



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS



CORPORATE INCOME TAX RETURN

For calendar year 2008 or tax year beginning _____, 2008, ending _____, 20__

Form **1120-CM**

2008

A Check if : 1a Consolidated return (attach Form 851) <input type="checkbox"/> b Life/nonlife consolidated return <input type="checkbox"/> 2 Personal holding company (attach schedule PH) <input type="checkbox"/> 3 Personal Service Corp (see instructions) <input type="checkbox"/> 4 Schedule M-3 attached <input type="checkbox"/>	Please type or print in ink	Name _____ Number, street, and room or suite no. (If a P.O. box, see instructions.) _____ City or town, state, and ZIP code _____	B Employer identification number _____ C Date incorporated _____ D Total Assets (see instructions) \$ _____
E Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address Change			

SOURCE OF INCOME		A. INCOME WITHOUT	B. INCOME WITHIN	C. TOTAL
Income	1 a Gross receipts or sales . . . 1a			
	b Less returns and allowances 1b			
	c Bal ▶			
	2 Cost of goods sold (Schedule A, line 8) 2			
	3 Gross profit. Subtract line 2 from line 1c 3			
	4 Dividends (Schedule C, line 19) 4			
	5 Interest 5			
	6 Gross rents 6			
	7 Gross royalties 7			
	8 Capital gain net income (attach Schedule D (Form 1120)) 8			
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797). 9			
10 Other income (see instructions - attach schedule) 10				
11 Total income. Add lines 3 through 10 ▶ 11				
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (Schedule E, line 4) 12			
	13 Salaries and wages (less employment credits) 13			
	14 Repairs and maintenance 14			
	15 Bad debts 15			
	16 Rents 16			
	17 Taxes and licenses 17			
	18 Interest 18			
	19 Charitable contributions 19			
	20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return (attach Form 4562) 20			
	21 Depletion 21			
	22 Advertising 22			
	23 Pension, profit-sharing, etc., plans 23			
	24 Employee benefit programs 24			
	25 Domestic production activities deduction (attach Form 8903) 25			
	26 Other deductions (attach schedule) 26			
	27 Total deductions. Add lines 12 through 26 ▶ 27			
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11 28			
	28a Allocable percentage 28a	_____ %	_____ %	100 %
29 Less: a Net operating loss deduction (see instructions) 29a				
b Special deductions (Schedule C, line 20) 29b				
29c				
30 Taxable income. Subtract line 29c from line 28 column C (see instructions) 30				
31 Total tax (Schedule J, line 10) 31				
Tax and Payments	32 a 2007 overpayment credited to 2008 32a			
	b 2008 estimated tax payments 32b			
	c 2008 refund applied for on Form 4466 32c			
	d Bal ▶ 32d			
	e Tax deposited with Form 7004 32e			
	f Credits: (1) Form 2439 _____ (2) Form 4136 _____ 32f			
	g Refundable credits from Form 3800, line 19c, and Form 8827, line 8c 32g			
	32h			
33 Estimated tax penalty (see instructions). Check if Form 2220 is attached. ▶ <input type="checkbox"/> 33				
34 Amount owed. If line 32h is smaller than the total of lines 31 and 33, enter amount owed 34				
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid 35				
36 Enter amount from line 35 you want: Credited to 2009 estimated tax (see line 7, part A, page 2) ▶ Refunded ▶ 36				
Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			May the Division of Revenue and Taxation discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> Yes <input type="checkbox"/> No
	Signature of officer _____	Date _____	Title _____	
Paid Preparer's Use Only	Preparer's signature _____	Date _____	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN _____
	Firm's name (or yours if self-employed), address, and ZIP code _____	EIN _____		Phone No. () _____

Part A Chapter 7 Tax Adjustment (See supplemental instructions before completing this part.)

1 Tax underpaid before rebate offset. Enter amount from line 14 of Form OS-3405A	1		
2 Tax overpaid before rebate offset. Enter amount from line 13 of Form OS-3405A	2	()
3 Late charges. Enter all applicable late charges here. Also include estimated tax penalty. (see supplemental instructions)	3		
4 Rebate offset amount. Enter the amount from line 15 of Form OS-3405A	4	()
5 Tax on overpayment of credit. Enter the lesser of line 13 of Form OS-3405A or the total of lines 32f and 32g, as shown on page 1 of this return. If zero or less, enter -0-	5		
6 Total due (or overpaid). Add lines 1 through 5 of this part. If this line shows amount due, pay this amount. Stop here. If this line shows an overpayment, place a bracket around the figure and continue on lines 7, 8 and 9	6		
7 If line 6 is an overpayment, enter amount you want credited to your 2009 ESTIMATED TAX	7		
8 If line 6 is an overpayment, enter amount you want credited to your 2009 BUSINESS GROSS REVENUE TAX	8		
9 Net overpayment. Subtract the total of lines 7 and 8 from line 6	9		

Schedule A Cost of Goods Sold (See instructions)

1 Inventory at beginning of year	1		
2 Purchases	2		
3 Cost of labor	3		
4 Additional section 263A costs (attach schedule)	4		
5 Other costs (attach schedule)	5		
6 Total. Add lines 1 through 5	6		
7 Inventory at end of year	7		
8 Cost of goods sold. Subtract line 7 from line 6. Enter here and on page 1, line 2	8		

- 9a** Check all methods used for valuing closing inventory:
- (i) Cost
 - (ii) Lower of cost or market
 - (iii) Other (Specify method used and attach explanation.) ► -----
- b** Check if there was a writedown of subnormal goods ►
- c** Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970) ►
- d** If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO . . . **9d** | |
- e** If property is produced or acquired for resale, do the rules of section 263A apply to the corporation? **Yes** **No**
- f** Was there any change in determining quantities, costs, or valuations between opening and closing inventory? If "Yes" attach explanation **Yes** **No**

Schedule C Dividends and Special Deductions (See instructions)

	(a) Dividends Received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock)	1	70	
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock)	2	80	
3 Dividends on debt-financed stock of domestic and foreign corporations	3	see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities	4	42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities	5	48	
6 Dividends from less-than-20%-owned foreign corporations and certain FCSs	6	70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FCSs	7	80	
8 Dividends from wholly owned foreign subsidiaries	8	100	
9 Total. Add lines 1 through 8. See instructions for limitation	9		
10 Dividends from domestic corporations received by a small business investment company operating under the small business investment Act of 1958	10	100	
11 Dividends from affiliated group members	11	100	
12 Dividends from certain FSCs	12	100	
13 Dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12	13		
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471)	14		
15 Foreign dividend gross-up	15		
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3	16		
17 Other dividends	17		
18 Deduction for dividends paid on certain preferred stock of public utilities	18		
19 Total dividends. Add lines 1 through 17. Enter here and on page 1, line 4	19		
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b	20		

Schedule E Compensation of Officers (See instructions for page 1, line 12)

Note: Complete Schedule E only if total receipts (line 1a plus lines 4 through 10 on page 1, Form 1120CM) are \$500,000 or more.

Table with 6 main columns: (a) Name of officer, (b) Social security number, (c) Percent of time devoted to business, (d) Percent of corporation stock owned, (e) Preferred, (f) Amount of compensation. Includes summary rows 2-4 for total compensation and adjustments.

Schedule J Tax Computation (See instructions)

Table for tax computation with rows 1-10. Includes checkboxes for controlled group, qualified personal service corporation, and various tax credits (Foreign tax credit, Form 8834, Form 3800, Form 8827, Form 8912, Form 4255, Form 8611, Form 8697, Form 8866, Form 8902, Other).

Schedule K Other information (see instructions)

Form for other information with questions 1-4. Question 1 asks for accounting method (Cash, Accrual, Other). Question 2 asks for business activity code and product/service. Question 3 asks if the corporation is a subsidiary. Question 4 asks if any foreign or domestic corporation, partnership, or trust owns 20% or more of the total voting power.

Table with 5 columns: (i) Name of Entity, (ii) Employer Identification Number (if any), (iii) Type of Entity, (iv) Country of Organization, (v) Percentage Owned in Voting Stock.

Form for question 4b: Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? For rules of constructive ownership, see instructions. If "Yes", complete (i) through (iv).

Table with 4 columns: (i) Name of Individual or Estate, (ii) Identifying Number (if any), (iii) Country of Citizenship (see instructions), (iv) Percentage Owned in Voting Stock.

Schedule L Balance Sheets per Books		Beginning of tax year		End of tax year	
		(a)	(b)	(c)	(d)
Assets					
1	Cash	1			
2a	Trade notes and accounts receivable	2a			
b	Less allowance for bad debts	b	()	()	
3	Inventories	3			
4	U.S. government obligations	4			
5	Tax-exempt securities (see instructions)	5			
6	Other current assets (attach schedule)	6			
7	Loans to shareholders	7			
8	Mortgage and real estate loans	8			
9	Other investments (attach schedule)	9			
10a	Buildings and other depreciable assets	10a			
b	Less accumulated depreciation	b	()	()	
11a	Depletable assets	11a			
b	Less accumulated depletion	b	()	()	
12	Land (net of any amortization)	12			
13a	Intangible assets (amortizable only)	13a			
b	Less accumulated amortization	b	()	()	
14	Other assets (attach schedule)	14			
15	Total assets	15			
Liabilities and Stockholder's Equity					
16	Accounts payable	16			
17	Mortgages, notes, bonds payable in less than 1 year	17			
18	Other current liabilities (attach schedule)	18			
19	Loans from shareholders	19			
20	Mortgages, notes, bonds payable in 1 year or more	20			
21	Other liabilities (attach schedule)	21			
22	Capital stock: a Preferred stock	22a			
	b Common stock	22b			
23	Additional paid-in capital	23			
24	Retained earnings - Appropriated (attach schedule)	24			
25	Retained earnings - Unappropriated (attach schedule)	25			
26	Adjustments to shareholders' equity (attach schedule)	26			
27	Less cost of treasury stock	27	()	()	
28	Total liabilities and shareholders' equity	28			

Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return

Note: Schedule M-3 required instead of Schedule M-1 if total assets are \$10 million or more-see instructions

1	Net income (loss) per books	1		7	Income recorded on books this year not included on this return (itemize):	
2	NMTIT per books	2			Tax-exempt interest \$ _____	
3	Excess of capital losses over capital gains	3		7		
4	Income subject to tax not recorded on books this year (itemize): _____	4			8	Deductions on this return not charged against book income this year (itemize):
5	Expenses recorded on books this year not deducted on this return (itemize):				a Depreciation \$ _____	
	a Depreciation \$ _____				b Charitable contributions \$ _____	
	b Charitable contributions \$ _____			8		
	c Travel and entertainment \$ _____			9	9 Add lines 7 and 8	
6	Add lines 1 through 5	6		10	10 Income (page 1, line 28) - line 6 less line 9 .	

Schedule M-2 Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)

1	Balance at beginning of year	1		5a	Distributions: a Cash
2	Net income (loss) per books	2		5b	b Stock
3	Other increases (itemize): _____			5c	c Property
	_____			6	6 Other decreases (itemize):
	_____	3		7	7 Add lines 5 and 6
4	Add lines 1, 2, and 3	4		8	8 Balance at end of year (line 4 less line 7) .

2008 Supplemental Instructions for Form 1120-CM

INCOME

Lines 1 through 10

Allocate the income being reported on these lines between income from without and within the Commonwealth based on their sources. Enter the figures in the appropriate column.

Line 11

Total the income entered on lines 1 through 10 for each column and enter the total in their respective columns.

DEDUCTIONS

Lines 12 through 26

Allocate the deductions being reported based on the source of the income they are attributable to. Enter the figures in the appropriate column.

Line 27

Total the deductions entered on lines 12 through 26 for each column and enter the total in their respective columns.

Line 28

Subtract line 27 from line 11 for columns A, B, and C.

Line 28a

Make a percentage allocation of the taxable income from each source in proportion to the total taxable income by dividing the taxable income on line 28, columns A and B, respectively by the total taxable income from line 28, column C.

Example:

Percentage Allocation for line 28a, column A

$$\frac{\text{Line 28, column A}}{\text{Line 28, column C}} = \text{Percentage allocation for line 28a, column A}$$

Percentage Allocation for line 28a, column B

$$\frac{\text{Line 28, column B}}{\text{Line 28, column C}} = \text{Percentage allocation for line 28a, column B}$$

Caution: If the percentage allocation is less than zero, enter zero. If more than 100%, enter only 100%.

TAX AND PAYMENTS

Line 30

Subtract line 29c from line 28, column C.

Line 33

Estimated tax penalty. See instructions for Part A line 3.

Line 34

This is the amount owed before the non-refundable under 4 CMC §1308(a). Form OS-3405A line 14 shows the amount owed after the non-refundable credit adjustment.

Line 35

This is the amount overpaid before the non-refundable credit under 4 CMC §1308(a). Form OS-3405A line 13 shows the amount overpaid after the non-refundable credit adjustment.

Line 36

Leave this line blank. The amount of overpayment available for estimated tax may be more as a result of tax rebate. Make your estimated tax carry over election on line 7, Part A.

PART A CHAPTER 7 TAX ADJUSTMENT (Top of page 2 of the return)-see instructions below. To fill in part A, you must first complete Form OS-3405A. Part A, provides adjustments for the non-refundable credit and tax rebate that may be available. Follow the instructions for every line item. If line 6 is an amount due, please pay that amount and make your check payable to: "CNMI TREASURY".

Caution: Make sure that the figures in brackets "()" are added correctly as negative figures.

Attach Form OS-3405A to the return when filing.

INSTRUCTIONS FOR PART A, PAGE 2 of Form 1120-CM

Part A CHAPTER 7 TAX ADJUSTMENT

1. Enter amount from line 14 of Form OS-3405A.
2. Enter amount from line 13 of Form OS-3405A. Place a bracket around the figure.
3. Enter all applicable late charges here, based on the underpaid tax (including failure to file, failure to pay & interest if you file and pay after the deadline). Also include estimated tax penalty. For purposes of late charges, the underpaid tax is the amount shown on line 14 of Form OS-3405A. For purposes of estimated tax penalty, the current year tax is the amount shown on line 11 of Form OS-3405A.
4. Enter the amount from line 15 of Form OS-3405A.
5. Enter the lesser of line 2 above or line 32f and 32g as shown in page 1 of this return. If zero or less, enter -0-.
6. Total due (or overpaid). Add lines 1 through 5 of this part. If this line shows amount due, pay this amount. If this line shows an overpayment, place a bracket around the figure and continue on lines 7 and 8.
7. If line 6 is an overpayment, enter amount you want credited to **2009 ESTIMATED TAX**. This line supersedes line 36, page 1 Form 1120CM. Enter as positive number.
8. **Enter remaining overpayment from line 6 you want credited to your 2009 BUSINESS GROSS REVENUE TAX, after deduction of 2009 ESTIMATED TAX, if any.** Enter as positive number.
9. **Net overpayment.** Subtract lines 7 and 8 from line 6. Place a bracket around your figure.



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS



APPLICATION FOR REBATE ON CNMI SOURCE INCOME TAX

Do not write in this space

Form **OS-3405A** FOR USE WITH FORM 1120CM (See instructions on reverse side)

2008

Please type or print in ink	Corporate Name	TIN	
	Mailing Address	Telephone number ()	Contact person

PART A - NON-REFUNDABLE CREDITS

1 Business gross revenue tax

Name	Tax ID No.		
a)		a)	
b)		b)	
c)		c)	
2 User fees paid		2	
3 Fees and taxes imposed under 4CMC §2202(h) (see instructions)		3	
4 Total non-refundable credits (add lines 1 through 3)		4	

PART B - REBATE COMPUTATION

5 Allocable percentage: a Tax without the CNMI	5a _____%		
b Tax within the CNMI	5b _____%		
6 Total NMTIT on all sources		6	
7 Total NMTIT payments made		7	
8 Tax on sources without the CNMI (multiply line 6 by the percentage as shown on line 5a)		8	
9 Tax on sources within the CNMI (multiply line 6 by the percentage as shown on line 5b)		9	
10 Total non-refundable credits (enter amount from line 4, PART A)		10	
11 Rebate offset base CNMI source tax (subtract line 10 from line 9. If zero or less, enter -0-)		11	
12 Total CNMI and Non-CNMI source tax after non-refundable credits (add lines 8 and 11)		12	
13 NMTIT overpayment. If line 7 is greater than line 12, subtract line 12 from line 7. Otherwise enter -0-		13	
14 NMTIT underpayment. If line 12 is greater than line 7, subtract line 7 from line 12. Otherwise enter -0-		14	
15 Rebate offset amount (enter here and on line 4, page 2, PART A of form 1120CM)		15	

PART C - Business Gross Revenue Tax Credit Allocation

Enter the TIN and amount you want credited from line 8, Part A, page 2. The total credit allocation shall be equal to the amount on line 8, Part A, page 2.

TIN	AMOUNT	
3105G	3105AF	3105MW

SIGN HERE Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

PAID PREPARER'S USE ONLY	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's social security no.
	Firm's name (or yours if self-employed) address, and ZIP code	Date	EIN	Telephone no. ()

FOR OFFICIAL USE ONLY					
DATE PAID	AMOUNT PAID	RECEIPT NO.	VERIFIED BY	POSTED BY	

*If received after the due date, show post mark.

2008 OS-3405A INSTRUCTIONS for 1120-CM

General

- ▶ Name and address. Fill in name and address.
- ▶ TIN. Enter taxpayer identification number.

PART A. NON-REFUNDABLE CREDITS

1. Enter the amount of business gross revenue tax paid or accrued during the taxable year under 4CMC Chapter 3. If more than one business gross revenue type (i.e. tax on Wholesales, Manufacturer, Agriculture/Fisheries, Banking and Financial Institutions, etc.) list each one separately. This is the tax imposed under 4CMC §1301 or in lieu thereof.
2. Enter the amount of user fees paid during the taxable year under 4CMC §1421.
3. Enter the amount of fees and taxes paid or accrued during the taxable year under 4CMC §2202(h), in lieu of the tax imposed under 4CMC §1301.
4. Add all amounts shown in lines 1 through 3.

PART B. REBATE COMPUTATION

- 5a. Enter the percentage (allocable ratio) of tax without the CNMI. This should be the percentage shown on Form 1120CM, page 1, line 28a, column A.
- 5b. Enter the percentage (allocable ratio) of tax within the CNMI. This should be the percentage shown on Form 1120CM, page 1, line 28a, column B.
6. Enter the tax from Form 1120CM, line 31.
7. Enter the total payments made for the taxable year from Form 1120CM, line 32h.
8. Multiply the amount on line 6 by the percentage of tax without the CNMI as shown on line 5a.
9. Multiply the amount on line 6 by the percentage of tax within the CNMI as shown on line 5b.
10. Enter the total non-refundable credits from line 4, part A.
11. Rebate base amount. Subtract line 10 from line 9. If zero or less, enter zero.
12. Add lines 8 and 11.
13. If line 7 is greater than line 12, subtract line 12 from line 7. Otherwise enter zero.
14. If line 12 is greater than line 7, subtract line 7 from line 12. Otherwise enter zero.
15. Rebate offset amount. Compute the amount on line 11 as shown on the rebate table below.

REBATE TABLE		
IF REBATE BASE (line 11) IS:	THE REBATE OFFSET AMOUNT IS:	EXAMPLE:
Not over \$20,000	90% of the rebate base	Rebate base x 90%
Over \$20,000 to \$100,000	\$18,000 plus 70% of the rebate base over \$20,000	Rebate base - 20,000 x 70% + 18,000
Over \$100,000	\$74,000 plus 50% of the rebate base over \$100,000	Rebate base - 100,000 x 50% + 74,000

PART C. BUSINESS GROSS REVENUE TAX CREDIT ALLOCATION (If you elect to apply your overpayment to your 2009 Business Gross Revenue Tax)

Enter for each type of tax the Taxpayer Identification Number (TIN) and amount to be allocated. The total credit allocation shall be equal to the amount on line 8, Part A, page 2 of Form 1120CM.

If filing by mail, please send to: **DIVISION OF REVENUE AND TAXATION
POST OFFICE BOX 5234 CHRB
SAIPAN, MP 96950**