

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 1701. Application of the Internal Revenue Code, In General.

(a) The United States Internal Revenue Code (“Internal Revenue Code” or “IRC”), made applicable by this chapter, is a statute adopted as a local territorial income tax. The IRC as herein incorporated is made a part of Commonwealth law, and may be cited as the “Northern Marianas Territorial Income Tax” (“NMTIT”).

(b) The administration and enforcement of the NMTIT shall be performed by or under the supervision of the Governor. Any function needful to the administration and enforcement of the NMTIT shall be performed by any officer or employee of the government of the Commonwealth duly authorized by the Governor (either directly, or indirectly by one or more redelegations of authority) to perform such function.

(c) The Governor or his delegate shall have the same administrative and enforcement powers with regard to the NMTIT as the Secretary of the Treasury and other United States officials of the executive branch have with respect to the United States income tax. Needful rules and regulations for enforcement of the NMTIT shall be prescribed by the Governor or his delegate pursuant to 4 CMC § 1818. The Governor or his delegate shall have authority to issue, from time to time, in whole or in part, the text of the income tax laws in force in the Commonwealth pursuant to this chapter.

(d) *Confidentiality, Disclosure, and Coordination.*

(1) Returns and return information shall be confidential, and except as authorized by NMTIT Section 6103 and 4 CMC § 1953(b), no officer or employee of the Commonwealth shall disclose any return or return information obtained by him in any manner in connection with his services as such an officer or employee or otherwise. For purposes of this subsection, the term “officer or employee” includes a former officer or employee.

(2) The Governor may enter into an agreement with the Secretary of the United States Treasury, the Governor of Guam or his delegate, or the executive head or his delegate of any state, possession or territory of the United States, to coordinate tax administration programs of the Commonwealth, the United States or any state, possession or territory thereof, and Guam, including provisions for exchanging information and protecting the confidentiality of returns and return information.

(e) In applying the NMTIT for any purpose contained within this division, except where it is manifestly otherwise required, the applicable provisions of the IRC shall be read so as to substitute “Commonwealth of the Northern Mariana Islands” for “United States,” “Governor or his delegate” for “Secretary or his delegate,” “Governor or his delegate” for “Commissioner of Internal Revenue” and “Collector of Internal Revenue,” “Superior Court of the Northern Mariana Islands” for “district court,” “Supreme Court of the Northern Mariana Islands” for “United States Courts of Appeal,” “Attorney General” for “district counsel,” “Attorney General’s Office” for “Department of Justice,” and with other changes in nomenclature and other language, including the omission of inapplicable language, where necessary to effect the intent of this chapter.

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(f) All references in the IRC to “Guam” shall be deemed likewise to refer to the Commonwealth of the Northern Mariana Islands.

(g) The NMTIT, as herein adopted, is to be applied and construed in all respects in conformity with the Covenant and this chapter.

(h) The Governor or his delegate may by regulations interpret, modify, or suspend any provision of the NMTIT which is manifestly inapplicable or incompatible with the intent of Covenant art. VI or with the intent of this chapter, so as to make the provision compatible therewith. Any such inapplicable or incompatible provisions shall be without force or effect.

(i) The Governor or his delegate may waive any additions to the tax, additional amounts, or penalties or any part thereof, attaching to acts performed or not performed by any taxpayer acting in reasonable reliance on this chapter or on any rules and regulations promulgated hereunder.

(j) In addition to such other jurisdiction as the Superior Court of the Northern Mariana Islands has with respect to the NMTIT under this chapter, it shall also have the same jurisdiction with regard to the NMTIT as the Tax Court of the United States has with respect to the United States Income Tax. The Superior Court of the Northern Mariana Islands shall implement this jurisdiction, as may be necessary, by adopting the United States Tax Court Rules of Practice and Procedure to the extent not inconsistent or incompatible with this division.

(k) Pursuant to 48 U.S.C. Section 1421i(e), Covenant Section 601(a), and other applicable law, in order to effect the intent of the mirror image Internal Revenue Code (“IRC”) and this Chapter, clarifying language and a change in nomenclature is required to IRC Sections 401(a), 403(b), 414(d), 414(h), 457(e) and any similar provisions in Sections 401 et seq., as well as in the IRC authorities described in § 1702(d) that concern those IRC sections: All references to “State” in those Sections shall be deemed to include to the Commonwealth of the Northern Mariana Islands.

Source: PL 9-22, § 1 (§ 1701) (repealing PL 4-24, § 2); (k) added by PL 15-13, § 4.

Commission Comment: The reference to 4 CMC § 1820 in subsection (c), which was specified in PL 9-22, appears to be incorrect. The proper reference is probably 4 CMC § 1818.

The reference to 4 CMC § 1953(b) in subsection (d)(1), which was specified in PL 9-22, is plainly incorrect; PL 9-22 did not create such a section, nor did a section bearing that designation exist prior to the enactment of PL 9-22.

PL 15-13 was enacted on June 16, 2006, and contained the following short title and purpose provisions in addition to other enactments (1 CMC 8451-8478) and severability and savings clauses:

Section 1. Short Title. This Act may be cited as the “Defined Contribution Plan Act of 2006.”

Section 2. Purposes. The purposes of this Act are:

(a) To create portable individual retirement accounts for all new public employees who are hired on or after the effective date determined under § 8454;

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(b) To provide the conditions under which certain Class I members of the Retirement Fund may transfer from the existing defined benefit plan to the new defined contribution plan;

(c) To establish a Northern Mariana Islands Public Employees' Defined Contribution Retirement Plan;

(d) To encourage qualified personnel to enter and remain in service with the Commonwealth Government by establishing a defined contribution plan for the payment of retirement benefits to or on behalf of the members;

(e) To amend the Northern Marianas Retirement Fund Act to improve the defined benefit plan's fiscal solvency and reduce its significant unfunded actuarial accrued liability; and

(f) To vest the administration of the Plan with the Administrator of the Northern Marianas Retirement Fund.