DIVISION OF REVENUE AND TAXATION
Department of Finance
Commonwealth of the Northern Mariana Islands
TERRITORIAL INDIVIDUAL INCOME TAX RETURN

Form 1040CM   **2012** | Do not write in this space

See separate instructions

For the year Jan. 1 - Dec. 31, 2012, or other tax year beginning _____ , 2012 ending_____ 20_____

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 instructions.	Apt. No.	
City, town or post office, state, and Zip code. If you have a foreign address, also complete spaces below (see instructions).		**IMPORTANT:** Make sure the SSN(s) above and on line 6c are correct
Foreign country name	Foreign province/county	Foreign postal code

Filing Status
Check only one box

1 ☐ Single
2 ☐ Married filing joint return (even if only one had income)
3 ☐ Married filing separately. Enter spouse's social security no. above and full name here } _____
4 ☐ Head of household (with qualifying person). (See instructions) If the qualifying person is a child but not your dependent, enter this child's full name here _____
5 ☐ Qualifying widow(er) with dependent child

Exemptions

If more than four (4) dependents see instructions and check here ☐

6a ☐ Yourself. If someone else can claim you as a dependent, **do not** check box 6a ....
b ☐ Spouse ....

c Dependents: (1) First name Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) If child under age 17 qualifying for child tax credit (see instructions)
			☐
			☐
			☐
			☐

Boxes checked on 6a and 6b _____

No. of your children on 6c who:
 lived with you _____
 did not live with you due to divorce or separation (see instructions) _____
 Dependents on 6c not entered above _____

d Total number of exemptions claimed ....

Add numbers on lines above _____

SOURCE OF INCOME

Income

Attach Form(s)W-2 and W-2CM here. Also attach Forms W-2G and 1099-R

If you did not get a W-2 and or W-2CM, see instructions

			A. INCOME WITHOUT	B. INCOME WITHIN	C. TOTAL INCOME
7	Wages, salaries, tips, etc Attached 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 9b				
10	Taxable refunds, credits, or offsets of state and local income taxes	10			
11	Alimony received	11			
12	Business income or (loss). Attach Schedule C or C-EZ	12			
13	Capital gain (or loss). Attach Sechedule D if required. If not required, check here ......▶☐	13			
14	Other gains or (losses). Atach Form 4797	14			
15a	IRA distributions 15a _____ b Taxable amount	15b			
16a	Pensions and annuities 16a _____ b Taxable amount	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	19			
20	Social security benefits 20a _____ b Taxable amount	20b			
21a	Gambling winnings. Attached Form(s) W-2G	21a			
b	Other income. List type and amount (see instructions)	21b			
22a	**Total income**, Combine the amounts shown in each column for lines 7 through 21b ▶	22a			
b	Allocable percentage. (See Supplemental Instructions)	22b	%	%	100%

Adjusted Gross Income

23	Educator expenses (see instructions)	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	Deductible part of self-employment tax. Attach Schedule SE	27		
28	Self-employed SEP, SIMPLE, and qualified plans	28		
29	Self-employed health insurance deduction	29		
30	Penalty on early withdrawal of savings	30		
31a	Alimony paid b Recipient's SSN _____	31a		
32	IRA deduction	32		
33	Student loan interest deduction	33		
34	Tuition and fees. Attach Form 8917	34		
35	Domestic production activities deduction. Attach Form 8903	35		
36	Add lines 23 through 35 .... ▶	36		
37	Subtract line 36 from line 22a, col. C. This is your **adjusted gross income** .... ▶	37		

For Disclosure, Privacy Act and Paperwork Reduction Act Notice, see separate instructions

Tax and Credits	**38** Amount from line 37 (adjusted gross income)	**38**	

Standard deduction

- People who check any box on line 39a or 39b or who can be claimed as a dependent, see instructions

- All others:
Single or Married filing separately, $5,950

Married filing jointly or Quali-fying widow(er), $11,900

Head of house-hold, $8,700

39a Check if: ☐ **You** were born before January 2, 1948 ☐ Blind. } Total boxes
☐ **Spouse** was born before January 2, 1948 ☐ Blind. checked. . . . . **39a** ☐

 b If your spouse itemizes on a separate return or you were a dual-status alien, check here. . . . . **39b** ☐

40 **Itemized deductions** (from Schedule A) or your **standard deduction** (see left margin)	**40**	
41 Subtract line 40 from line 38.	**41**	
42 **Exemptions**. Multiply $3,800 by the total number on line 6d	**42**	
43 **Taxable income.** Subtract line 42 from line 41. If line 42 is more than lin 41, enter -0	**43**	
44 **Tax** (see instructions). Check if any from: **a** ☐ **Form(s) 8814** **b** ☐ **Form 4972** **c** ☐ **962 election**	**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 19	**49**			
50 Retirement savings contributions credit. Attach Form 8880	**50**			
51 Child tax credit (see instructions). Attach Schedule 8812	**51**			
52 Residential energy credits. Attached Form 5695	**52**			
53 Other credits from Form: **a** ☐ 3800 **b** ☐ 8801 **c** ☐ _____	**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 zero		**55**	

Other Taxes	**56** Self-employment tax. Attach Schedule SE	**56**	
	57 Unreported social security and Medicare tax from Form: **a** ☐ 4137 **b** ☐ 8919	**57**	
	58 Additional tax on IRAs, other qualified retirement plans, etc. Attach Form 5329 if required.	**58**	
	59a Household employment taxes from Schedule H	**59a**	
	b First-time homebuyer credit repayment. Attach Form 5405	**59b**	
	60 Other taxes. Enter code(s) from instructions	**60**	
	61 Add lines 55 through 60. This is your **total tax**	**61**	

Payments	**62a** Federal income tax withheld from Forms W-2 and 1099	**62a**		
If you have a qualifying child for line 64a, attach Schedule EIC	**b** Total NMTIT (Chapter 7) withheld from Forms W-2CM and 1099	**62b**		
	63 2012 estimated tax payments and amount applied from 2011 return.	**63**		
	64a **Earned income credit.** (EIC)	**64a**		
	b **Nontaxable combat pay election** **64b**			
	65 Additional child tax credit. Attach Schedule 8812 (see supplemental instructions)	**65**		
	66 American opportunity credit from Form 8863, line 8 (see supplemental instructions)	**66**		
	67 Reserved	**67**		
	68 Amount paid with request for extension to file	**68**		
	69 Excess social security and tier 1 RRTA tax withheld.	**69**		
	70 Credit for federal tax on fuels. Attach Form 4136	**70**		
	71 Credits from Form: **a** ☐ 2439 **b** ☐ Reserved **c** ☐ 8801 **d** ☐ 8885	**71**		
	72 Add lines 62a, 62b, 63, 64a, 68, 70 and 71. This are your **total payments** . . . . ▶		**72**	

Refund	**73** If line 72 is more than line 61, subtract line 61 from line 72. This is the amount you **OVERPAID** . . . . before non-refundable credit.	**73**	
	74 Amount of line 73 you want **refunded to you.** If Form 8888 is attached, check here ☐	**74**	
	75 Amount of line 73 you want **APPLIED TO YOUR 2013 ESTIMATED TAX** (see supplemental instruction)	**75**	

Amount you owe	**76** Amount you owe. Subtract line 72 from line 61 This is the amount you OWE before the Non-refundable credit and rebate offset (see supplemental instructions)	**76**	
	77 Estimated tax penalty. (See supplemental instructions)	**77**	

Third Party Designee

Do you want to allow another person to discuss this return with the Division of Revenue and Taxation? ☐ No ☐ **Yes**. Complete the below

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 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
▶ 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 self-employed ☐	PTIN
Firm's name ▶			Firm's EIN	
Firm's address ▶			Phone No.	

DIVISION OF REVENUE AND TAXATION
Department of Finance
Commonwealth of the Northern Mariana Islands
ANNUAL WAGE AND SALARY AND EARNINGS TAX RETURN

(Please type or print in ink)

2012

Name and Address

Your first name and initial	Last name
If a joint return, spouse's first name and initial	Last name
Home address (number and street). If you have a P.O. Box, see page 16	Apt. No

Your social security number

Spouse's social security number

IMPORTANT!
Make sure the SSN(s) above are correct

(See Form 1040CM supplemental instructions booklet)

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

PART A. WAGE AND SALARY TAX COMPUTATION

			A. You	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		

PART B. EARNINGS TAX COMPUTATION

			A. You	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 Forms(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 6)	7		
8.	Annual earnings tax	8		

PART C. CHAPTER 2 COMBINED TAX DUE OR (OVERPAYMENT)

			A. You	B. Spouse
1	Wage and salary tax and earnings tax for yourself and spouse	1		
2	Education tax credit for yourself and spouse (attach Schedule ETC)	2		
3	Tax after education tax credit. Subtract line 2 from line 1, but not less than zero	3		
4	Combined wage and salary tax and earnings tax. Add line 3 columns A and B	4	
5	Enter total wage and salary tax and earnings tax withheld and amount paid in 2012	5	
6	Combined wage and salary and earnings tax due or overpaid. Subtract line 5 from line 4. If negative, enclose with parenthesis	6	

COMPLETE FORM OS-3405A BEFORE COMPLETING PART D

PART D CHAPTER 7 TAX DUE OR (OVERPAID) AND REBATE OFFSET CALCULATIONS

1	Chapter 7 tax underpayment after non-refundable credit (amount from Form OS-3405A, line 15, part B)	1	
2	Chapter 7 overpayment after non-refundable credit (amount from Form OS-3405A, line 14, part B)	2	( )
3	Rebate offset amount (amount from Form OS-3405A, line 16, part B)	3	( )
4	Chapter 7 due or (overpaid) after rebate offset amount (add lines 1 through 3). If negative, enclose with parenthesis	4	
5	Tax on overpayment of credits (see supplemental instructions)	5	
6	Estimated tax penalty (see supplemental instructions). Check if Form 2210 is attached ▶ ☐	6	
7	Total Chapter 7 due or (overpaid) (add lines 4, 5 and 6). If negative, enclose with parenthesis	7	

PART E. COMBINED DUE OR (OVERPAYMENT)

1	Amount due or (overpaid), Chapter 2 and Chapter 7 (add lines 6 of part C, and line 4 of part D). If negative, enclose with parenthesis. **(If you are filing by the due date or if this amount is an overpayment, skip lines 2 through 4)**	**1**	

2	CHAPTER 2	(b) Failure to File	**2b**	
	(a) _____	(c) Failure to Pay	**2c**	
		(d) Interest Charge	**2d**	
3	CHAPTER 7	(b) Faiure to File	**3b**	
	(a) _____	(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		
	If negative, place a parenthesis around the figure	**5**	
6	If line 5 is an overpayment, enter amount you want credited to your 2013 ESTIMATED TAX	**6**	
7	Amount from line 5 you want credited to your 2013 Business Gross Revenue Tax. Indicate the month _____	**7**	
8	Net overpayment (reduce the overpayment on line 5 by amounts on line 6 and 7)	**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 (attach Schedule 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 rebate offset amount.

1	Additional Child Tax Credit. Enter the amount from line 13 of Ù&@˘å˘ |^ 8812. (Attach Ù&@˘å˘ |^ 8812) . . .	**1**	
2	Enter the amount due from line 5, Part E above	**2**	
3	Additional Child Tax Credit refund. Subtract line 2 from line 1, but not less than zero	**3**	
4	Amount you still owe. If line 2 is greater than line 1 Subtract line 1 from line 2, otherwise enter zero	**4**	

PART H - Refundable American Opportunity Credit - Form 8863, Line 8 (attach Form 8863)

1	Enter the amount from Form 8863, Line 8	**1**	
2	Enter amount still owed from line 4, Part G above.	**2**	
3	Education Credit refund. Subtract line 2 from line 1, but not less than zero	**3**	
4	Amount you still owe. If line 2 is greater than line 1 Subtract line 1 from line 2, otherwise enter zero	**4**	

Third Party Designee	Do you want to allow another person to discuss this return with the Division of Revenue and Taxation? ☐ **Yes.** Complete the following. ☐ **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 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 Check if ☐ self-employed PTIN
	Firm's name EIN
	Firm's address Phone no.

FOR OFFICIAL USE ONLY	RECEIPT NO:

DEADLINE: APRIL 15, 2013

DIVISION OF REVENUE AND TAXATION

Department of Finance
Commonwealth of the Northern Mariana Islands
COMPUTATION OF NON-REFUNDABLE CREDIT AND
APPLICATION FOR REBATE ON CNMI SOURCE INCOME TAX

Form OS-3405A (Attach to Form 1040CM)   *(See instructions on reverse)*   **2012**

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	Spouses' social security number

Home address (number and street). If you have a P.O. Box, see page 16 | Apt. No

IMPORTANT!
Make sure the SSN(s) above are correct

City, town, or post office, state and ZIP code. If you have a foreign address, see page 16.

PART A - Non-refundable Credits

| 1 | Wage and salary tax and earnings tax . . . . | 1 | |

2   Business gross revenue tax

	Name	Tax ID No.		
a)			a	
b)			b	
c)			c	

3	User fees paid	3	
4	Fees and taxes imposed under 4CMC § 2202(h)	4	
5	Total non-refundable credits (add lines 1 through 4)	5	

PART B - Rebate Computation

6a	Allocable percentage tax without CNMI. (From line 22b, Col A.)	6a _____%	
6b	Allocable percentage tax within CNMI. (From line 22b, Column B)	6b _____%	
7	Total NMTIT on all sources.	7	
8	Total NMTIT payments made	8	
9	Tax on sources without CNMI (multiply line 7 by the percentage as shown on line 6a).	9	
10	Tax on sources within CNMI (multiply line 7 by the percentage as shown on line 6b).	10	
11	Total non-refundable credits (enter amount from line 5, part A)	11	
12	Adjusted CNMI source tax (subtract line 11 from line 10. If zero or less, enter -0-)	12	
13	Total CNMI and NON-CNMI source tax after non-refundable credits (add lines 9 and 12)	13	
14	NMTIT overpayment (subtract line 13 from line 8. If zero or less, enter -0-)	14	
15	Total tax underpaid (If line 13 is greater than line 8, subtract line 8 from line 13, otherwise, enter -0-)	15	
16	Rebate offset amount. Calculate this amount as determined by the rebate base (line 12) using the rebate table provide in Part B of instructions.	16	

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 ( )
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 ☐	Preparer's SSN or PTIN
Firm's name (or yours if self-employed) address and zip			EIN
			Phone no ( )

Form OS-3405A-2012   **DEADLINE: APRIL 15, 2013**

Instructions for Form OS-3405A - Computation of Non-Refundable Credit and Application for Rebate on CNMI Source Income Tax 2012

PART A   NON-REFUNDABLE CREDITS

1. Enter the wage and salary tax and earnings tax as shown on line 4, Part C of the Annual Wage and Salary and Earnings Tax Return.
2. 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 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.
3. Enter the amount of user fees paid during the taxable year under 4 CMC §1421.
4. Enter the amount of fees and taxes paid or accrued during the taxable year under 4 CMC §2202 (h).
5. Add all amounts shown in lines 1 through 4. This is your total non-refundable credit.

PART B   REBATE COMPUTATION

6a. Enter the percentage (allocable ratio) of tax without the CNMI. This should be the percentage shown on line 22b column A of Form 1040CM.
6b. Enter the percentage (allocable ratio) of tax within the CNMI. This should be the percentage shown on line 22b column B of Form 1040CM.
7. Enter the tax as shown on line 61 of Form 1040CM.
8. Enter the total payments made for the taxable year as shown on line 72 of Form 1040CM.
9. Multiply the amount on line 7 by the percentage of tax without the CNMI as shown on line 6a.
10. Multiply the amount on line 7 by the percentage of tax within the CNMI as shown on line 6b.
11. Enter the total non-refundable credits from line 5, Part A.
12. Subtract line 11 from line 10. If zero or less, enter zero.
13. Add lines 9 and 12.
14. If line 8 is greater than line 13, subtract line 13 from line 8, otherwise, enter zero.
15. If line 13 is greater than line 8, subtract line 8 from line 13, otherwise, enter zero.
16. Calculate the rebate offset amount as determined by the rebate base (line 12) using the Rebate Table below. Enter the result here.

IF REBATE BASE (line 12) IS:		THE REBATE OFFSET AMOUNT IS:		EXAMPLE:
		REBATE TABLE		
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, 2013

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

2012 FORM 1040CM
Supplemental Instructions Booklet

➢ **Form 1040CM** (Use in conjunction with the 2012 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** (Schedule 8812)

➢ **Education Credit** (Form 8863)

Form 1040CM Supplemental Instructions

Lines 7 through 21b *(Instructions pages 19 thru 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 *(Instructions page20)*
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 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
Combine the amounts in lines 7 through 21b in each of the columns (A, B, and C) and enter each column's total.

Line 22b
Make the 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: <u>Percentage allocation for line 22b, column A</u>

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

<u>Percentage allocation for line 22b, column B</u>

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

Line 37 *(Instructions page 3*3)

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

Line 56
This item does not apply in the CNMI. File/report separately to the U.S. Federal Government or IRS.

Line 57
This item does not apply in the CNMI. File/report separately to the U.S. Federal Government or IRS.

Line 59a
This item does not apply in the CNMI. File/report employment taxes separately to the U.S. Federal Government or IRS.

Line 62a
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 62b.

Line 62b
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 62a.

Line 65
Claim the additional child tax credit (ACTC) in Part G of this return. Attach Schedule 8812.

Line 66
Claim the American opportunity tax credit (AOTC) in Part H of this return. Attach Form 8863.

Line 73
The amount overpaid on this line is before non-refundable credit on CNMI source tax.

Line 75
This amount may be superseded by the amount shown in Part E, line 6.

Line 76
This amount may be superseded by the amount shown in Part E, line 5.

Line 77
This amount may be superseded by the amount shown in Part D, line 6.

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 (For a joint return, also enter spouse information in column B)

1. Enter total wages and salaries received for work performed in the CNMI or from sources within the CNMI per Form(s) W-2 and W-2CM.

2. Enter 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.

3. Add lines 1 and 2.

 4. Enter the amount not subject to the wage and salary tax. This includes the amount in CNMI government/agency Form 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 the wage and salary tax on the amount on line 5 and for 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%			

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 of 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. With respect to interest and dividends, if you entered such income under column B, lines 8a, and/or 9a, page 1 of Form 1040CM, be sure to also include such income on this line to avoid any discrepancies on your tax return. Otherwise, the rebate on the tax on these incomes will be disallowed. Also include rents, royalties or similar income earned in the CNMI and received by a resident not in the course of carrying on a business.

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 included on line 5a 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 the earnings tax on the amount on line 7 for each column using the wage and salary and earnings tax table above.

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

1. Combine the wage and salary tax and earnings tax for yourself (Part A line 6 and Part B line 8) and enter in column A. Combine the wage and salary tax and earnings tax of your spouse (Part A line 6 and Part B line 8) and enter in column B.

 2. Enter in column A the amount of cash contribution you 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 the 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 also made cash contribution to a qualified educational institution, enter spouse information in column B. Attach Schedule ETC. ***CAUTION: You must reconcile the educational tax credit claimed in other returns such as the Business Gross Revenue Tax, to determine the maximum amount ($5,000) allowable.***

3. Subtract line 2 from line 1 in each column. If line 2 is more than line 1, enter zero. This is the chapter 2 tax after educational tax credit.

4. Combine the amount on line 3 Columns A and B. This is your combined wage and salary and earnings taxes.

5. Enter the total wage and salary tax withheld and paid in 2012. Also enter any earnings tax withheld and/or paid in 2012. This tax is also known as Chapter 2 tax.

6. Combined wage and salary and earnings tax due or overpaid. Subtract line 5 from line 4. If less than zero, enclose figure with parenthesis.

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

PART D   Chapter 7 Tax and Rebate Offset Calculations

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

2. Enter amount from Form OS-3405A, line 14, part B.

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

4. Add lines 1 thru 3 of this part. Note that the amount on lines 2 and 3 are negative numbers. If negative, enclose figure in parenthesis.

5. Enter the lesser of the sum of lines 64a, 70 and 71 of Form 1040CM or the amount on line 2 (ignore the parenthesis) of this part.

6. To figure your estimated tax penalty on Form 2210, substitute the tax underpayment amount with the amount shown on line 1 of this part, less amounts claimed for ACTC and AOTC. If Form 2210 is attached, "check" the box. If you want the CNMI Division of Revenue and Taxation to compute this penalty for you, write "REVTAX" on the left side of this line. We will adjust your overpayment or bill you later for this amount.

7. Add lines 4, 5 and 6. This is your total Chapter 7 (NMTIT) liability or overpayment. ***NOTE: Line 4 may be a negative number.***

PART E   Combined Due or (Overpayment)

1. AMOUNT DUE OR (OVERPAID).   Add line 6 of part C and line 4 of part D.   Make sure that negative amounts are enclosed in parenthesis.
Note: If the amount on line 1 is an overpayment or you are filing your return by the due date, skip lines 2 through 4.

2(a). Enter the lesser of the amount on line 6 of 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. Enter the Chapter 2 failure to pay penalty on this line.

2(d). Interest on taxes and penalties (Chapter 2): Interest at prevailing rates compounded daily is imposed on the sum of lines 2a, 2b and 2c. (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). Subtract line 2a from line 1 and enter the amount on this line.

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 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 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 on line 3a. Enter the total Chapter 7 failure to pay penalty on this line.

3(d). Interest on Chapter 7 taxes: Interest at prevailing rate, compounded daily, is imposed on the sum of lines 3a, 3b and 3c. (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 of this part, and lines 5 and 6 of part D. If this amount shows a tax due, pay this amount unless you are claiming the ACTC and or AOTC in parts G and H below. Make your check payable to: "CNMI Treasurer". This amount supersedes the amount of your refund on line 73 or the amount you owe on line 76 of Form 1040CM. If this amount shows an overpayment, enclose figure with parenthesis and go to line 6.

Note: The amount due shown here can be offset against the additional child tax credit in Part G and the American opportunity tax credit in part H below. Please complete those Parts, if applicable, to determine your net tax due or remaining refund.

6. Enter amount of overpayment on line 5, you want applied to your 2013 ESTIMATED TAX. This amount supersedes the amount on line 77 of Form 1040CM.

7. Enter the amount from line 5 (after deduction for line 6) you want credit to your 2013 Business Gross Revenue Tax and indicate the month you want the credit applied to.

8. Add lines 5, 6 and 7. This is the net combined overpayment (refund and rebate) that is due 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

1. Enter the amount of the Additional Child Tax Credit from Schedule 8812, line 13. Attach Schedule 8812 to this return.

2. Enter the tax owed on this return as shown on line 5, part E. 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, page 3, otherwise, it may delay your ACTC refund.

3. If line 1 is greater than line 2, subtract line 2 from line 1. This is your ACTC refund after offset.

4. If line 2 is greater than line 1, subtract line 1 from line 2. This is the amount you owe on this return after offset of the ACTC. Pay this amount unless you are claiming AOTC in part H below.

PART H   American Opportunity Tax Credit (If filing Form 8863, otherwise skip this part)

1. Enter the amount of the Refundable American opportunity 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 G) above. If Part G is not applicable, enter the amount due from line 5, part E, above. 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 G), if applicable or the amount on line 5, part E above.

3. If line 1 is greater than line 2, subtract line 2 from line 1. Otherwise enter zero. This is your American opportunity credit refund after offset.

4. Amount you owe on this return after the American opportunity credit offset. If line 2 is greater than line 1, subtract line 1 from line 2. Otherwise, enter zero. 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	Division of Revenue and Tax	Division of Revenue and Tax
Joeten Dandan Commercial Building	San Jose Village, Tinian	Songsong Village, Rota
San Vicente, Saipan		

If filing by mail, please send to: DIVISION OF REVENUE AND TAXATION   Filing Deadline: April 15, 2013
                     POST OFFICE BOX 5234 CHRB
                     SAIPAN, MP 96950