn centered directly above the right breast pocket of the uniform shirt by all firefighters.

H. Headgear

Headgear shall be a red baseball cap with the word "FIRE" embroidered in white letters across the front of the cap on top of the CNMI seal. Firefighters shall wear the headgear with their work uniform. (A miniature fire patch may also be used on the cap).

I. Belt

Belt shall be black leather, two (2) inches wide, and basket weave design. Firefighters shall wear the belt with their work uniform.

J. Rank Insignia Designation

- Firefighter I: Shall be constructed with one bugle, ladder, pike-pole, axe embroidered in silver, and one silver stripe.
- 2. Firefighter II: Shall be constructed with one bugle, ladder, pike-pole, axe embroidered in silver, and two silver stripes with black background and silver rim.
- 3. Firefighter Service Specialist III: Shall be constructed with one bugle, ladder, pike, pole and axe embroidered in silver, three silver stripes with red background and silver rim.
- 4. Fire Lieutenant: Shall be constructed with one bugle, centered, embroidered in gold, two stripes with red background and gold rim.
- 5. Fire Captain: Shall be constructed with two parallel bugles, embroidered in gold, two stripes with red background and gold rim.
- 6. Fire Inspector: Shall be constructed with two bugles crossed, embroidered in gold, two gold stripes and one silver stripe centered with red background and gold rim.
- 7. Fire Battalion Chief: Shall be constructed with three bugles inter-crossed, embroidered in gold, three gold stripes with red background and silver rim.
- 8. Assistant Fire Chief: Shall be constructed with three bugles inter-crossed, embroidered in gold, three gold stripes with red background and gold rim.

- 9. Deputy Fire Chief: Shall be constructed with four bugles inter-crossed, embroidered in gold, four gold stripes with red background and gold rim.
- Fire Director: Shall be constructed with five bugles inter-crossed, embroidered in gold, five gold stripes with red background and gold rim.

K. Reflectorized Vest

Reflectorized vest are instant identification for firefighters on the scene. Bright orange with charcoal gray letters made of 2"H 3MScotchlite reflective material screen printed on the front and back. It is made of water-resistant nylon and the edges of the vests are trimmed in durable black fabric. Tie strings are bar-tacked on each side for an adjustable fit.

L. Shoulder Unit Designation Device

The Shoulder Unit Designation Device is an optional item of uniform for those firefighters assigned to units which are authorized to wear such a device. The Unit Designation Device shall be 2 inches wide by 2 inches long, to be worn attached to the uniform shoulder loop of the work or field uniform. The following units are authorized to wear the Unit Designation Device:

- Training and Staff Development Division Red background with 1/4 inch gold border on the outside edges.
- 2. Traffic Unit Green background with dark green border on the inside and outside edges with the green cross emblem pinned to the center of the device.
- 3. Criminal Investigation Section White background with 1/4 inch gold border on the outside edges with unit insignia made of metal and appropriate design in enamel insignia made of metal attached to each shoulder loop with clutch back fasteners.
- 4. Harbor Division Unit Light blue background with 1/8 inch white border and outside edges.
- 5. Internal Affairs Bureau Dark blue background with 1/4 inch gold border on the outside edges.
- 6. Fire Division Orange background with 1/4 inch red border on the outside edges.

- 7. Division of Corrections Dark blue background with 1/4 inch silver border on the outside edges.
- 8. Patrol Unit Gray background with 1/4 inch red border on the outside edges.
- 9. Logistic/Supply Unit Khaki background with 1/4 inch navy blue border on the outside edges.
- 10. Tactical Unit Olive green background with one gold lightning at the upper left edge and one at bottom right edge.

JOSE M. CASTRO

Commissioner of Public Safety

DATE: 3-28-95

Main Office: SAIPAN INTERNATIONAL AIRPORT P.O. BOX 1055 ●SAIPAN ● MP 96950 Phone: (670) 234-8315/6/7 FAX: (670) 234-5962

PUBLIC NOTICE OF AMENDMENTS TO COMMONWEALTH PORTS AUTHORITY PROCUREMENT RULES AND REGULATIONS

The Commonwealth Ports Authority, pursuant to the authority of 2 CMC § 2122 (j), and in accordance with the provisions of 1 CMC 9104(a), hereby gives notice to the public of its adoption of Amendments to Commonwealth Ports Authority Procurement Rules and Regulations for the Commonwealth Ports Authority. The proposed amendments to the procurement rules and regulations are published herewith.

All interested persons are requested to submit data, views, or arguments, in writing, concerning the Amendments to Commonwealth Ports Authority Procurement Rules and Regulations. Written comments must be submitted to the Executive Director, Commonwealth Ports Authority, not later than the close of business thirty (30) calendar days following the date of publication of this Notice.

DATED, this 7th day of April, 1995.

CARLOS A. SHODA Executive Director

Commonwealth Ports Authority

Received by:

for: Office of the Goy

Date: 4/11/95

Filed by:

Office of the Attorney General

and Registrar of Corporations

Main Office: SAIPAN INTERNATIONAL AIRPORT P.O. BOX 1055 • SAIPAN • MP 96950

Phone: (670) 234-8315/6/7 FAX: (670) 234-5962

NOTICIAN PUPBLIKU PUT I AMENDASIONS I GI COMMONWEALTH PORTS AUTHORITY PROKURAMENTU AREKLAMENTU YAN REGULASIONS

I Commonwealth Ports Authority, sigun i aturidat 2 CMC § 2122 (j) yan probension 1 CMC 9104(a), ginen este ha noticia i pupbliku ni intension na para u Amendasions I Commonwealth Ports Authority Prokuramentu Areklamentu yan Regulasions para I Commonwealth Ports Authority. I me-renueba na prokuramentu areklamentu yan regulasions siha ma pupblika huyong.

Todu interesao na petsona u mana'halom infotmasion, opinion pat atgumentu, ni matugi, put i Amendasions I Commonwealth Ports Authority Prokuramentu Areklamentu yan Regulasions. I manma'tuge' na notas u fanma'submiti halom gi Direktot Eksekatibu, Commonwealth Ports Authority, gi halom trenta (30) despues di ma pupblika huyong guine na noticia.

Ma'fecha' guine na dia _____ Abrít, 1995.

CARLOS A. SHODA **Executive Director**

Commonwealth Ports Authority

Received by:

Office of the Governo for:

Filed by: Office of the Attorney General

and Registrar of Corporations

Date: 4/11/95

Main Office: SAIPAN INTERNATIONAL AIRPORT P.O. BOX 1055 • SAIPAN • MP 96950 Phone: (670) 234-8315/6/7 FAX: (670) 234-5962

ARONGORONGOL TOWLAP REEL LLIWEL MEREEL COMMONWEALTH PORTS AUTHORITY REEL ALLÉGH ME ALLÉGHÉLÉGHUL BWEIBWOGH

Ofisil Commonwealth Ports Authority, sangi allégh ye 2 CMC § 2122(j) me bwal ailééwal 1 CMC 9104(a), ekke arongaar towlap igha ebwe adóptéli lliwel kkewe llól Commonwealth Ports Authority reel Allégh me Alléghéléghúl Bweibwogh mereel Commonwealth Ports Authority. Lliiwelil allégh me alléghéléghúl bweibwogh nge ikka aa toowow.

Alonger aramas kka re tipáli nge rekke tingór ngálir bwe rebwe atootolong meta mángemángiir me tipeer reel lliiwel kkaal ngáli Commonwealth Ports Authority Allégh me Alléghéléghúl Bweibwogh. Alongal tiptio me mángemáng kkal nge rebwe afanga ngáli Executive Director, Commonwealth Ports Authority, llól eliigh (30) rál sángi igha e toowow arongorong yeel.

Efféér llól ráálil ye _____ Abrid, 1995.

CARLOS A. SHODA Executive Director

Commonwealth Ports Authority

Received by:

for:

Office of the Governor

Date:

11/1.16

Filed by: for:

Office of the Attorney General

and Registrar of Corporations



Main Office: SAIPAN INTERNATIONAL AIRPORT P.O. BOX 1055 • SAIPAN • MP 96950 Phone: (670) 234-8315/6/7 FAX: (670) 234-5962

CERTIFICATION OF AMENDMENTS TO **COMMONWEALTH PORTS AUTHORITY** PROCUREMENT RULES AND REGULATIONS

I, CARLOS A SHODA, Executive Director of the Commonwealth Ports Authority, which is promulgating amendments to Rules and Regulations regarding its procurement of goods, services, and supplies, by signature below, hereby certifies that the Amendments to Commonwealth Ports Authority Procurement Rules and Regulations regarding airports are a true, complete and correct copy of the Amendments to Commonwealth Ports Authority Procurement Rules and Regulations adopted by the Board of Directors of the Commonwealth Ports Authority.

I declare under penalty of perjury that the foregoing is true and correct and day of April, 1995, at Saipan, Commonwealth that this declaration was executed on the \mathcal{T} of the Northern Mariana Islands.

CARLOS A. SHODA

Executive Director

Commonwealth Ports Authority

Received by:

for: Office of the Governo

Filed by:

Office of the Attorney General

and Registrar of Corporations

PROPOSED AMENDMENT TO

SECTION 3.2(1) OF THE

COMMONWEALTH PORTS AUTHORITY PROCUREMENT RULES AND REGULATIONS

The Board of Directors of the Commonwealth Ports Authority proposes to amend Section 3.2(1) of its Procurement Rules and Regulations to conform with the language of House Bill No. 9-254 entitled: "To amend 2 CMC Section 2132; and for other purposes," which was signed into law on January 5, 1995. Section 2.3(1) of the Commonwealth Ports Authority Procurement Rules and Regulations is deleted in its entirety and replaced with the following:

(1) The purchase of all supplies and materials and all construction works, when the expenditure exceeds \$25,000, shall be by contract let to the lowest responsible bidder.

PUBLIC NOTICE OF PROPOSED AMENDMENTS TO ADMINISTRATIVE RULES AND REGULATIONS OF THE WORKERS' COMPENSATION COMMISSION

The Board of Trustees/Workers' Compensation Commission (Commission) pursuant to 4 CMC §9351(a)(1), and the Administrative Procedure Act, 1 CMC §9101, et. seq., hereby serves notice that it proposes to promulgate and adopt amendments to the Rules and Regulations of the Commission.

Copies of these proposed regulations are available at the Commission's office on the ground floor of the Nauru Building, Susupe, Saipan, and its office on Rota and Tinian.

The Commission urges the public to submit written comments and recommendations regarding the proposed amendments within 30 days after the first publication in the Commonwealth Register to the following address:

NMI Retirement Fund/ Workers' Compensation Commission P.O. Box 1247 Saipan, MP 96950

Dated this 11th day of April, 1995.

Dino M. Jones Chairman

Board of Trustees

Edward H. Manglona

Administrator

NMI Retirement Fund

RECEIVED BY:

DONNA J/CROZ / DATE

Office of the Governor

FILED BY:

SOLEDAD B. SASAMOTO / DATE

Registrar of Corporations

Notician Publiko Pot I Mapropopone Na Tinilaika Gi Areklamenton I Programan Workers' Compensation

I Board of Trustees/Workers' Compensation Commission (Commission), sigun gi atoridat i lai gi 4 CMC §9351 (a)(1), yan i Administrative Procedure Act gi papa i 1 CMC §9101, et. seq., mananae noticia gi publiko pot i ha propone para uma adopta tinilaika gi areklamenton i programan Workers' Compensation Commission.

Copian este na tinilaika guaha gi ofisinan i Commission nui gaige gi primet piso gi Nauru Building, Susupe, Saipan, yan lokue gi ofisinan i Commission giyan Lutan yan Tinian.

I Commission ha sosojo i publiko para ufan satmiti rekomendasion osino komentos pot este na tinilaika gi halom 30 dias despues de mapublika gi Commonwealth Register. Pot fabot satmiti todo recomendasion gi sigente na address:

NMI Retirement Fund/ Workers' Compensation Commission P.O. Box 1247 Saipan, MP 96950

Mafechangi/11th dia de Abrit.

Dino/M. Jones

Chairman

Board of Trustees

Edward H. Manglona

Administrator

FILED BY:

NMI Retirement Fund

RECEIVED BY:

DONNA J. CKUZA/DATE

Office of the Governor

SOLEDAD B. SASAMOTO / DATE

Registrar of Corporations

AMENDMENT TO THE WORKERS' COMPENSATION REGULATIONS

The Board of Trustees/Workers' Compensation Commission (Commission) pursuant to 4 CMC 9351 (a)(1), and the Administrative Procedure Act, 1 CMC §9101, et. seq., hereby proposes to promulate and adopt these amendments to the rules and regulations governing the CNMI Workers' Compensation Program.

PART I. GENERAL PROVISIONS

<u>Section 1. Authority</u>. Under and by virtue of the authority granted to the Commission by 4 CMC §9351 (a)(1), the commission hereby proposes to promulgate the following amendment to the WCC Rules and Regulations.

<u>Section 2. Purpose.</u> To amend Part 27 of the WCC Rules and Regulations by adding a new subsection 27.107 to allow recovery of attorneys fees for collection cases.

PART II. AMENDMENTS

Part 27 PENALTIES

27.107 Attorney's Fees.

In the event that the employer's failure to pay the assessment must be referred to our attorney for collection, the employer will be liable for attorneys fees and other costs of collection, in addition to prejudgment interest at the rate of 12% per annum.

PART III. EFFECTIVE DATE

The effective date of these proposed amendments shall be pursuant to 1 CMC §9105 (b).

Adopted as proposed amendments to the WCC Rules and Regulations by the Workers' Compensation Commission this 11th day of April, 1995.

Dino M. Jones

Chairman

Edward H. Manglona

Administrator

THE MORTECTOR AS

NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NOTICE OF THE PROPOSED AMENDMENTS TO THE MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the Northern Mariana Islands Retirement Fund hereby notifies the general public that it proposes to amendment the Member Home Loan Program Regulations as published in Volume 11, No. 6, dated June 15, 1989, and as amended in Volume 12, No. 3, dated March 15, 1990, Volume 13, No. 4, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 3, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993 Volume 15, No. 12, dated December 15, 1993, Volume 16, No. 04, dated April 15, 1994 Volume 16, No. 05, dated May 15, 1994, Volume 16, No. 09, dated September 15, 1994, Volume 16, No. 11, dated November 15, 1994 and as further amended in Volume 17, No. 02, dated February 15, 1995 of the Commonwealth Register.

Dated this day of	March	, 1995.
Dino M. Jones		Edward H. Manglona
Chairperson		Administrator
Board of Trustees		NMI Retirement Fund
NMI Retirement Fund		
Date: 3/21/95		Donna J. Cruz / Filed by The Governor's Office
Date: 3/31/91		Soledad B. Sasamoto
		Filed by the Registrar of Corp.

OFFICIAL SELL

NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NOTICIA POT I MA PROPONE NA AMENDASION I REGULASION YAN AREKLAMENTO I MEMBER HOME LOAN PROGAM

I Board of Trustees, NMI Retirement Fund, man nanae noticia para i publico na ma propone i tinilaika gi regulasion i Member Home Loan Program anai i ma publika gi Volume 11, No. 6, Junio 15, 1989, ya ma amenda gi Volume 12, No. 3, Matso 15, 1990, Volume 13, No. 4, Abrit 15, 1991, Volume 13, No. 10, Octubre 15, 1991, Volume 15, No. 3, Matso 15, 1993, Volume 15, No. 9, Septembre 15, 1993, Volume 15, No. 12, Decembre 15, 1993, Volume 16, No. 04, Abrit 15, 1994, Volume 16, No. 05, gi Mayo 15, 1994, Volume 16, No. 09, Septembre 15, 1994, ya ma amenda talo gi Volume 16, No. 11, Novembre 15, 1994, Volume 17, No. 02, Febrero 15, 1995 gi Commonwealth Register.

Mafecha gi dia 20th gi _	March	, 1995.
Jm.		many on
Dino M. Jones		Edward H. Manglona
Chairperson Board of Trustees		Administrator NMI Retirement Fund
NMI Retirement Fund		
Date: 3/21/95		Donna J Cruz
		Filed by The Governor's Office
Date: 3/21/95		Soledad B. Sasamoto
		Filed by the Registrar of Corp.



NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NORTHERN MARIANA ISLANDS RETIREMENT FUND PROPOSED MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the NMI Retirement Fund hereby proposes to amend the Member Home Loan Rules and Regulations as published in the Commonwealth Register in Volume 11 No. 06, dated June 15, 1989, and as amended in Volume 12, No. 3, dated March 15, 1990, Volume 13, No. 4, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 3, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993, Volume 16, No. 5, dated May 15, 1994, Volume 16, No. 09, dated September 15, 1994, Volume 16, No. 11, dated November 15, 1994, and further amended in Volume 17, No. 02, dated February 15, 1995 of the Commonwealth Register.

Part I. AUTHORITY

1. By virtue of the authority provided under 1 CMC § 8314(f), and the Administrative Procedures Act, at 1 CMC § 9101, et. seq., the Board of Trustees hereby promulgates these amendments as proposed to the Member Home Loan Program Regulations.

Part II. AMENDMENTS

- 1. To amend Part 14, Section 14.(b) of the Member Home Loan Program Regulations, to delete the last phrase "for the entire term of the loan" in that paragraph and replace it with the following:
 - "(b)
 "...for the initial five years of the loan term; After the expiration of the five year period, in the event the applicant sells, leases, rents, assigns or conveys any interest to the property for any period exceeding one year, including options and rights of renewal, then all indebtedness owing by and chargeable to the applicant shall become immediately due and payable."

PART III. EFFECTIVE DATE

The effective date of these proposed amendments shall be pursuant to 1 CMC § 9105(b).

Dino M. Jones

Chaifperson

Board of Trustees NMI Retirement Fund Edward H. Manglona

Administrator

NMI Retirement Fund



TEL. NO. (670) 322-8711/4 FAX NO. (670) 322-4008

PUBLIC NOTICE OF INTENT TO ADOPT REGULATIONS BY THE DEPARTMENT OF COMMERCE

CONTENTS:

PROPOSED REGULATIONS OF THE DEPARTMENT OF COMMERCE:

DEPARTMENT OF COMMERCE RULES OF PRACTICE AND PROCEDURE

(See Attached Proposed Rules)

PUBLIC COMMENTS: All interested persons may submit written data, views, or arguments about the proposed amendments to the Secretary, Department of Commerce, P.O. Box 10007, Saipan, MP 96950, on or before May 17, 1995.

AUTHORITY: The Department of Commerce is authorized to promulgate regulations pursuant to 1 CMC §§ 2454, 9104.

PEDRO Q. DELA CRUZ

Secretary, Department of Commerce

SOLEDAD B. SASAMOTO

Filed by Registrar of Corporations

4/12/4V



NUTISIAN PUPBLIKU POT I INTENSION PARA UMA ADAPTA AREKLAMENTO GI HALOM I DEPARTMENT OF COMMERCE

SUHETU:

IMA PROPOPONE NA AREKLMENTO GI DEPARTMENT OF COMMERCE

AREKLAMENTO NUI PARA MAPRAKTIKA GI HALOM I DEPARTMENT OF COMMERCE GI DURANTEN INEKOGOK APELA YANGIN SIAKASU MADESAPREBA APLIKASION BISNES PARA KOMETSIO.

(Areglos Propositu Gaigi Na)

KOMENTUN PUPBLIKU: Todo man interresante na petsonas pot este na asunto pot i intension i Department of Commerce nui para unaguaha areklamento pot enekogok apela, sina mana halom komento guato gi Secretary of Commerce, P.O. Box 10007, Saipan, MP 96950 antes de Mayo dia 17, 1995.

ATURIDAT: I Department of Commerce guaha aturidatna na para ufatinas este na areklamento como tinetika gi seksiona 1 CMC §§ 2454, 9104.

PEDRO Q. DELA CRUZ

Secretariu, Dipattamenton Commerce

10 10 1 10

SOLEDAD B. SASAMOTO

Ha file i Registrar of Corporations



DEPARTMENT OF COMMERCE RULES OF PRACTICE AND PROCEDURE

RULE 1 SCOPE OF RULES

These Rules supplement the Commonwealth Administrative Procedure Act and govern the practice and procedure in the respective Divisions of the Department of Commerce of the Commonwealth of the Northern Mariana Islands ("Commerce") in all actions pursued by the Secretary of Commerce ("Secretary"), his designees, and/or other litigants.

RULE 2 APPLICATION

Cases Pending When Rules Adopted. Proceedings in all cases or other matters before Commerce upon the effective date of these rules shall be governed by these rules, unless the proceeding was initiated prior to the effective date of these rules, in which case the parties may or may not stipulate to the adoption of these rules in any proceeding initiated prior to the effective date of these rules.

RULE 3 APPOINTMENT OF HEARING OFFICER

In all actions pursued by the Secretary, his designees, and/or other litigants, whether the action is for an Administrative Declaratory Ruling or an Administrative Contested Case, the Secretary shall appoint a person or persons as Hearing Officer(s) who are competent, impartial, and familiar with the administrative hearing processes.

RULE 4 FORM OF JUDICIAL REVIEW

There shall be two forms of judicial review; one of which will be known, pursuant to 1 CMC § 9107, as a "Declaratory Ruling Appeal", the other of which, pursuant to 1 CMC § 9112, will be known as a "Contested Case Appeal."

RULE 5 COMMENCEMENT OF APPEALS

A Declaratory Ruling Appeal is commenced by the filing of a Notice of Appeal in the Commonwealth Superior Court; a Contested Case Appeal is also commenced by the filing of a Notice of Appeal in the Commonwealth Superior Court. Following the filing of a

Notice of Appeal in the Commonwealth Superior Court, jurisdiction shall vest in the Commonwealth Superior Court.

RULE 6 PREPARATION OF TRANSCRIPTS FOR APPELLATE AND OTHER PURPOSES

Upon the request of any party for a transcript of any proceedings in Commerce, including the transcription of a proceeding for the purposes of judicial review, the requesting party shall be responsible to transcribe the proceedings. It shall be the sole responsibility of the party requesting the transcript to assure that the transcript is completed, certified, filed with the Superior Court and served on any necessary party to the Appeal, and to pay for the transcription costs in accordance with any applicable Commonwealth statute or Commonwealth Rule of Civil or Appellate Procedure.

If any party has any reason to doubt or question the accuracy of any transcription produced pursuant to this Rule, the original tape(s) shall be made available to ascertain the accuracy of the transcription. In the case of any conflict, the audio on the original tape(s), shall prevail.

In the event a person designated to do the transcription work dies, becomes incapacitated, or certifies to the court that for other reasons they are unable to complete the transcript within the time designated by the reviewing forum, it is the responsibility of the party ordering the transcript to notify the opposing party as soon as such death, incapacity, or inability is discovered.

Any transcript prepared shall be in a form acceptable to the reviewing forum. Any such transcript shall be accompanied by a written certification of the person actually doing the transcribing work, in a form acceptable to the reviewing forum.

RULE 7 SUPPLEMENTATION OF THESE RULES

These Rules may be supplemented, revised, and/or adapted as the need arises pursuant to the provisions of the Commonwealth Administrative Procedure Act, 1 CMC § 9101 et seq.

PEDRO Q. DELA CRUZ

Director, Department of Commerce

Filed by Registrar of Corporations

4/12/95 Date 4/12/90



PUBLIC NOTICE OF INTENT TO ADOPT AMENDMENTS
TO THE ALCOHOL BEVERAGE CONTROL RULES AND REGULATIONS

CONTENTS: PROPOSED AMENDMENTS TO THE ALCOHOL BEVERAGE
CONTROL RULES AND REGULATIONS, Commonwealth Register, vol. 6,
no. 11, at 3228-37, (November 15, 1984), Section 5 c, 12 e:

(See attached Proposed Regulations)

PUBLIC COMMENTS: All interested persons may submit written data, views, or arguments about the proposed amendments to the Secretary, Department of Commerce, P.O. Box 10007, Saipan, MP 96950, on or before May 15, 1994.

AUTHORITY: The Secretary of Commerce is authorized to promulgate regulations pursuant to 4 CMC § 5575, and Executive Order 94-3, Directive 93 (effective date August 24, 1994).

PEDRO Q. DELA CRUZ

Secretary, Department of Commerce

Soledad B. Sasamoto

Filed by Registrar of Corporations

4/13/95

Date



NUTISIAN PUPBLIKU PUT I INTENSION PARA U MA ADAPTA I AMENDASION SIHA GI AREKLAMENTO YAN REGULASION ALCOHOL BEVERAGE CONTROL

SUHETU: PROPOSITU NA AMENDASION GI REGULASION YAN AREKLAMENTON ALCOHOL BEVERAGE CONTROL Commonwealth Register, vol. 6, no. 11, gi 3328-37, (Noviembre 15, 1984), na Seksiona 5 c, 12 e:

(Areglos Propositu Gaigi Na)

KOMENTUN PUPBLIKU: Todo man interresante na petsonas pot este na asunto pot i intension i Department of Commerce nui para unaguaha areklamento pot Alcohol Beverage Control, sina mana halom komento guato gi Secretary of Commerce, P.O. Box 10007, Saipan, MP 96950 antes de Mayo dia 17, 1995.

ATURIDAT: I Department of Commerce guaha aturidatna na para ufatinas este na areklamento como tinetika gi seksiona 4 CMC § 5575, yan Otden Exsakatibu 94-3, Direktibu 93 (effektibu Augusto 24, 1994).

∠PEDRO Q: DELA CRUZ

Secretariu, Dipattamenton Commerce

Fogha

SOLEDAD B. SASAMOTO

Ha file i Registrar of Corporations

DEPARTMENT OF COMMERCE PROPOSED AMENDMENTS TO THE ALCOHOL BEVERAGE CONTROL RULES AND REGULATIONS

CONTENTS:

Section 4. Qualifications of Prospective Licensees:

c. All applicants, as a condition for receiving a Class 3 Retail dealer's on-sale General license; excluding those applying for a Class 3 Retail dealer's on-sale General license in conjunction with a Class A restaurant license, shall provide evidence of United States citizenship or continuous meaningful residency in the Commonwealth for at least one year preceding the date of application for this Class 3 Retail dealer's on-sale General license, and must also, as a condition for receiving this Class 3 Retail dealer's on-sale General license, post a surety bond in the amount of five thousand (5,000) United States Dollars.

Section 12. <u>Procedure on Revocation or Suspension of License:</u>

- e. In the event revocation or suspension of a license is found as an appropriate sanction for a violation of any applicable statutes or regulations, the following civil sanctions and/or penalties will apply to violations occurring within a one year (365 day) period:
 - 1. First Offense: 48 Hour Suspension of License to commence on the same day of the week the offense is found.
 - 2. Second Offense: 72 Hour Suspension of License to commence on the same day of the week the offense is found, and a civil penalty of \$300.00.
 - 3. Third Offense: 168 Hour Suspension of License to commence on the same day of the week the offense is found, and a civil penalty of \$500.00.

4. Fourth Offense: Revocation of License, and a civil penalty of \$1,000.00.

PEDRO Q. DELA CRUZ

Director, Department of Commerce

SOLEDAD B. SASAMOTO

Filed by Registrar of Corporations

Ducc



PUBLIC NOTICE OF INTENT TO ADOPT AMENDMENTS
TO THE ALCOHOL BEVERAGE CONTROL RULES AND REGULATIONS

CONTENTS: PROPOSED AMENDMENT TO THE ALCOHOL BEVERAGE
CONTROL RULES AND REGULATIONS, Commonwealth Register, vol. 6,
no. 11, at 3228-37, (November 15, 1984), Section 7 c, 14 a:

(See Attached Proposed Regulations)

PUBLIC COMMENTS: All interested persons may submit written data, views, or arguments about the proposed amendments to the Secretary, Department of Commerce, P.O. Box 10007, Saipan, MP 96950, on or before April 15, 1994.

AUTHORITY: The Secretary of Commerce is authorized to promulgate regulations pursuant to 4 CMC § 5575, and Executive Order 94-3, Directive 93 (effective date August 24, 1994).

PEDRO Q. DELA CRUZ

Secretary, Department of Commerce

Soledad B. Sasamoto

Filed by Registrar of Corporations

Date 4/13/95



NUTISIAN PUPBLIKU PUT I INTENSION PARA U MA ADAPTA I AMENDASION SIHA GI AREKLAMENTO YAN REGULASION ALCOHOL BEVERAGE CONTROL

SUHETU: PROPOSITU NA AMENDASION GIREGULASION YAN
AREKLAMENTON ALCOHOL BEVERAGE CONTROL Commonwealth Register, vol.
6, no. 11, gi 3328-37, (Noviembre 15, 1984), na Seksiona 7 c, 14 a:

(Areglos Propositu Gaigi Na)

KOMENTUN PUPBLIKU: Todo man interresante na petsonas pot este na asunto pot i intension i Department of Commerce nui para unaguaha areklamento pot Alcohol Beverage Control, sina mana halom komento guato gi Secretary of Commerce, P.O. Box 10007, Saipan, MP 96950 antes de Mayo dia 17, 1995.

ATURIDAT: I Department of Commerce guaha aturidatna na para ufatinas este na areklamento como tinetika gi seksiona 4 CMC § 5575, yan Otden Exsakatibu 94-3, Direktibu 93 (effektibu Augusto 24, 1994).

PEDRO O. DELA CRUZ

Secretariu, Dipattamenton Commerce

SOLEDAD B. SASAMOTO

Ha file i Registrar of Corporations



DEPARTMENT OF COMMERCE AMENDMENTS
TO THE ALCOHOL BEVERAGE CONTROL RULES AND REGULATIONS

Section 7. Premises Qualifications:

c. The Secretary of Commerce shall have the authority to define the premises to be used for the serving of alcoholic beverages for all onsale licensees in the Commonwealth. These premises shall normally include the building and its perimeter as regularly used within the business activity during normal hours of operation by the on-sale licensee.

Section 14. <u>Disposal of Confiscated Alcoholic Beverages</u>.

- a. All alcoholic beverages confiscated in the Commonwealth shall be disposed of at the discretion of the Secretary of Commerce by either:
 - (i) dumping in public by the Secretary or his authorized representative in the presence of one employee of the Department of Public Safety and one employee of the Office of the Attorney General; or,
 - (ii) sale by public auction with reserve yet without warranty of fitness or merchantability, and after execution of appropriate releases and/or covenants not to sue by the bidders, and following 14 days public notice in a newspaper of general circulation.

PEDRO Q. DELA CRUZ

Secretary, Department of Commerce

Date

Data

Soledad B. Sasamoto

Filed by Registrar of Corporations

THE MORTHER PARTY OFFICIAL SEA

NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NOTICE OF THE ADOPTED AMENDMENTS TO THE MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the Northern Mariana Islands Retirement Fund hereby notifies the general public that it has amended the Member Home Loan Program Regulations as published in Volume 11, No. 6, dated June 15, 1989, and as amended in Volume 12, No. 3, dated March 15, 1990, Volume 13, No. 4, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 3, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993 Volume 15, No. 12, dated December 15, 1993, Volume 16, No. 04, dated April 15, 1994, Volume 16, No. 05, dated May 15, 1994, Volume 16, No. 09, dated September 15, 1994, Volume 16, No. 11, dated November 14, 1994 and further amended in Volume 17, No. 02, dated February 15, 1995 of the Commonwealth Register.

dated February 15, 1995 of the Commonwealth Register. Dated this $\frac{10 \text{ Mz}}{100 \text{ Jac}}$ day of April, 1995. Edward H. Manglona Dino M. Jones Chairperson Administrator Board of Trustees NMI Retirement Fund NMI Retirement Fund Date: 4/11/95 Donna J Filed by The Governor's Office 4/11/95 Soledad B. Sasamoto Date: Filed by the Registrar of Corp.

NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

CERTIFICATION OF THE ADOPTED AMENDMENTS REGARDING THE MEMBER HOME LOAN PROGRAM REGULATIONS

I, Edward H. Manglona, the Administrator of the NMI Retirement Fund which is promulgating the Adopted Amendments regarding the Member Home Loan Program Regulations published in the Commonwealth Register on May 15, 1994, at pages 11882 to 11885, by signature below, hereby certify that the published Amendments are a true, complete and correct copy of the Amendments formally adopted by the Board of Trustees, NMI Retirement Fund.

I further request and direct this Certification be published in the Commonwealth Register and then be attached by both the Office of the Registrar of Corporations and Offices of the Governor to the Adopted Amendment referenced above. I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the __/O__ day of April, 1995 at Saipan, Commonwealth of the Northern Mariana Islands.

Edward H. Manglona

Administrator

Filed by:

Senedw M. Hellman 4/13/95 Soledad B. Sasamoto

Registrar of Corporations

Donna Cruz

Office of the Governor



NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NOTICIA POT I MA ADOPTA NA AMENDASION I REGULASION YAN AREKLAMENTO I MEMBER HOME LOAN PROGAM

I Board of Trustees, NMI Retirement Fund, man nanae noticia para i publico na ma adopta i tinilaika gi regulasion i Member Home Loan Program anai i ma publika gi Volume 11, No. 6, Junio 15, 1989, ya ma amenda gi Volume 12, No. 3, Matso 15, 1990, Volume 13, No. 4, Abrit 15, 1991, Volume 13, No. 10, Octubre 15, 1991, Volume 15, No. 3, Matso 15, 1993, Volume 15, No. 9, Septembre 15, 1993, Volume 15, No. 12, Decembre 15, 1993, Volume 16, No. 04, Abrit 15, 1994, Volume 16, No. 05, dated Mayu 15, 1994, Volume 16, No. 09, Septembre 15, 1994, Volume 16, No. 11, Novembre 15, 1994 ya ma amenda talo gi Volume 17, No. 02, gi Febreru 15, 1994, Commonwealth Register.

NOTICIA SEL

NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NORTHERN MARIANA ISLANDS RETIREMENT FUND ADOPTED AMENDMENTS TO THE MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the NMI Retirement Fund hereby amends the Member Home Loan Program Regulations as published in the Commonwealth Register in Volume 11, No. 06, dated June 15, 1989, and as amended in Volume 12, No. 03, dated March 15, 1990, Volume 13, No. 04, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 03, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993, Volume 15, No. 12, dated December 15, 1993, Volume 16, No. 04, dated April 15, 1994, Volume 16, No. 05, dated May 15, 1994, Volume 16, No. 09, dated September 15, 1994, Volume 16, No. 11, dated November 15, 1994 and as further amended in Volume 17, No. 02, dated February 15, 1995.

Part I. AUTHORITY

1. These amendments have been adopted by the Board of Trustees by virtue of the authority provided under 1 CMC 8314(f), and the Administrative Procedures Act, at 1 CMC 9101, et. seq.

Part II. AMENDMENTS

Having been duly adopted as final amendments by the Board of Trustees, the Member Home Loan Program Regulations are hereby amended as follows:

- 1. Part 5, Section 5.5(b) to insert the following after the first sentence in the paragraph:
 - "or have at least three (03) years of experience as an appraiser or surveyor;"
- 2. Part 7, Section 7.1(a)(1) shall be amended as follows:
 - "(a) No member home loan secured by a first mortgage on unencumbered improved real estate owned in fee simple shall exceed:
 - (1) **\$150,000.00**;"
- 3. Part 7, Section 7.1(b) shall be amended as follows:
 - "(b) No member home loan secured by a first mortgage on leasehold interest in improved real property shall exceed (1) \$150,000 and (2) seventy-five percent

(75%) of the lesser of the purchase price or the appraised value of the leasehold interest and improvements. [Source: 1 CMC 8354(a)(4).]"

- 4. Part 7, Section 7.1(c)(1) shall be amended as follows:
 - "(c) The "value" in a loan-to-value ratio shall in no event exceed the lesser of:
 - (1) \$150,000"
- 5. Part 7, Section 7.1(e) shall be amended as follows:
 - "(e) No member home loan secured by a first mortgage shall be made in an amount exceeding \$150,000 or less than \$15,000."
- 6. Part 7, Section 7.2(a) shall be amended as follows:
 - "(a) No leasehold conversion loan shall be made which, when combined with the outstanding balance of a first leasehold home loan, exceeds \$150,000, or when the combined balances of any first leasehold mortgage loan and the amount of the leasehold conversion loan exceeds the seventy-five percent (75%) of the appraised value of the real estate mortgaged to secure it.
- 7. Part 7, Section 7.2(b) shall be amended as follows:
 - "(b) No leasehold conversion loan shall be made in an amount less than \$15,000."

PART III. EFFECTIVE DATE

The effective date of these proposed amendments shall be pursuant to 1 CMC 9105(b).

Dated this 10th day of April , 1995.

Dino M. Jones

Chairman

Board of Trustees

NMI Retirement Fund

Edward H. Manglona

Administrator

NMI Retirement Fund

NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 **SAIPAN, MP 96950**

PHONE: (670) 234-7228 FAX: (670) 234-9624

NOTICE OF THE ADOPTED AMENDMENTS TO THE MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the Northern Mariana Islands Retirement Fund hereby notifies the general public that it has amended the Member Home Loan Program Regulations as published in Volume 11, No. 6, dated June 15, 1989, and as amended in Volume 12, No. 3, dated March 15, 1990, Volume 13, No. 4, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 3, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993 Volume 15, No. 12, dated December 15, 1993, Volume 16, No. 04, dated April 15, 1994 Volume 16, No. 05, dated May 15, 1994, Volume 16, No. 09, dated September 15, 1994, Volume 16, No. 11, dated November 15, 1994 and as further amended in Volume 17, No. 02, dated February 15, 1995 of the Commonwealth Register.

Dated this 20th day of March	, 1995.
Some	Grayer
Dino M. Jones	Edward H. Manglona
Chairperson Board of Trustees	Administrator NMI Retirement Fund
NMI Retirement Fund	
Date: 4/13/95	Donna J. Gruz
,, ,	Filed by The Governor's Office
	Remedia Dr. Hollman
Date: 4/13/95	fan. Soledad B. Sasamoto
	Filed by the Registrar of Corp.

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NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NOTICIA POT I MA ADOPTA NA AMENDASION I REGULASION YAN AREKLAMENTO I MEMBER HOME LOAN PROGAM

I Board of Trustees, NMI Retirement Fund, man nanae noticia para i publico na ma adopta i tinilaika gi regulasion i Member Home Loan Program anai i ma publika gi Volume 11, No. 6, Junio 15, 1989, ya ma amenda gi Volume 12, No. 3, Matso 15, 1990, Volume 13, No. 4, Abrit 15, 1991, Volume 13, No. 10, Octubre 15, 1991, Volume 15, No. 3, Matso 15, 1993, Volume 15, No. 9, Septembre 15, 1993, Volume 15, No. 12, Decembre 15, 1993, Volume 16, No. 04, Abrit 15, 1994, Volume 16, No. 05, gi Mayo 15, 1994, Volume 16, No. 09, Septembre 15, 1994, ya ma amenda talo gi Volume 16, No. 11, Novembre 15, 1994, Volume 17, No. 02, Febrero 15, 1995 gi Commonwealth Register.

Teoreto 13, 1993 gi commonweatur Register.	
Mafecha gi dia 20th gi March	, 1995.
Janer	mayon
Dino M. Jones	Edward H. Manglona Administrator
Chairperson Board of Trustees	NMI Retirement Fund
NMI Retirement Fund	
Date: 4/13/93	Donna V. Cruz/ Filed by The Governor's Office
Date: 4/13/9√	Kerneder Mr. Hallman for. Soledad B. Sasamoto
	Filed by the Registrar of Corp.

NORTHER PERSONNEL STATE OF THE STATE OF THE

NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

CERTIFICATION OF THE ADOPTED AMENDMENTS REGARDING THE MEMBER HOME LOAN PROGRAM REGULATIONS

I, Edward H. Manglona, the Administrator of the NMI Retirement Fund which is promulgating the Adopted Amendments regarding the Member Home Loan Program Regulations published in the Commonwealth Register on February 15, 1995, at pages 12949 to 12952, by signature below, hereby certify that the published Amendments are a true, complete and correct copy of the Amendments formally adopted by the Board of Trustees, NMI Retirement Fund.

Edward H. Mangona

Administrator

Filed by:

Soledad B. Sasamoto

Registrar of Corporations

Donna Cruz

Office of the Governor

Hollman 4/13/95



NORTHERN MARIANA ISLANDS RETIREMENT FUND

P.O. BOX 1247 SAIPAN, MP 96950 PHONE: (670) 234-7228 FAX: (670) 234-9624

NORTHERN MARIANA ISLANDS RETIREMENT FUND ADOPTED MEMBER HOME LOAN PROGRAM REGULATIONS

The Board of Trustees of the NMI Retirement Fund hereby amends the Member Home Loan Rules and Regulations as published in the Commonwealth Register in Volume 11 No. 06, dated June 15, 1989, and as amended in Volume 12, No. 3, dated March 15, 1990, Volume 13, No. 4, dated April 15, 1991, Volume 13, No. 10, dated October 15, 1991, Volume 15, No. 3, dated March 15, 1993, Volume 15, No. 9, dated September 15, 1993, Volume 16, No. 5, dated May 15, 1994, Volume 16, No. 09, dated September 15, 1994, Volume 16, No. 11, dated November 15, 1994, and further amended in Volume 17, No. 02, dated February 15, 1995 of the Commonwealth Register.

Part I. AUTHORITY

1. By virtue of the authority provided under 1 CMC § 8314(f), and the Administrative Procedures Act, at 1 CMC § 9101, et. seq., the Board of Trustees hereby promulgates these amendments as adopted to the Member Home Loan Program Regulations.

Part II. AMENDMENTS

- 1. To amend Part 13, Section 13.1(a) of the Member Home Loan Program Regulations, to delete the last three sentences in that paragraph and replace it with the following:
 - "(a) "...The interest rate for first mortgages shall be the prevailing local mortgage rate minus 1%, but not less than the actuarial assumption rate plus 2%. The interest rate for second mortgages shall be the prevailing local mortgage rate plus 2%, but not less than the actuarial assumption rate plus 2%. The "prevailing local mortgage rate" means the average rate charged by local lenders providing loans similar to the Member Home Loan Program."

PART III. EFFECTIVE DATE

The effective date of these adopted amendments shall be pursuant to 1 CMC § 9105(b).

Dino M. Jones

Chairperson

Board of Trustees
NMI Retirement Fund

Edward H. Manglona

Administrator

NMI Retirement Fund



OFFICE OF THE DIRECTOR

GOVERNMENT OF THE NORTHERN MARIANA ISLANDS DEPARTMENT OF PUBLIC HEALTH-ENVIRONMENTAL SERVICES

OF AMENDMENTS TO and ADOPTION OF NOTICE THE SCHEDULE OF FEES DEPARTMENT OF PUBLIC HEALTH

The Secretary of the Department of Public Health (DPH) notifies the Public that DPH has amended and adopted the Schedule of Fees.

The schedule adopted as amended was the Schedule of Fees which were published in the Commonwealth Register Volume 17, Number 2 dated February 15, 1995. The amendments are attached herewith and incorporated into the DPH Schedule of Fees. The adoption is pursuant to Title 1 CMC Division 2, Chapter 12, and in particular 1 CMC SS2605(i). The Schedule of Fees is adopted as amended. Copies of the adopted Schedule of Fees may be obtained from the Office of the Secretary of Public Health located at the ground floor at Commonwealth Health Center.

DR. ISAMU J ABRAHAM

SECRETARY

Department of Public Health

4/3/95

SOLEDAD SASAMOTO

REGISTRAR OF CORPORATIONS

RECEIVED BY:

MS. DONNA

DATE: 4/13/91

GOVERNOR'S OFFICE





COMMONWEALTH HEALTH CENTER

OFFICE OF THE DIRECTOR

GOVERNMENT OF THE NORTHERN MARIANA ISLANDS
DEPARTMENT OF PUBLIC HEALTH-ENVIRONMENTAL SERVICES

CERTIFICATION OF ADOPTION OF RULES REGARDING
THE SCHEDULE OF FEES AT
DEPARTMENT OF PUBLIC HEALTH

I, Dr. Isamu J. Abraham, the Secretary of the Department of Public Health Services, which is promulgating the Rules Regarding the Schedule of Fees for the Department of Public Health published in the Commonwealth Register on February 15, 1995 at pages 12752 to 12948. By signature below I hereby certify that such rules are a true, complete, and correct copy of the Rules regarding The Schedule of Fees formally adopted by the Department of Public Health. I further request and direct that this Certification be published in the Commonwealth Register and then be attached by both the Office of the Registrar of the Corporations and Office of the Governor to the Rules regarding the Schedule of Fees as referenced above.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration was executed on the 12th day of April, 1995 at Saipan, Commonwealth of the Northern Mariana Islands.

Signature:

DR. ISAMU\J. ABRAHAM

SECRETARY \

Department of Public Health

DEPARTMENT OF PUBLIC HEALTH SERVICES COMMONWEALTH HEALTH CENTER AMENDMENTS TO THE SCHEDULE OF FEES 1995

CPT #	CPT DESCRIPTION		ADOPTED
74220-52	RADIOLOGIC EXAMINATION; ESOPHAGUS REDUCED SERVICES	55	DELETED
90820	INTERACTIVE MEDICAL PSYCHIATRIC	90	DELETED
90862	PHARMACOLOGIC MANAGEMENT, INCLUDING	50	100
	PRESCRIPTION, USE, AND REVIEW		
90882	ENVIRONMENTAL INTERVENTION FOR	25	50
2000	MEDICAL MANAGEMENT		•
90845	MEDICAL PSYCHOANALYSIS	75	DELETED
	INTERPRETATION OR EXPLANATION OF	50	_
3000,	RESULTS OF PSYCHIATRIC STATUS		
	(MINIMUM CHARGE OF \$85)		
90889	PREPARATION OF REPORT OF PATIENT'S	50	100
30003	(MINIMUM CHARGE OF \$100)	•	200
99080	SPECIAL REPORTS SUCH AS INSURANCE	15	15
33000	FORMS, MORE THAN THE INFORMATION	10	10
	(MINIMUM CHARGE OF \$15)		
99361	MEDICAL CONFERENCE BY A PHYSICIAN	35	40
22301	WITH INTERDISCIPLINARY TEAM OF HEALT		30
	(MINIMUM CHARGE OF \$40)	••	
99362	MEDICAL CONFERENCES BY PHYSICIAN	50	75
	INITIAL EVALUATION AND MANAGEMENT	65	
2201	OF A HEALTHY INDIVIDUAL; NEW PATIENT		
	INFANT (AGE UNDER 1 YEAR)	*	
99382	INITIAL EVALUATION AND MANAGEMENT	65	28
33302	OF A HEALTHY INDIVIDUAL; NEW PATIENT		20
	EARLY CHILDHOOD (AGE 1 THRU 4 YEARS)	,	
99383	INITIAL EVALUATION AND MANAGEMENT	. 86	37
2200	OF A HEALTHY INDIVIDUAL; NEW PATIENT	· -	3,
	LATE CHILDHOOD (AGE 5 THRU 11)	•	
99384	INITIAL EVALUATION AND MANAGEMENT	108	47
22304	OF A HEALTHY INDIVIDUAL; NEW PATIENT		3 ,
	ADOLESCENT (AGE 12 THRU 17 YEARS)	′	
99385	INITIAL EVALUATION AND MANAGEMENT	129	56
22303	OF A HEALTHY INDIVIDUAL: NEW PATIENT		50
	18-39 YEARS	•	
99386	INITIAL EVALUATION AND MANAGEMENT	140	61
99300	OF A HEALTHY INDIVIDUAL; NEW PATIENT		01
	40-64 YEARS	′	
99397	INITIAL EVALUATION AND MANAGEMENT	162	70
99301	OF A HEALTHY INDIVIDUAL; NEW PATIENT		70
	65 YEARS AND OVER	′	
99201	INITIAL EVALUATION AND MANAGEMENT	43	20
9909I	OF A HEALTHY INDIVIDUAL; ESTABLISHED		20
	PATIENT; INFANT (AGE UNDER 1 YEAR)		
	LATIDAL, TARAMI (AGE CADEN I IDAK)		

DEPARTMENT OF PUBLIC HEALTH SERVICES COMMONWEALTH HEALTH CENTER AMENDMENTS TO THE SCHEDULE OF FEES 1995

CPT #		PROPOSED	
99392	INITIAL EVALUATION AND MANAGEMENT OF A HEALTHY INDIVIDUAL; ESTABLISHED PATIENT; EARLY CHILDHOOD (AGE 1 THRU 4 YEARS)	(in US \$) 43	20
99393	INITIAL EVALUATION AND MANAGEMENT OF A HEALTHY INDIVIDUAL; ESTABLISHED PATIENT; LATE CHILDHOOD (AGE 5 THRU 11 YEARS)	54	23
99394	INITIAL EVALUATION AND MANAGEMENT OF A HEALTHY INDIVIDUAL; ESTABLISHED PATIENT; ADOLESCENT (AGE 12 THRU 17 YEARS)	75	33
99395	INITIAL EVALUATION AND MANAGEMENT OF A HEALTHY INDIVIDUAL; ESTABLISHED PATIENT; 18-39 YEARS	86	37
99396	INITIAL EVALUATION AND MANAGEMENT OF A HEALTHY INDIVIDUAL; ESTABLISHED PATIENT; 40-64 YEARS	97	42
99397	INITIAL EVALUATION AND MANAGEMENT OF A HEALTHY INDIVIDUAL; ESTABLISHED PATIENT; 65 YEARS AND OVER	118	51
120.2	SHIP CLEAR./DERATTING CERT SHIP CLEARANCE DERATTING CERTIFICATE	160	DELETED 75 100
_	REPRODUCTION OF MEDICAL RECORDS PER SHEET Change to: FIRST PAGE EACH ADDITIONAL PAGE	0.25	1 0.25
ADDITIONS	5: -		
26160 26415 26440 26445 26499 29260 35901 36491 38300 49560 51010	REMOVAL OF ARM FOREIGN BODY REMOVE TENDON SHEATH LESION EXCISION, HAND/FINGER TENDON RELEASE PALM/FINGER TENDON RELEASE HAND/FINGER TENDON REVISION OF FINGER STRAPPING OF ELBOW OR WRIST EXCISION, GRAFT, NECK INSERTION OF CATHETER, VEIN DRAINAGE LYMPH NODE LESION REPAIR ABDOMINAL HERNIA DRAINAGE OF BLADDER CYSTOSCOPY & REVISE URETHRA		71 173 476 271 242 533 25 482 105 66 495 110 257

DEPARTMENT OF PUBLIC HEALTH SERVICES COMMONWEALTH HEALTH CENTER AMENDMENTS TO THE SCHEDULE OF FEES 1995

CPT #	CPT DESCRIPTION	PROPOSED	
		(in US \$)	(in US \$)
53270	REMOVAL OF URETHRA GLAND		120
55530	REVISE SPERMATIC CORD VEINS		341
56303	LAPARASCOPY; EXCISE LESIONS		375
56405	I&D OF VULVA/PERINEUM		70
56800	REPAIR OF VAGINA		219
57300	REPAIR RECTUM-VAGINA FISTULA		497
57540	REMOVAL OF RESIDUAL CERVIX		433
57700	REVISION OF CERVIX		183
58345	REOPEN FALLOPIAN TUBE		258
62289	INJECTION INTO SPINAL CORD		82
64835	REPAIR OF HAND OR FOOT NERVE		530
69632	REBUILD EARDRUM STRUCTURES		1,214
74220	CONSTRAST, X-RAY EXAM; ESOPHAGUS		110
74305	X-RAY BILE DUCTS, PANCREAS		75
75820	VEIN X-RAY, ARMS/LEGS		100
76062	X-RAYS, BONE SURVEY		100
76815	ECHO EXAM OF PREGNANT UTERUS		140
76818	FETAL BIOPHYSICAL PROFILE		162
76872	ECHO EXAM, TRANSRECTAL		150
90801-21	PYSCHIATRIC INTERVIEW - PROLONGED		* BR
	EVALUATION		
92506	SPEECH & HEARING EVALUATION		50
93307	ECHO EXAM OF HEART		150
97014	ELECTRIC STIMULATION THERAPY		25
-	REPLACEMENT OF BLUE CARD		5

* BR - BY REPORT SOURCE: cpt94 and HCPCS

NOTICE OF ADOPTION

BOARD OF EDUCATION POLICY

The Board of Education of the Northern Mariana Islands hereby notifies the general public that it has adopted the amended school policies pursuant to the Education Act of 1988 and the Administrative Procedures Act.

The policies adopted were published in the Commonwealth Register Vol.17-No.02 (February 15, 1994) in proposed form for public comment. The policies adopted with amendments are:

1. Amend. PSPSRR 3401(A)

Separations not Involving Personal Causes

2. Amend. PSPSRR 3203(G)

Types of Appointments

3. Amend. PSPSRR 7105 (L)

Leave with Pay

4. Amend. Policy CNMI Board of Education By-Laws Article IX

Section 1, Section 2 & Section 4

Copy of the policies may be obtained from the Office of the Comissioner of Education, Public School System, Lower Base, Saipan, MP 96950.

In accordance with 1 CMC Sec. 9105(b), the adopted policies shall take effect ten (10) days after the date of publication of this Commonwealth Register issue.

March 22, 1995

Chairman, Board of Education

Received By:

Donna Cruz, Governør's Office

Filed By:

Soledad B. Sasamoto Registrar of Corporations

NUTISIA POT MA'ADAPTAN

BOARD OF EDUCATION POLICY

I Board of Education gi halom i Notte Mariana Islands ginen este ha nutitisia i pupbliku henerat na esta manadapta amendasion siha para areklamenton sigun i ginagagao gi Education Act of 1988 yan i Administrative Procedures Act.

I areklamento siha ni manma'adapta manmapupblika huyong gi Commonwealth Register Vol. 17. No. 02 (Fibreero 15, 1994) gi fotman i mapropoponi para i pupbliku. Estague' i sigiente na manma'adapta na policies siha:

1. Amenda PSPSRR 3401(A)

Separations not Involving Personal Causes

2. Amenda PSPSRR 3203(G)

Types of Appointments

3. Amenda PSPSRR 7105 (L) Leave with Pay

4. Amenda Policy CNMI Board of Education By-Laws Article IX

Section 1. Section 2 & Section 4

Hayi malago' siña ha' mañule' kopian este siha na policies gi Ufisinan i Atkatden i Edukasion, Commissioner of Education, Public School System, Lower Base, Saipan, MP 96950.

Sigun i fuetsan 1 CMC Sec. 9105 (b), i manma'adapta siha na policies u fanefektibu gi halom dies (10) dias despues di mapupblika huyong este na nutisia gi Commonwealth Register.

Mótso 22 1995

Daniel O. Cultuqua

Chairman, Board of Education

Received By:

Donna Cruz, Governor's/Office

Filed By:

Soledad B. Sasamoto

Registrar of Corporations

ARONGORONGOL ADAPTAAL

ALLEGHUL BOARD OF EDUCATION

Schóól <u>Board of Education</u> me llól <u>Northern Marianas Islands</u> re kke aghuleey ngaliir aramas towlap bwe ra adaptálil alléghúl imwal rágháfishch kkewe re amendáli sángi <u>Education Act of 1988</u> me <u>Administrative Procedures Act.</u>

Allégh kka re adaptáálil nge aa takkal toowow llól <u>Commonwealth Register Vol.17-No.02</u> (Febueru 15, 1994) igha re féérú reel <u>proposed form</u> bwe towlap rebwe iraalong meeta tipeer me mángemángiir.

Allégh kka re adaptáálil nge ikka faal:

- 1. Liiwelil PSPSRR 3401(A) Separations not Involving Personal Causes
- 2. Liiwelil PSPSRR 3203(G) Types of Appointments
- 3. Lilwelil PSPSRR 7105 (L) Leave with Pay
- 4. Liiwelil Policy CNMI Board of Education By-Laws Article IX
 Section 1. Section 2 & Section 4

Kkopiyaal allégh kkaal nge emmwel aramas rebwe ló bweibwogh sángi Office of the Commissioner of Education, Public School System, Lower Base, Saipan, MP 96950.

Reel bwángil me aileewal 1 CMC Sec. 9105 (b), nge allégh kka re adaptaalil ebwe aléghéléghéló llól seigh (10) rál sángi igha e toowow arongorong yeel mellól Commonwealth Register.

Matso 22, 1995

Chairman, Board of Education

Ivo E Risibily:

Donna Cruz. Govérnor Office

Ivo E File-li:

Soledad B. Sasamoto Registrar of Corperations

CERTIFICATION OF RULES REGARDING THE PUBLIC SCHOOL SYSTEM

ADOPTED POLICY

BOARD OF EDUCATION

I, Daniel O. Quitugua, Chairman, Board of Education, which is promulgating the rules regarding the Public School System to be published in the Commonwealth Register Adopted Board of Education policy numbers as follows: Amend. PSPSRR 3401(A) Separations not Involving Personal Causes; Amend. PSPSRR 3203(G) Types of Appointments; Amend. PSPSRR 7105 (L) Leave with Pay; Amend. Policy CNMI Board of Education By-Laws Article IX, Section 1, Section 2 & Section 4, by signing below hereby certify that such Rules are a true, complete, and correct copy of the policies regarding the Public School System formally Adopted by the Board of Education. I further request and direct that this certification be published in the Commonwealth Register and then be attached by both the Office of the Registrar of Corporations and Office of the Governor to the Policies regarding the Public School System referenced above.

I declare under penalty of perjury that the foregoing is true and correct and that this declaration will be executed on the 15th day of April 1995 at Saipan, Commonwealth of the Northern Mariana Islands.

Chairman, Board of Education

Received By:

Filed By:

Soledad B. Sasamoto

Registrar of Corperations

Donna Cruz, Governor/Office

Filed this day of APRIL, 19 95
Office of Registrar of Corporations
Commonwealth of the Northern Mariana Islands

BY-LAWS OF THE COMMONWEALTH COUNCIL FOR ARTS AND CULTURE (Amended and Adopted January 3, 1995)

Pursuant to Executive Order, the policy board known as the "Council" of the Commonwealth Council for Arts and Culture adopts the following By-Laws:

I. OFFICE

The headquarters office of the Commonwealth Council for Arts and Culture shall be located at the CNMI Convention Center, Capital Hill, Saipan. Branch offices may be established at places determined by the Council, from time to time.

II. OFFICERS OF THE COUNCIL

There shall be eleven members of the Council as provided by Executive Order No. 26.

The Officers of the Council shall be a Chairperson and a Vice-Chaiperson, each of whom shall be selected annually by a majority vote of the entire Council at the first meeting of the Council following commencement of each fiscal year of the Commonwealth.

The Chairperson, or in the absence thereof, the Vice-Chairperson, shall preside at all meetings of the Council and appoint all committees, as necessary. Council meetings shall be held montly.

III. EXECUTIVE DIRECTOR

The Executive Director shall be the chief executive and administrative officer of the Council and the Administrator of the Office of the Commonwealth Council for Arts and Culture as provided by policy established by the Council acting within its jurisdiction as defined by law.

The duties of the Executive Director shall include, but not be limited, to the following:

- A. Administer the affairs of the Council and the Office of the Commonwealth Arts and Culture within the purview of the Executive Order establishing the Council and the Office, and in accordance with these By-Laws, and any other policies, rules, regulations, and directions of the Council;
- B. Prepare, in consultation with the Chairperson, the agenda for the meetings of the Council, be responsible for distributing necessary materials, and post and file meeting notices as may be required by law;

- C. Attend all meetings of the Council and assume all responsibility, either personally or by delegating a member of the staff, for the recording of all Council proceedings;
- D. Recommend to the Council programs and budget plans;
- E. Prepare and file applications for federal and other governmental agency grants:
- F. Be the expenditure authority for all funds appropriated by the CNMI government and maintain the records and reports necessary to establish expenditures in accordance with the annual budgetl
- G. Be the expenditure authority for all funds received by the Council from grant agreements and report to the Council all the terms and conditions of appropriations and grant agreements;
- H. Implement the Commonwealth Personnel Service Rules and Regulations;
- I. Administer the staffing requirements for all positions;
- J. Perform such other duties as may enhance the purpose of the Office and that may be assigned by the Council.

The Executive Director, with the approval of the Council, may designate from among the staff a person to serve as Acting Director who shall during the temporary absence or disability of the Executive Director, be responsible for his/her functions.

IV. MEETINGS OF THE COUNCIL

Regular meetings of the Council shall be held monthly on the first Tuesday of the month commencing at 1:30 pm, at a place designated in advance thereof.

Only those matters which have been placed on the regular meetings agenda for that date will be considered, unless, upon recommendation of any Council member and approval by a majority vote of Council members present, it is declared that an emergency exists as to matters which require the consideration of the Council at that time. Upon such emergency being delcared, the item may be considered at the end of the official agenda, but no final action may be taken if public notice of the subject is required and has not been given.

Special meetings may be called by the Chairperson or at the request of any Council member.

As required by law, a public announcement of all meetings shall be issued by the Executive Director. All meetings shall be conducted according to Robert's Rules of Order. The Executive Director shall be present at all Council meetings.

At regular meetings, the Council shall review, discuss, and act upon the following:

- A. The expansion and refinement of policies, procedures, and guidelines of the Council and the Office;
- B. The application for Special Projects prepared by the Executive Director.
- C. The expenditure of funds for project and programs established by the Council and within the annual budget;
- D. The preparation for submission of the fiscal year budget to the CNMI Office of Management and Budget;
- E. The preparation for submission of all requests for funding to the National Endowment for the Arts.

The agenda and any materials to be used at the regular meeting shall be mailed or delivered to all members at least two weeks prior to the meeting.

V. PROXIES

A proxy must be filed in writing and submitted to the Executive Director for the Commonwealth Council for Arts and Culture. Only another Council member may cast a proxy, and no member may cast more than one proxy at a called meeting. If the Chairperson calls an emergency meeting, proxies may be received by the Executive Director by telephone.

VI. VOTING

As governed by these By-Laws, all decisions of the Council shall be made by a majority of those present at a duly called meeting at which a quorum is present, or by unanimous written consent when an emergency arises.

VII. QUORUM

A quorum for any meeting shall be a majority of all Council members including proxies, of those who have been appointed.

VIII. MINUTES

Records of all Council meetings shall be kept in the form of minutes, including the title (regular or special), date, time, and place of the meeting, the names of those present, excused and unexcused members, who chaired the meeting, actions taken on each item on the agenda and how the votes were cast, the time the meeting was adjourned and when the where the next meeting shall take place. Tape recordings shall be made of proceedings of meetings and shall be stored until minutes of the subsequent meeting have been approved.

Minutes of the last meeting shall be distributed to all Council members not later than two weeks before the next meeting.

IX. COMMITTEES

LEGISLATIVE AFFAIRS COMMITTEE. A Legislative Affairs Committee may be established consisting of four or more Council members, including the Chairperson of the Council. The purpose of this committee is to review and make recommendations on proposed legislation affecting the artistic and cultural heritage of the Northern Mariana Islands on behalf of the Council. In addition, this committee shall act as the Council's advocate and lobbyist for funding support locally.

PERFORMING ARTS CENTER COMMITTEE. A Performing Arts Center Committee may be established consisting of four or more Council members, including the Chairperson of the Council. The purpose of this committee is to make recommendations on the proposed designation of the Performing Arts Center. In addition, this committee shall act as the Council's advocate and lobbyist for the designation of the center and for funding support to maintain it once it becomes the responsibility of the Council.

X. PANELS

There shall be seven panels as set below. Each panel shall be composed of no less than four (4) and not more than seven (7) members. Panels shall consist of two or more members from the Council who will serve as Chairperson and Vice-Chairperson, one or more CCAC staff member who shall serve as a resource person, and two or more members representing the community. Panel members shall serve without compensation, except for reimbursement for travel from neighbor islands, luncheons for full-day meetings and other expenses necessary in the performance of their duties as panel members.

Regardless of specific expertise, panel members are expected to participate in the discussions of applications in all art forms before their respective panels, except on applications in which they have a specific conflict of interest. When required, the panel Chairperson, after

consultation with other members of the panel, shall determine whether a conflict of interest exists and/or whether a particular panel member shall abstain from participation in deliberation or voting, based on the recommendations of the panel. The ruling of the panel Chairperson shall be final. Except as above provided, all panel members shall vote on recommendations at the end of each panel meeting. Panels shall establish their procedures for meeting dates and places and meetings of all panels shall not be subject to the meeting procedures of the Council, however, minutes or reports of such meetings shall be submitted to the Board Chairperson or the Executive Director no later than two weeks after any panel meeting of any panel has been performed.

The seven panels created are as follows:

- 1. Visual Arts Panel. This panel includes Design Arts in architecture, urban, interior, furniture, graphic, textile, and other design arts; Crafts in ceramics, textiles, glass, wood, and other crafts arts; Fine Arts in drawing, painting, sculpting, printmaking, and other fine arts;
- 2. Performing Arts Panel. This panel includes the area of dance in ballet, expressive dance, creative movement, folk dance, and other dance forms; it also includes the area of music in instrumental, vocal, and other musical arts; theater in forms of legitimate, improvisational, puppetry, and other forms of theatrical performing arts;
- 3. Literary / Media Arts Panel. This panel includes the area of poetry, fiction, play writing, translation, and other literary arts.
- 4. Chamolinian Cultural Arts Panel. This panel includes any and all arts and artforms in the traditional and contemporary Chamorro and Carolinian cultural heritage in the arts.
- 5. Touring Panel. This panel includes all aspects of importing and exporting arts, artists, artforms, and/or exhibitions, for all artforms. Primarily responsible for promoting awareness of the arts locally, regionally, and internationally.
- 6. Technical Assistance Panel. This panel develops policies, procedures, and projects which will provide financial support and service opportunities for artists, craftsmen and craftswomen, and arts organizations.
- 7. Arts Support in Education and Special Constituencies Panel. This panel insures arts in education is developed, strengthened, encouraged, promoted, and practiced. This panel works closely with all Northern Marianas schools both public and

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private, to promote awareness and support of the arts. This panel shall work closely with the Northern Marianas College Arts and Humanities Department to insure goals in art education is promoted, enhanced, and practiced.

XI. ANNUAL REPORT

By Executive Order, the Council is required to submit in writing an annual report to the Governor, the President of the Senate and the Speaker of the House, and to the Chairperson for the National Endowment for the Arts, as may be required. The report shall include a summary of activities of the Council. At least 30 days prior to the end of the fiscal year of the Commonwealth, the Executive Director shall prepare and circulate the draft annual report to the members of the Council for their review and recommendations.

XII. AMENDMENT OF BY-LAWS

These By-Laws may be amended at any regular or special meeting of the Council upon majority vote of the total membership of the Council, provided however, that the amendment(s) have been distributed in writing to all members of the Council and the Executive Director at least ten calendar days prior to the meeting at which the amendment(s) are presented for consideration.

END

Approved By:

Ms. Lucy DLG. Nielsen

Chairperson, Board of Directors Council for Arts and Culture

Date

2.7.95