



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, 2010, or other tax year beginning _____, 2010, ending _____ 20 **2010** Do not write in this space

Name, Address, and SSN	Your first name and initial	Last name	Your social security number
	If a joint return, spouse's first name and initial	Last name	Spouse's social security number
	Home address (number and street). If you have a P.O. Box, see page 12.		Apt. No.
City, town, or post office, state and ZIP code. If you have a foreign address, see page 12.			

Filing Status Check only one box	1 <input type="checkbox"/> Single		4 <input type="checkbox"/> Head of household (with qualifying person). (See page 13.) 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 separately return. Enter spouse's social security no. above and full name here.		5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see page 13)	

Exemptions If more than 5 dependents see page 15	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 16) 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 child under age 17 qualifying for child tax credit (see page 15)
						<input type="checkbox"/>
d Total number of exemptions claimed.....						

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

Tax and Credits	38 Amount from line 37 (adjusted gross income).....				38	
	39a Check if: <input type="checkbox"/> You were born before Jan. 2, 1946, <input type="checkbox"/> Blind. Total boxes checked } 39a <input type="text"/>					
	<input type="checkbox"/> Spouse was born before Jan. 2, 1946, <input type="checkbox"/> Blind. } 39b <input type="text"/>					
	b If your spouse itemizes on a separate return or you were a dual-status alien, see page 33 and check here. 39b <input type="checkbox"/>					
	40 Itemized deductions (from Schedule A) or your standard deduction. See page 33.....				40	
	41 Subtract line 40 from line 38.....				41	
	42 Exemptions. Multiply \$3,650 by the number on line 6d.				42	
	43 Taxable income. Subtract line 42 from line 41. If line 42 is more than line 41, enter -0-.....				43	
	44 Tax (see instructions). Check if any tax is from a <input type="checkbox"/> Form(s) 8814 b <input type="checkbox"/> Form 4972				44	
	45 Alternative minimum tax (see instructions). Attach Form 6251				45	
	46 Add lines 44 and 45.....				46	
	47 Foreign tax credit. Attach Form 1116 if required				47	
	48 Credit for child and dependent care expenses. Attach Form 2441.....				48	
	49 Education credits from Form 8863, line 23.....				49	
	50 Retirement savings contributions credit. Attach Form 8880				50	
51 Child tax credit. (see instructions)				51		
52 Residential energy credits. Attach Form 5695				52		
53 Other Credits from Form: a <input type="checkbox"/> 3800 b <input type="checkbox"/> 8801 c <input type="checkbox"/> _____				53		
54 Add lines 47 through 53. These are your total credits				54		
55 Subtract line 54 from line 46. If line 54 is more than line 46, enter -0-.....				55		
Other Taxes	56 Self-employment tax. Attach Schedule SE				56	
	57 Unreported social security and Medicare tax from: a <input type="checkbox"/> Form 4137 b <input type="checkbox"/> Form 8919				57	
	58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required				58	
	59 a <input type="checkbox"/> Form (s) W-2 box 9 b <input type="checkbox"/> Schedule H c <input type="checkbox"/> Form 5405, line 16				59	
	60 Add lines 55 through 59. This is your total tax.....				60	
Payments	61a Federal income tax withheld from Forms W-2 and 1099.....				61a	
	b Total NMTIT (Chapter 7) withheld from Forms W-2CM and 1099.....				61b	
	62 2010 estimated tax payments and amount applied from 2009 return.....				62	
	63 Making work pay credit. Attach Schedule M.				63	
	64a Earned income credit (EIC).				64a	
	b Nontaxable combat pay election <input type="checkbox"/> 64b <input type="text"/>				64b	
	65 Additional child tax credit. Attach Form 8812 (see Part G).....				65	
	66 American Opportunity Credit. Attach Form 8863, line 14 (see Part H)				66	
	67 First-time homebuyer credit. Attach Form 5405, line 10				67	
	68 Amount paid with request for extension to file (see page 69).....				68	
	69 Excess social security and tier 1 RRTA tax withheld (see page 69).....				69	
	70 Credit for federal tax on fuels. Attach Form 4136.....				70	
	71 Credits from Form: a <input type="checkbox"/> 2439 b <input type="checkbox"/> 8839 c <input type="checkbox"/> 8801, line 27 d <input type="checkbox"/> 8885				71	
72 Add lines 61a, 61b, 62, 63, 64a, 67 through 71. This are your total payments				72		
Refund	73 If line 72 is more than line 60, subtract line 60 from line 72. This is the amount you OVERPAID before Non-refundable credit and rebate offset.....				73	
	74 Amount of line 73 you want refunded to you.				74	
	75 Amount of line 73 you want APPLIED TO YOUR 2011 ESTIMATED TAX (see Part E, line 5)				75	
Amount You Owe	76 Amount you owe. Subtract line 72 from line 60. This is the amount you OWE before the non-refundable credit and rebate offset (see supplemental instructions).....				76	
	77 Estimated tax penalty. (See Part D, line 6)				77	
Third Party Designee	Do you want to allow another person to discuss this return with the Division of Revenue and Taxation? (see page 72) <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No.					
	Designee's name ▶ <input type="text"/>		Phone no. () <input type="text"/>		Personal Identification Number (PIN) <input type="text"/>	
Sign Here Keep a copy for your records	Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.					
	▶ Your signature		Date	Your occupation	Daytime phone number ()	
	▶ Spouse's signature. If a joint return, BOTH must sign		Date	Spouse's occupation		
Paid Preparer's use only	Print/type preparer's name		Preparer's signature		Date	
	Firm's name ▶		PTIN	Firm's EIN		
	Firm's address ▶				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)

2010

Name, Address, and SSN	Your first name and initial	Last name	Your social security number [][][]	
	If a joint return, spouse's first name and initial	Last name	Spouse's 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 2010 Form 1040CM Supplemental Instructions Booklet)

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		

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

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		
5b Less amount excludable (attach Form(s) W-2G).....	5b		
5c 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, 70.....	5		
6 Estimated tax penalty.....	6		
7 Total Chapter 7 liability or (overpayment) (add lines 4, 5 and 6).....	7		

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)	Enter amount underpaid	(c) Failure to Pay.....	2c
		(d) Interest Charge.....	2d
3	CHAPTER 7:	(b) Failure to File.....	3b
(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 2011 ESTIMATED TAX	6	
7	Amount from line 5 you want credited to your 2011 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	AMOUNT	TIN	AMOUNT

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 G, line 2 regarding tax 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, otherwise enter amount from line 5, Part E.	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? <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	Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.		
	▶ Your signature	Date	Your occupation
	▶ Spouse's signature. If a joint return, BOTH must sign	Date	Spouse's occupation
Paid Preparer's use only	Print/type preparer's name		Preparer's signature
	Date		Check if <input type="checkbox"/> self-employed
	Firm's name ▶	PTIN	Firm's EIN
Firm's address ▶		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)

2010

Name, Address, and SSN	Your first name and initial	Last name	Your social security number
	If a joint return, spouse's first name and initial	Last name	Spouse's 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.		

PART A - Non-refundable Credits

1	Wage and salary tax.....	1									
2	Earnings tax.....	2									
3	Business gross revenue tax										
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 70%;">Name</th> <th style="width: 30%;">Tax ID No.</th> </tr> </thead> <tbody> <tr> <td>a) _____</td> <td>..... 3a _____</td> </tr> <tr> <td>b) _____</td> <td>..... 3b _____</td> </tr> <tr> <td>c) _____</td> <td>..... 3c _____</td> </tr> </tbody> </table>	Name	Tax ID No.	a) _____ 3a _____	b) _____ 3b _____	c) _____ 3c _____		
Name	Tax ID No.										
a) _____ 3a _____										
b) _____ 3b _____										
c) _____ 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	

Third Party Designee	Do you want to allow another person to discuss this return with the Division of Revenue and Taxation? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No.		
	Designee's name ▶	Phone no. ()	Personal Identification Number (PIN) [][][][][][]
Sign Here Keep a copy for your records	Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.		
	▶ Your signature	Date	Your occupation
	▶ Spouse's signature. If a joint return, BOTH must sign	Date	Spouse's occupation
Paid Preparer's use only	Print/type preparer's name	Preparer's signature	Date
	Firm's name ▶	PTIN	Check if <input type="checkbox"/> self-employed
	Firm's address ▶	Firm's EIN	Phone no. ()

DEADLINE: APRIL 15, 2011

Instructions for Form OS-3405A - Computation of Non-Refundable Credit and Application for Rebate on CNMI Source Income Tax 2010

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, 2011



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



2010 FORM 1040CM
Supplemental Instructions Booklet

- **Form 1040CM (Use in conjunction with the 2010 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 (*see IRS 1040 instructions page 19 through 27*)

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 (*see IRS 1040 instructions page 20*)

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 (*see IRS 1040 instructions page 20*)

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 (*see IRS 1040 instructions page 33*)

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

Line 56

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

Line 57

This item does not apply in the CNMI. File separately with 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 68

Amount Paid with extension or tax return. If this is an amended return, include on this line the tax paid with the original return, and additional tax paid after return was filed.

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 in line 6, part D.

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, cash contributions made during the taxable year to a qualified educational institution or other tax exempt educational institution located in the CNMI. The maximum educational credit allowable is the lesser of your cash contribution not to exceed \$5,000.00 or your combined wage and salary tax, earnings tax and business gross revenue tax liability. If this is a joint return and your spouse has also made a contribution, your spouse must enter that information in column B. Educational tax credit claimed on other tax returns must be taken into account in determining the remaining maximum allowable credit. Attach Schedule ETC.
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, box 17. Also, enter other Chapter 2, wage and salary tax paid for wages and salaries. Include also on this line earnings tax paid during the year.
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. Exclude 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, cash contributions made during the taxable year to a qualified educational institution or other tax exempt educational institution located in the CNMI. The maximum educational credit allowable is the lesser of your cash contribution not to exceed \$5,000.00 or your combined wage and salary tax, earnings tax and business gross revenue tax liability. If this is a joint return and your spouse has also made a contribution, your spouse must enter that information in column B. Educational tax credit claimed on other tax returns must be taken into account in determining the remaining maximum allowable credit. Attach Schedule ETC.
10. Subtract line 9 from line 8.
11. Add line 10, columns A and B. This is your earnings tax liability.

Note: If you paid earnings tax during the year, include that amount on line 10, part A above

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 14 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 amount on line 1 part C and line 4 of part D. If this amount shows an overpayment place a bracket around your figure continue on line 5. Also, if you file BEFORE the deadline, continue on line 5.

2(a). If the amount on line 1 is a tax due, enter the lesser of the amount on line 1 or the amount on part C, but not less than zero.

2(b). To compute the failure to file penalty for Chapter 2 taxes: A penalty of 5% is imposed of the net amount due (line 2a) up to one month, with an additional 5% for every additional month or fraction thereof, up to maximum of 25%. If the failure to pay penalty (line 2c) becomes applicable, the 5% failure to file penalty shall be reduced by $\frac{1}{2}$ of 1 %. Enter the failure to file penalty on this line.

2(c). To compute the failure to pay penalty for Chapter 2 taxes: A penalty of $\frac{1}{2}$ of 1 % per month, or fraction of a month is imposed on the amount due (line 2a) for failure to file a return by the due date. Enter the failure to pay penalty on this line.

2(d). To compute the interest on Chapter 2 taxes: Interest at prevailing rate compounded daily, is imposed on the amount due (line 2a) and penalty charges (lines 2a and 2b). (NOTE: The annual interest rate is subject to change as determined by the Secretary). Enter the total Chapter 2 interest on this line. Applicable interest rate may be obtained from the website at www.cnmidof.net.

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

3(b). To compute the failure to file penalty for Chapter 7 taxes: A penalty of 5% is imposed of the net amount due (line 3a) up to one month, with an additional 5% for every additional month or fraction thereof, up to maximum of 25%. If the failure to pay penalty (line 3c) becomes applicable, the 5% failure to file penalty shall be reduced by $\frac{1}{2}$ of 1 %. Enter the failure to file penalty on this line.

3(c). To compute the failure to pay penalty for Chapter 7 taxes: A penalty of $\frac{1}{2}$ of 1 % per month, or fraction thereof, of the amount due (line 3a) shall be added for failure to pay tax up to a maximum of 25%. Enter the 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 3a) and penalty charges (lines 3b and 3c). (NOTE: The annual interest rate is subject to change as determined by the Secretary). Enter the total Chapter 7 interest on this line. Applicable interest rate may be obtained from the website at www.cnmidof.net.

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

5. Add lines 1 and 4 of this part, and lines 5 and 6 of part D. If it is a tax due, Make out your check payable to: "CNMI Treasurer". This amount supersedes your tax due on line 75 of Form 1040CM. If this is an overpayment, place a bracket around your figure and proceed to line 6. If you are claiming ACTC refund and or Education Tax Credit, see parts G and H, respectively, below. **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.**

6. Enter amount of overpayment on line 5, you want applied to your **2011** ESTIMATED TAX. This amount supersedes your estimated tax election shown on line 74 of Form 1040CM.

7. Enter remaining overpayment from line 5 (after deduction of your **2011** ESTIMATED TAX) you want credited to your **2011** 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 Tax Credit below.

PART H EDUCATION TAX CREDIT (If filing Form 8863, otherwise skip this part)

1. Enter the amount of your Education Tax Credit from Form 8863, line 14. Attach Form 8863 to this return.
2. Enter the tax owed on this return as shown on line 4 (Part F) 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 Tax Credit. If you do not authorize an offset of your tax due, you must pay the amount shown on line 4 (Part F) 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 Tax 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 Tax 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**

