

**TITLE 70: DEPARTMENT OF FINANCE**

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**SUBCHAPTER 70-40.2  
CASH RECEIPTS AND COMPLIANCE REGULATIONS**

**Part 001      General Provisions**

§ 70-40.2-001 Authority  
§ 70-40.2-005 Purpose  
§ 70-40.2-010 Definitions

**Part 100      Cash Receipt  
Requirements**

§ 70-40.2-101 Receipt Specification  
§ 70-40.2-105 Record Keeping and  
Inspections

**Part 200      Enforcement and  
Penalties**

§ 70-40.2-201 Enforcement  
§ 70-40.2-205 Penalty Procedure

**Part 300      Miscellaneous  
Provisions**

§ 70-40.2-301 Severability

Subchapter Authority: 1 CMC §§ 2553 and 2557; 4 CMC §§ 51201-51206.

Subchapter History: Amdts Adopted 25 Com. Reg. 20106 (Apr. 30, 2003); Amdts Proposed 25 Com. Reg. 20037 (Feb. 28, 2003); Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

Commission Comment: 1 CMC § 2551 creates the Department of Finance within the Commonwealth government. 1 CMC § 2553 authorizes the Department, among other things, to collect and deposit all local revenues from any source, including taxes, custom duties and license fees. The Department is authorized to adopt rules and regulations regarding those matters within its jurisdiction. See 1 CMC § 2557.

1 CMC § 2571 establishes the Division of Revenue and Taxation, headed by a Chief (now the Director) with supervision over all matters concerning revenue and taxation on a day-to-day basis.

PL 13-26 (effective Oct. 23, 2002), the “Sales Receipt Act of 2002,” codified at 4 CMC §§ 51201-51206, requires that all persons who receive gross revenue from sales transactions in the Commonwealth provide a sale receipt of each transaction accurately recording the sale for the customer and the Division of Revenue and Taxation. 4 CMC § 51204 authorizes the Department of Finance to promulgate rules and regulations necessary to implement the requirements of the act.

**Part 001 -      General Provisions**

**§ 70-40.2-001 Authority**

The regulations in this subchapter are promulgated pursuant to 1 CMC § 2553, 1 CMC § 2557, and Public Law 13-26 [4 CMC §§ 51201-51206] which authorizes the Secretary of Finance to promulgate rules and regulations to implement the requirements of the Act.

Modified, 1 CMC § 3806(d).

History: Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

**§ 70-40.2-005 Purpose**

## TITLE 70: DEPARTMENT OF FINANCE

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The purpose of the regulations in this subchapter is to provide guidelines and procedures to effectively implement the requirements of Public Law 13-26 [4 CMC §§ 51201-51206].

Modified, 1 CMC § 3806(d).

History: Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

### § 70-40.2-010 Definitions

For purposes of the regulations in this subchapter, the following definitions shall apply:

- (a) “Act” means the Sale Receipt Act of 2002 enacted as Public Law 13-26 [4 CMC §§ 51201-51206].
- (b) “Business day” means the earliest time of the day the business is open until the earlier of its closing for business operation for that same day or 2:00 a.m. the following day.
- (c) “Director” means the Director of Revenue and Taxation.
- (d) “Law enforcement official” means any employee of the Commonwealth government who has been deputized by the Secretary of Finance to assist in the enforcement of the Act and the regulations in this subchapter.
- (e) “Receipt” means a sales receipt as defined in § 3(c) of Public Law 13-26.

Modified, 1 CMC § 3806(d).

History: Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

### Part 100 - Cash Receipt Requirements

#### § 70-40.2-101 Receipt Specification

Every receipt issued by any person shall comply with the following requirements:

- (a) Cash register machine.
  - (1) Generate a receipt by the machine, bearing the business name, or the d.b.a. name, of the person receiving the gross revenue imprinted by the cash register machine itself, on the upper-most section of the receipt.
  - (2) Have the receipt numbered in sequence.
  - (3) Indicate, at the minimum, the following legible information:
    - (i) Date and time of the sale;
    - (ii) A general description of the service, goods, merchandise, or commodities sold;
    - (iii) Total amount of the sale;

## TITLE 70: DEPARTMENT OF FINANCE

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(iv) Payment terms; whether cash sales including checks and debit cards, credit cards, or credit sales.

(b) Electronic or digital machine or device.

(1) Generate a receipt by the machine or device, bearing the business name, or the d.b.a. name, and address of the person receiving the gross revenue imprinted by the machine or device itself, on the upper-most section of the receipt.

(2) Have the receipt numbered in sequence.

(3) Indicate, at the minimum, the following legible information:

(i) Date and time of the sale;

(ii) Description of the service, goods, merchandise, or commodities sold;

(iii) Total amount of the sale;

(iv) Payment terms; whether cash sales including checks and debit cards, credit cards, or credit sales.

(c) Written receipt - in duplicate.

(1) Manually generate a written receipt, of which it shall maintain in duplicate, both of which shall bear the business name or the d.b.a. name, of the person receiving the gross revenue, preprinted or stamped on the upper-most section of the receipt. A cash register machine, or electronic or digital machine device shall not be considered a written receipt for the purposes of this subsection.

(2) Have the receipt pre-numbered in sequence.

(3) Indicate, at the minimum, the following information:

(i) Date of the sale;

(ii) General description of the service, goods, merchandise, or commodities sold;

(iii) Total amount of the sale;

(iv) Payment terms; whether cash sales including checks and debit cards, credit cards, or credit sales.

Modified, 1 CMC § 3806(f), (g).

History: Amdts Adopted 25 Com. Reg. 20106 (Apr. 30, 2003); Amdts Proposed 25 Com. Reg. 20037 (Feb. 28, 2003); Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

Commission Comment: In subsection (b)(3)(iv), the Commission inserted the final period to correct a manifest error.

The April 2003 amendments readopted this section in its entirety.

### **§ 70-40.2-105 Record Keeping and Inspections**

(a) Every person required by the Act or the regulations in this subchapter to provide a sale receipt from a sale shall preserve a legible copy of such sale receipts as part of its business records. These business records shall be preserved for a period of at least six calendar years following the year of the sale transaction. These records shall be maintained along with other business records required in 4 CMC § 1807 and the regulations issued thereunder.

(b) At the end of every business day, all receipts issued during the business day shall be totaled by receipt sequence range. If more than one receipt sequence range was used during the business day, aggregate the totals of all receipt sequences to record the total sales transaction for the business day.

(c) Receipts that were voided shall be noted as such and the voided original receipt and all copies shall be retained as part of the record-keeping requirements.

(d) The Director or his designee shall have the authority to examine or inspect any record from any person of a receipt bearing, directly or indirectly, on a sale transaction. Such examination or inspection shall be carried out during reasonable business hours unless otherwise determined by the Director.

Modified, 1 CMC § 3806(d), (e), (f).

History: Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

## **Part 200 - Enforcement and Penalties**

### **§ 70-40.2-201 Enforcement**

(a) The Secretary of the Department of Finance may delegate his authority under the Act and the regulations in this subchapter to any employee or law enforcement officials for the purposes of enforcing any and all of the Act and regulations.

(b) The enforcement of the Act under the jurisdiction of the Secretary of Finance shall be carried out by the Director or any person designated by the Director. The Director may enter into a cooperative agreement with various departments and agencies of the CNMI government and empower the employees of these departments and agencies to carry out enforcement of the Act and the regulations in this subchapter.

(c) The Director or a designee may conduct periodic, random, unannounced visits to business establishments to verify compliance with the Act and the regulations in this subchapter.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

### **§ 70-40.2-205 Penalty Procedure**

(a) Failure to comply with the Cash Receipt Act.

(1) If the Director finds that noncompliance with the Act or the regulations in this subchapter were due to reasonable cause, the Director shall issue a “notice of violation” and grant a grace period not to exceed ten days to cure such violation. “Reasonable cause” for the purpose of this subsection includes but is not limited to:

## TITLE 70: DEPARTMENT OF FINANCE

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- (i) Inability to procure a cash register machine or electronically or digitally operated machine or device if the business establishment can provide proof of an order of such machine or device, where a written receipt is not practical; or
  - (ii) Where a cash register machine or electronically or digitally operated machine or device is undergoing repair for a period of not more than 10 days. The person shall to provide a job order receipt when requested by the Director.
  - (iii) Any other situation or circumstance as determined by the Director.
- (2) Any noncompliance not cured within ten days from the notice of violation shall result in the suspension or revocation of any relevant existing license to do business within the Commonwealth pursuant to § 7(c) of the Act.

(b) Failure to issue a receipt.

(1) If a person fails to issue a receipt to a customer, that person will be issued a notice of violation which shall be posted in a conspicuous place by the cash register for a period of thirty days for all employees of the business establishment to be put on notice of the violation.

(2) Once a notice of violation has been issued to a business establishment, there shall be a rebuttable presumption that any future violation for failure to issue a receipt was willfully or knowingly done in violation of the Act or the regulations in this subchapter.

(3) If such notice of violation is removed prior to the expiration of the 30 day period, a \$100 penalty shall be imposed upon citation for the first violation. Upon a second inspection, and the original notice remains unposted, a \$300 penalty shall be imposed upon citation. All penalties imposed shall be allowed the procedures established under the Administrative Procedure Act, 1 CMC §§ 9101, et seq. and any hearing shall be requested in writing within 5 days of issuance of the citation, otherwise such request for hearing is waived.

Modified, 1 CMC § 3806(d), (e), (f).

History: Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).

Commission Comment: In subsection (b)(3), the Commission changed “Procedures” to “Procedure” to correct a manifest error.

Public Law 18-35 (effective Feb. 14, 2014) enacted a new penalty scheme and expressly superseded the provisions of this section.

### **Part 300 - Miscellaneous Provisions**

#### **§ 70-40.2-301 Severability**

If any provision of the regulations in this subchapter shall be held invalid by a court of competent jurisdiction, the validity of the remainder of the regulations shall not be affected thereby.

Modified, 1 CMC § 3806(d), (f).

History: Adopted 25 Com. Reg. 19994 (Jan. 31, 2003); Proposed 24 Com. Reg. 19736 (Nov. 27, 2002).