

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 1822. Withholding Earnings at the Source and Filing Returns.

(a) Requirement of Withholding.

(1) In General. A withholding tax at the maximum rate pursuant to 4 CMC § 1204 is imposed on earnings as defined by section 1202(b) of this Division for any transaction in which the amount realized is in excess of \$1,000. The withholding tax shall be collected by the withholding agent when paid or credited to the payee and paid over to the Secretary within 10 calendar days from the date of withholding. For purposes of this subsection, a withholding agent is the resident payor. Every person required to deduct and withhold the tax hereby imposed is liable for the payment and shall pay such tax to the Secretary.

(2) Gambling Winnings. Gambling Winnings from any gaming activity in amount of \$1,000 and over shall be subject to withholding at the maximum rate pursuant to 4 CMC §1204, except if such winnings are subject to withholding under the Gaming Machine Jackpot Tax imposed by section 1505 of this Division.

(3) Withholding Agent To File Information Returns Covering Tax On Earnings.

(A) Except as otherwise provided, the withholding agent shall within 10 days of the required withholding pay the tax withheld, and on or before January 31 of the calendar year following payment, make a full, true and correct information return showing all earnings taxes withheld and paid over by him during the preceding year for each transaction, providing with the return the receipts issued by the Treasurer for each payment. The return shall include such other information as required by the Secretary.

(B) Every person required to deduct and withhold tax on the earnings of any person, shall furnish to each such person on or before January 31 of the succeeding calendar year a written statement in a form prescribed by the Secretary, showing the earnings of such person paid by the withholding agent for the year or other time period, as the case may be, and the tax withheld with respect to such person.

(C) Every person required to deduct and withhold tax on the earnings of any person, shall file on or before February 28, of the succeeding calendar year a duplicate copy of each such statement with the Secretary.

(4) No Cause of Action Against Payor for Withholding. No person shall have any right of action against the withholding agent with respect to any monies deducted from such person's earnings in compliance or intended compliance with this section and paid to the Secretary.

(5) Tax Paid by Recipient. If the withholding agent, in violation of the withholding and filing provisions herein, fails to deduct and withhold the tax, and thereafter the tax against which such tax is credited is paid, the tax so required to be deducted and withheld shall not be collected from the withholding agent; but this subsection shall in no case relieve the withholding agent from liability for any penalties or additions to the tax otherwise applicable in respect to such failure to deduct and withhold.

(b) *Payment of Estimated Tax in Lieu of Withholding*. Where there is gain on the sale of personal property, the resident seller is required to pay a quarterly estimated tax in lieu of withholding.