



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
TERRITORIAL INDIVIDUAL INCOME TAX RETURN



Form 1040CM For the year Jan. 1 - Dec. 31, 2009, or other tax year beginning _____, 2009, ending _____ 20 **2009** Do not write in this space

Name and Address	Your first name and initial	Last Name	Your social security number	
	If a joint return, spouse's first name and initial	Last Name	Spouse social security number	
	Home address (number and street). If you have a P.O. Box, see page 14.		Apt. No.	IMPORTANT! You must enter SSN(s) above
	City, town, or post office, state and ZIP code. If you have a foreign address, see page 14.			

Filing Status Check only one box	1 <input type="checkbox"/> Single		4 <input type="checkbox"/> Head of household (with qualifying person). (See page 15.) If the qualifying person is a child but not your dependent, enter this child's name here _____	
	2 <input type="checkbox"/> Married filing joint return (even if only one had income)			
	3 <input type="checkbox"/> Married filing separate return. Enter spouse's social security no. above and full name here		5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see page 16)	

Exemptions If more than five dependents see page 17	6a <input type="checkbox"/> Yourself. If someone else can claim you as a dependent on his or her tax return, do not check box 6a				No. of boxes checked on 6a and 6b _____ No. of your children on 6c who: <input type="checkbox"/> lived with you <input type="checkbox"/> did not live with you due to divorce or separation (see page 18) Dependents on 6c not entered above _____ Add numbers entered on lines above _____																							
	6b <input type="checkbox"/> Spouse. _____																											
	c Dependents:																											
	(1) First Name	Last Name	(2) Dependent's social security number	(3) Dependent's relationship to you																								
	(4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 17)																											
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td style="width: 25%; height: 20px;"></td><td style="width: 25%;"></td><td style="width: 15%;"></td><td style="width: 35%;"></td><td style="width: 5%; text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td><td></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td><td></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td><td></td><td style="text-align: center;"><input type="checkbox"/></td></tr> <tr><td style="height: 20px;"></td><td></td><td></td><td></td><td style="text-align: center;"><input type="checkbox"/></td></tr> </table>								<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>
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				<input type="checkbox"/>																								
d Total number of exemptions claimed.....																												

SOURCE OF INCOME

		A. INCOME WITHOUT		B. INCOME WITHIN		C. TOTAL INCOME	
7 Wages, salaries, tips, etc. Attach Form(s) W-2 and W-2CM.....		7					
8a Taxable interest. Attach Schedule B if required		8a					
b Tax-exempt interest. DO NOT include on line 8a..... [8b] _____							
9a Ordinary Dividends. Attach Schedule B if required		9a					
b Qualified dividends (see page 22)..... [9b] _____							
10 Taxable refunds, credits, or offsets of state and local income taxes (see page 23).....		10					
11 Alimony received.....		11					
12 Business income or (loss). Attach Schedule C or C-EZ.....		12					
13 Capital gain (or loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>		13					
14 Other gains or (losses). Attach Form 4797.....		14					
15a IRA distributions <u>15a</u> _____ b Taxable amount (see page 24).....		15b					
16a Pensions and annuities <u>16a</u> _____ b Taxable amount (see page 25).....		16b					
17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E		17					
18 Farm income or (loss). Attach Schedule F.....		18					
19 Unemployment compensation in excess of \$2,400 per recipient (see page 27)		19					
20a Social security benefits <u>20a</u> _____ b Taxable amount (see page 27).....		20					
21a Gambling winnings. Attach Form(s) W-2G.....		21a					
b Other income. List type and amount (see pages 29).....		21b					
22a Total Income. Add amounts shown in all columns for lines 7 through 21.....		22a					
b Allocable percentage (see instructions).....		22b	%	%		100%	
23 Educator expenses (see page 29)		23					
24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ.....		24					
25 Health savings account deduction. Attach Form 8889.....		25					
26 Moving expenses. Attach Form 3903.....		26					
27 One-half of self-employment tax. Attach Schedule SE.....		27					
28 Self-employed SEP, SIMPLE, and qualified plans.....		28					
29 Self-employed health insurance deduction (see page 30).....		29					
30 Penalty on early withdrawal of savings.....		30					
31a Alimony paid b Recipient's SSN _____		31a					
32 IRA deduction (see page 31).....		32					
33 Student loan interest deduction (see page 34).....		33					
34 Tuition and fees deduction. Attach Form 8917		34					
35 Domestic production activities deduction. Attach Form 8903		35					
36 Add lines 23 through 31a and 32 through 35.....						36	
37 Subtract line 36 from line 22a, col. C. This is your adjusted gross income.						37	

Form 1040CM (2009)

<p>38 Amount from line 37 (adjusted gross income).....</p> <p>39a Check if: <input type="checkbox"/> You were born before Jan. 2, 1945, <input type="checkbox"/> Blind. Total boxes checked } 39a <input type="text"/></p> <p><input type="checkbox"/> Spouse was born before Jan. 2, 1945, <input type="checkbox"/> Blind. } 39b <input type="checkbox"/></p> <p>b If your spouse itemizes on a separate return or you were a dual-status alien, see page 35 and check here.</p> <p>40a Itemized deductions (from Schedule A) or your standard deduction. See below. People who checked any box on line 39a, 39b, or 40b or who can claim as a dependent, see page 35. <input type="checkbox"/> Single or married filing separately - \$5,700 <input type="checkbox"/> Married filing jointly or Qualifying widow(er) - \$11,400 <input type="checkbox"/> Head of Household - \$8,350</p> <p>b If you are increasing your standard deduction by certain real estate taxes, new motor vehicle taxes, or a net disaster loss, attach Schedule L and check here (see page 35)..... } 40b <input type="checkbox"/></p> <p>41 Subtract line 40a from line 38.....</p> <p>42 Exemptions. If line 38 is \$125,100 or less and you did not provide housing to a Midwestern displaced individual, multiply \$3,650 by the number on line 6d. Otherwise, see page 37.</p> <p>43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-.....</p> <p>44 Tax (see page 37). Check if any tax from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972</p> <p>45 Alternative minimum tax (See page 40). Attach Form 6251</p> <p>46 Add lines 44 and 45.....</p> <p>47 Foreign tax credit. Attach Form 1116 if required</p> <p>48 Credit for child and dependent care expenses. Attach Form 2441.....</p> <p>49 Education credits from Form 8863, line 29.....</p> <p>50 Retirement savings contributions credit. Attach Form 8880</p> <p>51 Child tax credit. (see page 42)</p> <p>52 Credits from Form: a <input type="checkbox"/> 8396 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 5695</p> <p>53 Other Credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/></p> <p>54 Add lines 47 through 53. These are your total credits</p> <p>55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-.....</p>	<p>38</p> <p>40a</p> <p>41</p> <p>42</p> <p>43</p> <p>44</p> <p>45</p> <p>46</p> <p>47</p> <p>48</p> <p>49</p> <p>50</p> <p>51</p> <p>52</p> <p>53</p> <p>54</p> <p>55</p>												
<p>56 Self-employment tax. Attach Schedule SE</p> <p>57 Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919</p> <p>58 Additional tax on IRAs, other qualified retirement plans etc. Attach Form 5329 if required</p> <p>59 Additional Taxes: a <input type="checkbox"/> AEIC payments b <input type="checkbox"/> Do not include household employment taxes. (See supplemental instruction).....</p> <p>60 Add lines 55, 58 and 59. This is your total tax.....</p>	<p>56</p> <p>57</p> <p>58</p> <p>59</p> <p>60</p>												
<p>61a Federal income tax withheld from Forms W-2 and 1099.....</p> <p>b Total NMTIT (Chapter 7) withheld from Forms W-2CM and 1099.....</p> <p>62 2009 estimated tax payments and amount applied from 2008 return.....</p> <p>63 Making work pay and government retiree credits. Attach Schedule M.</p> <p>64a Earned income credit.</p> <p>b Nontaxable combat pay election <input type="checkbox"/> 64b <input type="text"/></p> <p>65 Additional child tax credit. Attach Form 8812 (see part G)</p> <p>66 Refundable education credit from Form 8863 line 16 (see part H)</p> <p>67 First-time homebuyer credit. Attach Form 5405</p> <p>68 Amount paid with request for extension to file (see page 72).....</p> <p>69 Excess social security and tier 1 RRTA tax withheld (see page 72).....</p> <p>70 Credits from: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 4136 c <input type="checkbox"/> 8801 d <input type="checkbox"/> 8885</p> <p>71 Add lines 61a, 61b, 62, 63, 64a, 67, 68 and 70. This is your total payments</p>	<p>61a</p> <p>61b</p> <p>62</p> <p>63</p> <p>64a</p> <p>64b</p> <p>65</p> <p>66</p> <p>67</p> <p>68</p> <p>69</p> <p>70</p> <p>71</p>												
<p>72 If line 71 is more than line 60, subtract line 60 from line 71. This is the amount you OVERPAID before Non-refundable credit and rebate offset.....</p> <p>73 Amount of line 72 you want refunded to you.</p> <p>74 Amount of line 72 you want APPLIED TO YOUR 2010 ESTIMATED TAX (see part E, line 5)</p>	<p>72</p> <p>73</p> <p>74</p>												
<p>75 Amount you owe. Subtract line 71 from line 60. This is the amount you OWE before the Non-refundable credit and rebate offset (see also supplemental instructions).....</p> <p>76 Estimated tax penalty. (See part D, line 6)</p>	<p>75</p> <p>76</p>												
<p>Third Party Designee</p> <p>Do you want to allow another person to discuss this return with the Division of Revenue and Taxation (see page 75)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No</p> <p>Designee's name _____ Phone no. _____ Personal identification number (PIN) <input type="text"/></p>													
<p>Sign Here</p> <p>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.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">Your signature</td> <td style="width:15%;">Date</td> <td style="width:33%;">Your occupation</td> <td style="width:19%;">Daytime phone number ()</td> </tr> <tr> <td>Spouse's signature. If a joint return, BOTH must sign</td> <td>Date</td> <td>Spouse's Occupation</td> <td></td> </tr> </table>	Your signature	Date	Your occupation	Daytime phone number ()	Spouse's signature. If a joint return, BOTH must sign	Date	Spouse's Occupation						
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<p>Paid Preparer's Use Only</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">Preparer's signature</td> <td style="width:15%;">Date</td> <td style="width:33%;">Check if self-employed <input type="checkbox"/></td> <td style="width:19%;">Preparer's SSN or PTIN</td> </tr> <tr> <td colspan="3">Firm's name (or yours if self-employed) address and ZIP Code</td> <td>EIN</td> </tr> <tr> <td colspan="3"></td> <td>Phone no.</td> </tr> </table>	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.	
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Firm's name (or yours if self-employed) address and ZIP Code			EIN										
			Phone no.										



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
ANNUAL WAGE AND SALARY AND EARNINGS TAX RETURN



For Form 1040CM

(Please type or print in ink)

2009

Name and Address	Your first name and initial	Last Name	Your social security number
	If a joint return, spouse's first name and initial	Last Name	Spouse social security number
	Home address (number and street).	Apt. No.	IMPORTANT ! You must enter SSN(s) above
	City, town, or post office, state and ZIP code.		

(See Form 1040CM Instructions booklet for supplemental instructions)

PART A WAGE AND SALARY TAX COMPUTATION

A. YOURSELF

B. SPOUSE

1	CNMI wages and salaries from Form(s) W-2 and W-2CM.....	1		
2	Other CNMI wages and salaries not included in line 1.....	2		
3	Total CNMI wages and salaries (add lines 1 and 2).....	3		
4	Amount on line 3 not subject to the wage and salary tax (attach explanation)	4		
5	CNMI wages and salaries (subtract line 4 from line 3).....	5		
6	Annual wage and salary tax.....	6		
7	Education tax credit (attach Schedule ETC).....	7		
8	Wage and salary tax after credit (subtract line 7 from line 6).....	8		
9	Combined annual wage and salary tax (add line 8, Columns A and B).....	9		
10	Wage and salary tax withheld and/or paid. (Form W-2CM)	10		
11	Total wage and salary tax due/ (overpaid). Subtract line 10 from line 9. If less than zero place a bracket around the figure.	11		

PART B EARNINGS TAX COMPUTATION

A. YOURSELF

B. SPOUSE

1	Gain from the sale of personal property.....	1		
2	One half of the gain from the sale of real property.....	2		
3	One half of the net income from leasing of real property.....	3		
4	Interest, dividends, rents, royalties	4		
5a	Gross winnings from any gaming, lottery, raffle, etc.....	5a		
b	Less amount excludable (attach Form(s) W-2G).....	5b		
c	Balance (subtract line 5b from line 5a).....	5c		
6	Other income subject to the NMTIT, unless excludable under the earnings tax.....	6		
7	Total income subject to the earnings tax (add lines 1 thru 4, line 5c, and line 6).....	7		
8	Annual earnings tax.....	8		
9	Education tax credit (attach Schedule ETC).....	9		
10	Earnings tax after credit (subtract line 9 from line 8).....	10		
11	Total earnings tax due. (add line 10, columns A and B).....	11		

PART C TOTAL CHAPTER 2 TAX DUE OR (OVERPAYMENT)

1	Total Wage and Salary and Earnings taxes due or (overpayment). Add lines 11 of Part A and Part B.....	1	
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COMPLETE FORM OS-3405A - COMPUTATION OF NON-REFUNDABLE CREDIT AND APPLICATION FOR REBATE ON CNMI SOURCE TAX BEFORE COMPLETING PART D

PART D CHAPTER 7 TAX AND REBATE OFFSET CALCULATIONS

1	Chapter 7 tax underpayment after non-refundable credit (enter amount from Form OS-3405A, line 16, part B).....	1	
2	Chapter 7 overpayment after non-refundable credit (enter amount from Form OS-3405A, line 15, part B).....	2	()
3	Rebate offset amount (enter amount from Form OS-3405A, line 17, part B).....	3	()
4	Chapter 7 liability or (overpayment) after rebate offset amount (add lines 1 through 3).....	4	
5	Tax on overpayment of credits 64a, 67, 69, 70.....	5	
6	Estimated tax penalty.....	6	
7	Total Chapter 7 liability or (overpayment) (add lines 4, 5 and 6).....	7	

ATTACH FORM(S) W-2, W-2CM, W-2G AND 1099-R HERE

ANNUAL WAGE AND SALARY AND EARNINGS TAX RETURN (2009)

PART E COMBINE DUE OR (OVERPAYMENT)

1	Amount due or (overpaid), Chapter 2 and Chapter 7 (add lines 1 of part C, and line 4 of part D) If this amount is an overpayment, skip lines 2 through 4	1	
2	CHAPTER 2:		
	(b) Failure to File.....	2b	
(a)	(a) Enter amount underpaid		
	(c) Failure to Pay.....	2c	
	(d) Interest Charge.....	2d	
3	CHAPTER 7:		
	(b) Failure to File.....	3b	
(a)	(a) Enter amount underpaid		
	(c) Failure to Pay.....	3c	
	(d) Interest Charge.....	3d	
4	Total penalty and interest charges (add lines 2b, 2c, 2d, 3b, 3c, and 3d).....	4	
5	Total amount due or (overpaid), Chapter 2 and Chapter 7 (add lines 1 and 4 of this part, and lines 5 and 6 of Part D).....	5	
6	If line 5 is an overpayment, enter amount you want credited to your 2010 ESTIMATED TAX	6	
7	Amount from line 5 you want credited to your 2010 Business Gross Revenue Tax . Indicate the quarter	7	
8	Net overpayment.....	8	

PART F. Business Gross Revenue Tax Credit Allocation

Enter the TIN and amount you want credited from line 7, Part E above. The total credit allocation shall be equal to the amount on line 7, Part E above.

TIN	TAX TYPE	AMOUNT	TIN	TAX TYPE	AMOUNT
	3105G			3105G	
	3105AF			3105AF	
	3105MW			3105MW	

PART G. Additional Child Tax Credit Computation (Attached Form 8812)

Special Notice

This Part is provided to enable the Division of Revenue and Taxation to process your claim of the Additional Child Tax Credit (ACTC). Please note that the ACTC is being paid by the U.S. Treasury, and the Division of Revenue and Taxation is only facilitating your ACTC claim as agreed upon between the CNMI Department of Finance and the U.S. Treasury. By applying for the ACTC Refund and allowing the refund to be processed by the Division of Revenue and Taxation, you are giving the Division of Revenue and Taxation authorization to release tax information to the Internal Revenue Service (IRS). See supplemental instructions for Part F, line 2 regarding rebate offset amount.

1	Additional Child Tax Credit. Enter the amount from line 13 of Form 8812.....	1	
2	Enter the amount underpaid from line 5, Part E above.....	2	
3	Additional Child Tax Credit refund (line 1 minus line 2, but not less than zero).....	3	
4	Amount you still owe on this return after offset of the ACTC (line 2 minus line 1, but not less than zero).....	4	

PART H. Refundable Education Credit (Attached Form 8863)

1	Refundable Educational Credit. Enter the amount from line 16 of Form 8863.....	1	
2	Enter amount still owed from line 4, Part G above.....	2	
3	Educational Credit refund (line 1 minus line 2, but not less than zero).....	3	
4	Amount you still owe after offset of the Education Tax Credit (line 2 minus line 1, but not less than zero).....	4	

Third Party Designee	Do you want to allow another person to discuss this return with the Division of Revenue and Taxation (see page 63)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No.		
	Designee's name	Phone no.	Personal identification number (PIN) <input type="text"/>
Sign Here Keep a copy for Your Records	Your signature	Date	Your occupation
	Spouse's signature. If a joint return, BOTH must sign	Date	Spouse's Occupation
Paid Preparer's Use Only	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>
	Firm's name (or yours if self-employed) address and ZIP Code		Preparer's SSN or PTIN
			EIN
			Phone no.



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
COMPUTATION OF NON-REFUNDABLE CREDIT AND
APPLICATION FOR REBATE ON CNMI SOURCE INCOME TAX

Form OS-3405A (For Form 1040CM)

(SEE INSTRUCTIONS ON REVERSE)

2009

Your first name and initial		Last Name		Your social security number	
If a joint return, spouse's first name and initial		Last Name		Spouse social security number	
Home address (number and street). If you have a P.O. Box, see page 16.				Apt. No.	
City, town, or post office, state and ZIP code. If you have a foreign address, see page 16.				IMPORTANT ! You must enter SSN(s) above	

PART A - Non-refundable Credits

1	Wage and salary tax.....	1									
2	Earnings tax.....	2									
3	Business gross revenue tax										
	<table border="1"> <thead> <tr> <th>Name</th> <th>Tax ID No.</th> </tr> </thead> <tbody> <tr> <td>a)</td> <td></td> </tr> <tr> <td>b)</td> <td></td> </tr> <tr> <td>c)</td> <td></td> </tr> </tbody> </table>	Name	Tax ID No.	a)		b)		c)		3a	
Name	Tax ID No.										
a)											
b)											
c)											
		3b									
		3c									
4	User fees paid	4									
5	Fees and taxes imposed under 4CMC § 2202(h)	5									
6	Total non-refundable credits (add lines 1 through 5).....	6									

PART B - Rebate Computation

7	Allocable percentage:		
	a Tax without the CNMI	7a	%
	b Tax within the CNMI	7b	%
8	Total NMTIT on all sources.....	8	
9	Total NMTIT payments made.....	9	
10	Tax on sources without CNMI (multiply line 8 by the percentage as shown on line 7a).....	10	
11	Tax on sources within CNMI (multiply line 8 by the percentage as shown on line 7b).....	11	
12	Total non-refundable credits (enter amount from line 6, part A).....	12	
13	Adjusted CNMI source tax (subtract line 12 from line 11. If zero or less, enter -0-).....	13	
14	Total CNMI and NON-CNMI source tax after non-refundable credits (add lines 10 and 13).....	14	
15	NMTIT overpayment (subtract line 14 from line 9. If zero or less, enter -0-).....	15	
16	Total tax underpaid (If line 14 is greater than line 9, subtract line 9 from line 14, otherwise, enter -0-).....	16	
17	Rebate offset amount. Calculate this amount as determined by the rebate base (line 13) using rebate table provided in instructions....	17	

Sign Here Keep a copy for Your Records	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.			
	Your signature	Date	Your occupation	Daytime phone number ()
Paid Preparer's Use Only	Spouse's signature. If a joint return, BOTH must sign	Date	Spouse's Occupation	
	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.

DEADLINE: APRIL 15, 2010

Instructions for Form OS-3405A -Computation of Non-Refundable Credit and Application for Rebate on CNMI Source Income Tax 2009

PART A NON-REFUNDABLE CREDITS

1. Enter the wage and salary tax as shown on line 9, Part A of the Annual Wage and Salary and Earnings Tax Return.
2. Enter the earnings tax as shown on line 11 of Part B of the Annual Wage and Salary and Earnings Tax Return.
3. Enter the amount of business gross revenue tax paid or accrued during the taxable year under 4 CMC Chapter 3. For partners and/or shareholders of sub-chapter S corporation, your share of BGRT should be in accordance with the percentage of profit or losses, or the equity, whichever is applicable. If you have more than one business name, list each one separately with its respective TIN and amount of BGRT. This is the tax under 4 CMC §1301.
4. Enter the amount of user fees paid during the taxable year under 4 CMC §1421.
5. Enter the amount of fees and taxes paid or accrued during the taxable year under 4 CMC §2202(h), in lieu of the tax under 4 CMC §1301.
6. Add all amounts shown in lines 1 through 5. This is your total non-refundable credit.

PART B REBATE COMPUTATION

- 7a. Enter the percentage (allocable ratio) of tax without the CNMI. This should be the percentage shown on line 22b column A of Form 1040CM.
- 7b. Enter the percentage (allocable ratio) of tax within the CNMI. This should be the percentage shown on line 22b column B of Form 1040CM.
8. Enter the tax as shown on line 60 of Form 1040CM.
9. Enter the total payments made for the taxable year as shown on line 71 of Form 1040CM.
10. Multiply the amount on line 8 by the percentage of tax without the CNMI as shown on line 7a.
11. Multiply the amount on line 8 by the percentage of tax within the CNMI as shown on line 7b.
12. Enter the total non-refundable credits from line 6, Part A.
13. Subtract line 12 from line 11. If zero or less, enter zero.
14. Add lines 10 and 13.
15. If line 9 is greater than line 14, subtract line 14 from line 9, otherwise, enter zero.
16. If line 14 is greater than line 9, subtract line 9 from line 14, otherwise, enter zero.
17. Calculate the rebate offset amount as determined by the rebate base (line 13) using the Rebate Table below. Enter the result here.

REBATE TABLE		
IF REBATE BASE (line 13) IS:	THE REBATE OFFSET AMOUNT IS:	EXAMPLE:
Not over \$20,000 ▶	90% of the rebate base ▶	Rebate base X 90%
\$20,001-\$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

If filing by mail, please send to:

**DIVISION OF REVENUE AND TAXATION
POST OFFICE BOX 5234 CHRB
SAIPAN, MP 96950**

DEADLINE: APRIL 15, 2010



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
Post Office Box 5234 CHRB, Saipan, MP 96950
Tel. (670) 664-1000

2009 FORM 1040CM

Supplemental Instructions Booklet

- **Form 1040CM** (Use in conjunction with the 2009 Form 1040 Instructions - IRS Issue)
- **Wage and Salary Tax and Earnings Tax**
- **Computation of Non-refundable Credit and Application for Rebate on CNMI Source Income Tax**
- **Additional Child Tax Credit** (Form 8812)
- **Education Tax Credit** (Form 8863)

Form 1040CM Supplemental Instructions

Lines 7 through 21b (*Instructions 21 thru 29*)

The rules for the determination of source of income are established in the Northern Mariana Territorial Income Tax Code ("NMTIT") sections 861 through 865 and associated U.S. Treasury regulations. Taxpayers and/or professionals should consult these statutes and regulations for detailed guidance on determining sources of income. You must allocate the income you are reporting on these lines between income without and within the Commonwealth based on their sources. Enter your figure in the appropriate columns.

Line 8a (*Instructions page 22*)

The tax on CNMI sourced interest income is not rebatable and must be entered under column A unless you elect to have this income subject to the earnings tax. You can elect to have this income subject to the earnings tax by entering the income under column B. If you enter the interest income under column B, be sure to also include such income in the earnings tax section on page 3, part B of the return to avoid any discrepancies on your tax return.

Line 9 (*Instructions page 22*)

The tax on CNMI sourced dividend income is not rebatable and must be entered under column A unless you elect to have this income subject to the earnings tax. You can elect to have this income subject to the earnings tax by entering the income under column B. If you enter the dividend income under column B, be sure to also include such income in the earnings tax section on page 3, part B of the return to avoid any discrepancies on your tax return.

Line 17

If you received CNMI source rental income, royalties or other similar income not in the course of carrying on a business, do not enter the income on this line. Enter such income on line 21b.

Line 21b

If you received CNMI source rental income, royalties or other similar income not in the course of carrying on a business, such income is not rebatable and must be entered under column A unless you elect to have this income subject to the earnings tax. You can elect to have this income subject to the earnings tax by entering the income under column B. If you enter the rental income under column B, be sure to also include such income in the earnings tax section to avoid any discrepancies on your tax return.

Line 22a

Total the figures entered in each of the columns (A, B, and C) from lines 7 through 21 b.

Line 22b

Make a percentage allocation of your income on line 22a by dividing the total in each column (A and B) by the total in column C.

Example: Percentage allocation for line 22b, column A

$$\frac{\text{Line 22a, column A}}{\text{Line 22a, column C}} = \text{Percentage allocation for line 22b, column A}$$

Percentage allocation for line 22b, column B

$$\frac{\text{Line 22a, column B}}{\text{Line 22a, column C}} = \text{Percentage allocation for line 22b, column B}$$

Line 37 (*Instructions page 35*)

Subtract line 36 from line 22a, column C (total income).

Lines 56 & 57

These items do not apply in the CNMI. File separately with the U.S. Federal Government.

Line 59

Enter only amount pertaining to AEIC payments. **Do not** include household employment taxes. Household employment tax is paid to the U.S. Federal Government.

Line 61a

Total Federal Income Tax withheld. Form(s) W-2 and/or Form(s) 1099 from without CNMI only. Do not include this amount on line 61b.

Line 61b

Total NMTIT withheld (chapter 7 tax). Form(s) W-2CM and/or Form(s) 1099 from within CNMI. Do not include this amount on line 61a.

Line 65

Enter this credit in Part G instead of this line. The additional child tax credit and any refund will be requested from the U.S. Treasury.

Line 66

Enter this credit in Part H instead of this line. The education tax credit and any refund will be requested from the U.S. Treasury.

Line 69

This item does not apply in the CNMI. File separately with the U.S. Federal Government.

Line 73

This amount may be reduced or increased as a result of the application of the Chapters 2, 3, and 4 tax credits. See part E, line 5 through 8.

Line 75

This amount may be reduced or increased as a result of the application of the Chapters 2, 3, and 4 tax credits. See part E, line 5.

Line 76

Leave this line blank. This amount is recomputed on line 6 part D.

Instructions for Form 1040CM Wage and Salary Tax, Earnings Tax, and Chapter 7 Tax and Rebate Offset Calculations

PART A Wage and Salary Tax Computation (Enter amounts as applicable to each column)

1. Enter total wages and salaries received for work performed in the CNMI per Form(s) W-2 and W-2CM. If this is a joint return, your spouse must also enter the same information.
2. Enter in column A, other wages and salaries **received for work performed in the CNMI** which Form(s) W-2 and W-2CM were not issued or received. i.e. tips, and freelance income, etc. If this is a joint return, your spouse must also enter the same information.

3. Add lines 1 and 2.

4. Enter the amount not subject to the wage and salary tax. This includes CNMI government/agency employee's W-2CM box 12 code G, housing benefits included in line 1 and subject to deduction, etc. Attach explanation otherwise this amount will be disallowed.

5. Subtract line 4 from line 3. This is the total CNMI wages and salaries subject to the wage and salary tax.

6. Compute your tax liability on income reported on line 5 of each column using the wage and salary and earnings tax table below.

TAX TABLE FOR WAGE AND SALARY AND EARNINGS TAX COMPUTATION

FROM	TO	RATE	FROM	TO	RATE
(a) 0	1,000.00	-0-	f) 22,000.01	30,000.00	6.0%
(b) 1,000.01	5,000.00	2.0%	g) 30,000.01	40,000.00	7.0%
(c) 5,000.01	7,000.00	3.0%	h) 40,000.01	50,000.00	8.0%
(d) 7,000.01	15,000.00	4.0%	i) 50,000.01	and over	9.0%
(e) 15,000.01	22,000.00	5.0%			

7. Enter the amount, if any, of cash contributions made during the taxable year to a qualified educational institution or other tax exempted educational institution located in the CNMI. The maximum educational credit allowable is the lesser of cash contribution not to exceed \$5,000.00 or the aggregate amount of wage and salary tax, earnings tax, and business gross revenue tax liability. If this is a joint return and your spouse made cash contribution to a qualified educational institution, your spouse must enter that information in column B. Attach Schedule ETC. **CAUTION: You must reconcile the educational tax credit claimed in other returns to determine the maximum amount (\$5,000) allowable.**

8. Subtract line 7 from line 6.

9. Add the tax on line 8 columns A and B.

10. Enter the total Chapter 2 tax withheld as shown in Form(s) W-2CM. Also, enter other Chapter 2, wage and salary tax paid for wages and salaries.

11. Subtract line 10 from line 9. If this is an overpayment, place a bracket around the figure. This is the Chapter 2, wage and salary tax due or overpayment.

PART B Earnings Tax Computation - Income Not Included in the Business Gross Revenue Tax (Enter amounts as applicable in each column)

1. Enter the amount, if any, gain from the sale of personal property (not business property).

2. Enter one-half (1/2) of the amount of any gain from the sale of real property located in the CNMI that was not used in the course of carrying on a business. Do not include any gain from the sale of real property sold to the CNMI Government.

3. Enter one-half (1/2) of the net income from leasing of real property located in the CNMI including the assignment of any lease that was not in the course of carrying on a business.

4. You may elect to subject these items to the earnings tax thus making them eligible for rebate if you include the amount on this line. Enter amount of interest, dividends, rents, royalties or similar income earned in the CNMI and received by a resident not in the course of carrying on a business. With respect to interest and dividends, if you entered

such income under column B, lines 8a, or 9a, page 1 of Form 1040CM, be sure to also include such income in this section to avoid any discrepancies on your tax return. Otherwise, the rebate on the tax of these incomes would be disallowed.

5a. Enter the gross winnings from any gaming, lottery, raffle or other gambling activities in the CNMI.

5b. Enter the amount of poker machine jackpot winnings if jackpot tax was withheld. Attach a copy of Form(s) W-2G.

5c. Subtract line 5b from line 5a.

6. Enter other income subject to the NMTIT, unless excludable under the earnings tax.

7. Add lines 1 thru 4, 5c, and 6.

8. Compute your tax liability on earnings reported on line 7 of each column using the wage and salary and earnings tax table above.

9. Enter the amount, if any, of cash contributions made during the taxable year to a qualified educational institution or other tax exempted educational institution located in the CNMI. The maximum educational credit allowable is the lesser of cash contribution not to exceed \$5,000.00 or the aggregate amount of wage and salary tax, earnings tax, and business gross revenue tax liability. If this is a joint return and your spouse made cash contribution to a qualified educational institution, your spouse must enter that information in column B. Attach Schedule ETC. **CAUTION: You must reconcile the educational tax credit claimed in other returns to determine the maximum amount (\$5,000) allowable.**

10. Subtract line 9 from line 8.

11. Add line 10, columns A and B. This is your earnings tax liability.

PART C Total Chapter 2 (Wage and Salary and Earnings Tax) Due or Overpayment

Add line 11 of part A and line 11 of part B and enter on this line. If the amount is less than zero, place a bracket around the figure.

COMPLETE Form OS-3405A (APPLICATION FOR REBATE ON CNMI SOURCE TAX) BEFORE PROCEEDING TO PART D

PART D Chapter 7 Tax and Rebate Offset Calculations

1. Enter amount from Form OS-3405A, line 16, part B.

2. Enter amount from Form OS-3405A, line 15, part B.

3. Enter amount from Form OS-3405A, line 17, part B.

4. Add amounts in lines 1 thru 3 of this part. If amount is less than zero, place a bracket around the figure. Note that the amounts on lines 2 and 3 are negative numbers.

5. Enter the lesser of the total of lines 64a, 67, and 70 of Form 1040CM or the amount on line 2 of this part.

6. To figure your estimated tax penalty on Form 2210, the tax amount is the amount shown on part B, line 16 of Form OS-3405A. If you want Revenue and Tax to compute this penalty for you, write "REVTAX" on the left side of this line. The penalty will be added to the amount you owe and will bill you.

7. Add lines 4, 5 and 6. This is your total Chapter 7 (NMTIT) liability or overpayment.

PART E Combined Due or (Overpayment)

1. **AMOUNT DUE OR (OVERPAID).** Add amounts on line 1 part C and line 4 of part D. If this amount shows a tax due and you file by the deadline, continue on line 5. Also, if this line shows an overpayment, place a bracket around your figure, and go to line 5. If this line shows a tax due and you filed after the due date proceed to line 2a.

2(a). Enter the lesser of the amount on line 1 part C or the amount on line 1 of this part. If zero or less, enter zero.

2(b). **Failure to file penalty for Chapter 2 taxes.** A penalty of 5% per month or fraction thereof is imposed on the amount due on line 2a up to a maximum of 25%. If the failure to pay penalty becomes applicable, the 5% failure to file penalty shall be reduced by ½ of 1 %. Enter the Chapter 2 failure to file penalty on this line.

2(c). **Failure to pay penalty for Chapter 2 taxes:** A penalty of ½ of 1 % per month or fraction thereof is imposed on the amount due on line 2a.

2(d). **Interest on taxes and penalties (Chapter 2).** Interest at prevailing rate compounded daily, is imposed on the amount due line 2a, 2b and 2c. Enter the total interest on this line. (NOTE: The annual interest rate is subject to change as determined by the commissioner). Enter the total Chapter 2 interest on this line.

3(a). If line 1 is a tax due, subtract line 2a from line 1. Enter amount on this line, but not less than zero. Otherwise, enter zero.

3(b). **Failure to file penalty for Chapter 7 taxes:** A penalty of 5% per month or fraction thereof is imposed of the amount due on line 3a up to maximum of 25%. If the failure to pay penalty becomes applicable, the 5% failure to file penalty shall be reduced by ½ of 1 %. Enter the Chapter 7 failure to file penalty on this line.

3(c). **Failure to pay penalty for Chapter 7 taxes:** A penalty of ½ of 1 % per month or fraction thereof is imposed on the amount due line 3a. The aggregate amount shall be limited to a maximum of 25%. Enter the total Chapter 7 failure to pay penalty on this line.

3(d). **To compute the interest on Chapter 7 taxes:** Interest at prevailing rate compounded daily, is imposed on the amount due line 2a, 2b and 2c. Enter the total interest on this line. (NOTE: The annual interest rate is subject to change as determined by the commissioner). Enter the total Chapter 7 interest on this line.

4. Add lines 2b, 2c, 2d, 3b, 3c and 3d. This is the total penalty and interest charges applicable to Chapter 2 and Chapter 7 taxes.

5. Add lines 1 and 4 (if any) of this part, and lines 5 and 6 of part D. If this is a tax due, Make out your check payable to: "CNMI Treasurer". This amount supersedes the amount of your refund on line 73 or the amount you owe on line 75 of Form 1040CM. **Note: The amount due shown here can be offset against the additional child tax credit in Part G below and the Education credit in part H below. Please complete those Parts if applicable to determine your net tax due or remaining refund from those credits.** If it is an overpayment, place a bracket around your figure and proceed to line 6.

6. Enter amount of overpayment on line 5, you want applied to your **2010 ESTIMATED TAX**, but not more than the amount on line 5. This amount is in lieu of line 74 of Form 1040CM.

7. Enter remaining overpayment from line 5 (after deduction of your **2010 ESTIMATED TAX**) you want credited to your **2010 BUSINESS GROSS REVENUE TAX**.

8. Add lines 5, 6, and 7. This is your net combined overpayment (refund/rebate) that will be refunded to you.

PART F Business Gross Revenue Tax Credit Allocation

Enter for every type of tax the Taxpayer Identification Number (TIN) and amount to be allocated. The total allocation credit shall be equal to the amount on line 7, part E, above.

PART G Additional Child Tax Credit Computation (If filing Form 8812, otherwise skip this part)

1. Enter the amount of your Additional Child Tax Credit from Form 8812, line 13. Attach Form 8812 to this return.
2. Enter the tax owed on this return as shown on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return but not more than the amount on line 1. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your ACTC. If you do not authorize an offset of your tax due, you must pay the amount shown on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return.
3. Subtract line 2 from line 1 but not less than zero. This is your ACTC refund after offset.
4. Amount you owe after ACTC offset. If line 2 is less than line 1, enter zero. Otherwise subtract line 1 from line 2. This is the amount you still owe after ACTC offset. Pay this amount unless you are claiming Education Credit below.

PART H Education Credit (If filing Form 8863, otherwise skip this part)

1. Enter the amount of your Education Credit from Form 8863, line 16. Attach Form 8863 to this return.
2. Enter the tax owed on this return as shown on line 4 (Part G) above if you are claiming additional child tax credit, otherwise enter the amount on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your Education Credit. If you do not authorize an offset of your tax due, you must pay the amount shown on line 4 (Part G) above or the amount on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return whichever balance is applicable.
3. Subtract line 2 from line 1, but not less than zero. This is your Education Credit refund after offset.
4. Amount you owe after Education Tax Credit offset. If line 2 is less than line 1, enter zero. Otherwise subtract line 1 from line 2. This is the amount you still owe after Education Credit offset. Pay this amount.

Filing and Deadline

If filing in person deliver return to any Revenue and Tax Offices:

Saipan	Tinian	Rota
Division of Revenue and Tax Joeten Dandan Commercial Building San Vicente, Saipan	Division of Revenue and Tax San Jose Village, Tinian	Division of Revenue and Tax Songsong Village, Rota

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

Filing Deadline: **April 15, 2010**



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
Post Office Box 5234 CHRB, Saipan, MP 96950
Tel. (670) 664-1000

2009 FORM 1040CM

Supplemental Instructions Booklet

- **Form 1040CM** (Use in conjunction with the 2009 Form 1040 Instructions - IRS Issue)

- **Wage and Salary Tax and Earnings Tax**

- **Computation of Non-refundable Credit and Application for Rebate on CNMI Source Income Tax**

- **Additional Child Tax Credit** (Form 8812)

- **Education Tax Credit** (Form 8863)

Form 1040CM Supplemental Instructions

Lines 7 through 21b (*Instructions 21 thru 29*)

The rules for the determination of source of income are established in the Northern Mariana Territorial Income Tax Code ("NMTIT") sections 861 through 865 and associated U.S. Treasury regulations. Taxpayers and/or professionals should consult these statutes and regulations for detailed guidance on determining sources of income. You must allocate the income you are reporting on these lines between income without and within the Commonwealth based on their sources. Enter your figure in the appropriate columns.

Line 8a (*Instructions page 22*)

The tax on CNMI sourced interest income is not rebatable and must be entered under column A unless you elect to have this income subject to the earnings tax. You can elect to have this income subject to the earnings tax by entering the income under column B. If you enter the interest income under column B, be sure to also include such income in the earnings tax section on page 3, part B of the return to avoid any discrepancies on your tax return.

Line 9 (*Instructions page 22*)

The tax on CNMI sourced dividend income is not rebatable and must be entered under column A unless you elect to have this income subject to the earnings tax. You can elect to have this income subject to the earnings tax by entering the income under column B. If you enter the dividend income under column B, be sure to also include such income in the earnings tax section on page 3, part B of the return to avoid any discrepancies on your tax return.

Line 17

If you received CNMI source rental income, royalties or other similar income not in the course of carrying on a business, do not enter the income on this line. Enter such income on line 21b.

Line 21b

If you received CNMI source rental income, royalties or other similar income not in the course of carrying on a business, such income is not rebatable and must be entered under column A unless you elect to have this income subject to the earnings tax. You can elect to have this income subject to the earnings tax by entering the income under column B. If you enter the rental income under column B, be sure to also include such income in the earnings tax section to avoid any discrepancies on your tax return.

Line 22a

Total the figures entered in each of the columns (A, B, and C) from lines 7 through 21 b.

Line 22b

Make a percentage allocation of your income on line 22a by dividing the total in each column (A and B) by the total in column C.

Example: Percentage allocation for line 22b, column A

$$\frac{\text{Line 22a, column A}}{\text{Line 22a, column C}} = \text{Percentage allocation for line 22b, column A}$$

Percentage allocation for line 22b, column B

$$\frac{\text{Line 22a, column B}}{\text{Line 22a, column C}} = \text{Percentage allocation for line 22b, column B}$$

Line 37 (*Instructions page 35*)

Subtract line 36 from line 22a, column C (total income).

Lines 56 & 57

These items do not apply in the CNMI. File separately with the U.S. Federal Government.

Line 59

Enter only amount pertaining to AEIC payments. **Do not** include household employment taxes. Household employment tax is paid to the U.S. Federal Government.

Line 61a

Total Federal Income Tax withheld. Form(s) W-2 and/or Form(s) 1099 from without CNMI only. Do not include this amount on line 61b.

Line 61b

Total NMTIT withheld (chapter 7 tax). Form(s) W-2CM and/or Form(s) 1099 from within CNMI. Do not include this amount on line 61a.

Line 65

Enter this credit in Part G instead of this line. The additional child tax credit and any refund will be requested from the U.S. Treasury.

Line 66

Enter this credit in Part H instead of this line. The education tax credit and any refund will be requested from the U.S. Treasury.

Line 69

This item does not apply in the CNMI. File separately with the U.S. Federal Government.

Line 73

This amount may be reduced or increased as a result of the application of the Chapters 2, 3, and 4 tax credits. See part E, line 5 through 8.

Line 75

This amount may be reduced or increased as a result of the application of the Chapters 2, 3, and 4 tax credits. See part E, line 5.

Line 76

Leave this line blank. This amount is recomputed on line 6 part D.

Instructions for Form 1040CM Wage and Salary Tax, Earnings Tax, and Chapter 7 Tax and Rebate Offset Calculations

PART A Wage and Salary Tax Computation (Enter amounts as applicable to each column)

1. Enter total wages and salaries received for work performed in the CNMI per Form(s) W-2 and W-2CM. If this is a joint return, your spouse must also enter the same information.
2. Enter in column A, other wages and salaries **received for work performed in the CNMI** which Form(s) W-2 and W-2CM were not issued or received. i.e. tips, and freelance income, etc. If this is a joint return, your spouse must also enter the same information.

3. Add lines 1 and 2.

4. Enter the amount not subject to the wage and salary tax. This includes CNMI government/agency employee's W-2CM box 12 code G, housing benefits included in line 1 and subject to deduction, etc. Attach explanation otherwise this amount will be disallowed.

5. Subtract line 4 from line 3. This is the total CNMI wages and salaries subject to the wage and salary tax.

6. Compute your tax liability on income reported on line 5 of each column using the wage and salary and earnings tax table below.

TAX TABLE FOR WAGE AND SALARY AND EARNINGS TAX COMPUTATION

FROM	TO	RATE	FROM	TO	RATE
(a) 0	1,000.00	-0-	f) 22,000.01	30,000.00	6.0%
(b) 1,000.01	5,000.00	2.0%	g) 30,000.01	40,000.00	7.0%
(c) 5,000.01	7,000.00	3.0%	h) 40,000.01	50,000.00	8.0%
(d) 7,000.01	15,000.00	4.0%	i) 50,000.01	and over	9.0%
(e) 15,000.01	22,000.00	5.0%			

7. Enter the amount, if any, of cash contributions made during the taxable year to a qualified educational institution or other tax exempted educational institution located in the CNMI. The maximum educational credit allowable is the lesser of cash contribution not to exceed \$5,000.00 or the aggregate amount of wage and salary tax, earnings tax, and business gross revenue tax liability. If this is a joint return and your spouse made cash contribution to a qualified educational institution, your spouse must enter that information in column B. Attach Schedule ETC. **CAUTION: You must reconcile the educational tax credit claimed in other returns to determine the maximum amount (\$5,000) allowable.**

8. Subtract line 7 from line 6.

9. Add the tax on line 8 columns A and B.

10. Enter the total Chapter 2 tax withheld as shown in Form(s) W-2CM. Also, enter other Chapter 2, wage and salary tax paid for wages and salaries.

11. Subtract line 10 from line 9. If this is an overpayment, place a bracket around the figure. This is the Chapter 2, wage and salary tax due or overpayment.

PART B Earnings Tax Computation - Income Not Included in the Business Gross Revenue Tax (Enter amounts as applicable in each column)

1. Enter the amount, if any, gain from the sale of personal property (not business property).

2. Enter one-half (1/2) of the amount of any gain from the sale of real property located in the CNMI that was not used in the course of carrying on a business. Do not include any gain from the sale of real property sold to the CNMI Government.

3. Enter one-half (1/2) of the net income from leasing of real property located in the CNMI including the assignment of any lease that was not in the course of carrying on a business.

4. You may elect to subject these items to the earnings tax thus making them eligible for rebate if you include the amount on this line. Enter amount of interest, dividends, rents, royalties or similar income earned in the CNMI and received by a resident not in the course of carrying on a business. With respect to interest and dividends, if you entered

such income under column B, lines 8a, or 9a, page 1 of Form 1040CM, be sure to also include such income in this section to avoid any discrepancies on your tax return. Otherwise, the rebate on the tax of these incomes would be disallowed.

5a. Enter the gross winnings from any gaming, lottery, raffle or other gambling activities in the CNMI.

5b. Enter the amount of poker machine jackpot winnings if jackpot tax was withheld. Attach a copy of Form(s) W-2G.

5c. Subtract line 5b from line 5a.

6. Enter other income subject to the NMTIT, unless excludable under the earnings tax.

7. Add lines 1 thru 4, 5c, and 6.

8. Compute your tax liability on earnings reported on line 7 of each column using the wage and salary and earnings tax table above.

9. Enter the amount, if any, of cash contributions made during the taxable year to a qualified educational institution or other tax exempted educational institution located in the CNMI. The maximum educational credit allowable is the lesser of cash contribution not to exceed \$5,000.00 or the aggregate amount of wage and salary tax, earnings tax, and business gross revenue tax liability. If this is a joint return and your spouse made cash contribution to a qualified educational institution, your spouse must enter that information in column B. Attach Schedule ETC. **CAUTION: You must reconcile the educational tax credit claimed in other returns to determine the maximum amount (\$5,000) allowable.**

10. Subtract line 9 from line 8.

11. Add line 10, columns A and B. This is your earnings tax liability.

PART C Total Chapter 2 (Wage and Salary and Earnings Tax) Due or Overpayment

Add line 11 of part A and line 11 of part B and enter on this line. If the amount is less than zero, place a bracket around the figure.

COMPLETE Form OS-3405A (APPLICATION FOR REBATE ON CNMI SOURCE TAX) BEFORE PROCEEDING TO PART D

PART D Chapter 7 Tax and Rebate Offset Calculations

1. Enter amount from Form OS-3405A, line 16, part B.

2. Enter amount from Form OS-3405A, line 15, part B.

3. Enter amount from Form OS-3405A, line 17, part B.

4. Add amounts in lines 1 thru 3 of this part. If amount is less than zero, place a bracket around the figure. Note that the amounts on lines 2 and 3 are negative numbers.

5. Enter the lesser of the total of lines 64a, 67, and 70 of Form 1040CM or the amount on line 2 of this part.

6. To figure your estimated tax penalty on Form 2210, the tax amount is the amount shown on part B, line 16 of Form OS-3405A. If you want Revenue and Tax to compute this penalty for you, write "REVTAX" on the left side of this line. The penalty will be added to the amount you owe and will bill you.

7. Add lines 4, 5 and 6. This is your total Chapter 7 (NMTIT) liability or overpayment.

PART E Combined Due or (Overpayment)

1. **AMOUNT DUE OR (OVERPAID).** Add amounts on line 1 part C and line 4 of part D. If this amount shows a tax due and you file by the deadline, continue on line 5. Also, if this line shows an overpayment, place a bracket around your figure, and go to line 5. If this line shows a tax due and you filed after the due date proceed to line 2a.

2(a). Enter the lesser of the amount on line 1 part C or the amount on line 1 of this part. If zero or less, enter zero.

2(b). **Failure to file penalty for Chapter 2 taxes.** A penalty of 5% per month or fraction thereof is imposed on the amount due on line 2a up to a maximum of 25%. If the failure to pay penalty becomes applicable, the 5% failure to file penalty shall be reduced by ½ of 1 %. Enter the Chapter 2 failure to file penalty on this line.

2(c). **Failure to pay penalty for Chapter 2 taxes:** A penalty of ½ of 1 % per month or fraction thereof is imposed on the amount due on line 2a.

2(d). **Interest on taxes and penalties (Chapter 2).** Interest at prevailing rate compounded daily, is imposed on the amount due line 2a, 2b and 2c. Enter the total interest on this line. (NOTE: The annual interest rate is subject to change as determined by the commissioner). Enter the total Chapter 2 interest on this line.

3(a). If line 1 is a tax due, subtract line 2a from line 1. Enter amount on this line, but not less than zero. Otherwise, enter zero.

3(b). **Failure to file penalty for Chapter 7 taxes:** A penalty of 5% per month or fraction thereof is imposed of the amount due on line 3a up to maximum of 25%. If the failure to pay penalty becomes applicable, the 5% failure to file penalty shall be reduced by ½ of 1 %. Enter the Chapter 7 failure to file penalty on this line.

3(c). **Failure to pay penalty for Chapter 7 taxes:** A penalty of ½ of 1 % per month or fraction thereof is imposed on the amount due line 3a. The aggregate amount shall be limited to a maximum of 25%. Enter the total Chapter 7 failure to pay penalty on this line.

3(d). **To compute the interest on Chapter 7 taxes:** Interest at prevailing rate compounded daily, is imposed on the amount due line 2a, 2b and 2c. Enter the total interest on this line. (NOTE: The annual interest rate is subject to change as determined by the commissioner). Enter the total Chapter 7 interest on this line.

4. Add lines 2b, 2c, 2d, 3b, 3c and 3d. This is the total penalty and interest charges applicable to Chapter 2 and Chapter 7 taxes.

5. Add lines 1 and 4 (if any) of this part, and lines 5 and 6 of part D. If this is a tax due, Make out your check payable to: "CNMI Treasurer". This amount supersedes the amount of your refund on line 73 or the amount you owe on line 75 of Form 1040CM. **Note: The amount due shown here can be offset against the additional child tax credit in Part G below and the Education credit in part H below. Please complete those Parts if applicable to determine your net tax due or remaining refund from those credits.** If it is an overpayment, place a bracket around your figure and proceed to line 6.

6. Enter amount of overpayment on line 5, you want applied to your **2010 ESTIMATED TAX**, but not more than the amount on line 5. This amount is in lieu of line 74 of Form 1040CM.

7. Enter remaining overpayment from line 5 (after deduction of your **2010 ESTIMATED TAX**) you want credited to your **2010 BUSINESS GROSS REVENUE TAX**.

8. Add lines 5, 6, and 7. This is your net combined overpayment (refund/rebate) that will be refunded to you.

PART F Business Gross Revenue Tax Credit Allocation

Enter for every type of tax the Taxpayer Identification Number (TIN) and amount to be allocated. The total allocation credit shall be equal to the amount on line 7, part E, above.

PART G Additional Child Tax Credit Computation (If filing Form 8812, otherwise skip this part)

1. Enter the amount of your Additional Child Tax Credit from Form 8812, line 13. Attach Form 8812 to this return.
2. Enter the tax owed on this return as shown on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return but not more than the amount on line 1. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your ACTC. If you do not authorize an offset of your tax due, you must pay the amount shown on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return.
3. Subtract line 2 from line 1 but not less than zero. This is your ACTC refund after offset.
4. Amount you owe after ACTC offset. If line 2 is less than line 1, enter zero. Otherwise subtract line 1 from line 2. This is the amount you still owe after ACTC offset. Pay this amount unless you are claiming Education Credit below.

PART H Education Credit (If filing Form 8863, otherwise skip this part)

1. Enter the amount of your Education Credit from Form 8863, line 16. Attach Form 8863 to this return.
2. Enter the tax owed on this return as shown on line 4 (Part G) above if you are claiming additional child tax credit, otherwise enter the amount on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your Education Credit. If you do not authorize an offset of your tax due, you must pay the amount shown on line 4 (Part G) above or the amount on line 5, part E, of the Annual Wage and Salary and Earnings Tax Return whichever balance is applicable.
3. Subtract line 2 from line 1, but not less than zero. This is your Education Credit refund after offset.
4. Amount you owe after Education Tax Credit offset. If line 2 is less than line 1, enter zero. Otherwise subtract line 1 from line 2. This is the amount you still owe after Education Credit offset. Pay this amount.

Filing and Deadline

If filing in person deliver return to any Revenue and Tax Offices:

Saipan	Tinian	Rota
Division of Revenue and Tax Joeten Dandan Commercial Building San Vicente, Saipan	Division of Revenue and Tax San Jose Village, Tinian	Division of Revenue and Tax Songsong Village, Rota

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

Filing Deadline: **April 15, 2010**