



DIVISION OF REVENUE AND TAXATION

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

CORPORATE INCOME TAX RETURN



For calendar year 2004 or tax year beginning _____, 2004, ending _____, 20_____

2004

Form 1120CM

(Please type or print in ink)

A Check if a: 1 Consolidated return (attach Form 851) <input type="checkbox"/> G 2 Personal holding co. (attach Sch. PH) <input type="checkbox"/> G 3 Personal service corp. (see instructions) <input type="checkbox"/> G 4 Schedule M-3 required (attach Sch. M-3) <input type="checkbox"/> G	Name _____ Number, street, and room or suite no. (If a P.O. box, see page 9 of instructions.) _____ _____	B Employer identification number _____ C Date incorporated _____ D Total assets (see page 8 of instructions) _____ <div style="text-align: right;">\$ _____</div>
E Check applicable boxes: (1) <input type="checkbox"/> G Initial return (2) <input type="checkbox"/> G Final return (3) <input type="checkbox"/> G Name change (4) <input type="checkbox"/> G Address Change		

SOURCE OF INCOME

		A. INCOME WITHOUT	B. INCOME WITHIN	C. TOTAL	
Income	1a Gross receipts or sales				
	b Less returns and allowances				
	c Bal ▶				
	2 Cost of goods sold (Schedule A, line 8)				
	3 Gross profit. Subtract line 2 from line 1c				
	4 Dividends (Schedule C, line 19)				
	5 Interest				
	6 Gross rents				
	7 Gross royalties				
	8 Capital gain net income (attach Schedule D (Form 1120))				
	9 Net gain or (loss) from Form 4797, Part II, line 17 (attach Form 4797)				
10 Other income (see page 11 of instructions - attach schedule)					
11 Total income. Add lines 3 through 10					
Deductions (See instructions for limitations on deductions.)	12 Compensation of officers (Schedule E, line 4)				
	13 Salaries and wages (less employment credits)				
	14 Repairs and maintenance				
	15 Bad debts				
	16 Rents				
	17 Taxes and licenses (Do not include non-refundable credits used on this return)				
	18 Interest				
	19 Charitable contributions (see page 14 of instructions for 10% limitation)				
	20 Depreciation (attach Form 4562)				
	21 Less depreciation claimed on Schedule A and elsewhere on return				
	21a				
	22 Depletion				
	23 Advertising				
	24 Pension, profit-sharing, etc., plans				
	25 Employee benefit programs				
	26 Other deductions (attach schedule)				
	27 Total deductions. Add lines 12 through 26				
	28 Taxable income before net operating loss deduction and special deductions. Subtract line 27 from line 11				
	28a Allocable percentage		%	%	100 %
29 Less: a Net operating loss (NOL) deduction (see page 16 of instructions)					
b Special deductions (Schedule C, line 20)					
29a					
29b					
29c					
30 Taxable income. Subtract line 29c from line 28, (see instructions if Schedule C, line 12, was completed)					
31 Total tax (Schedule J, line 11)					
Tax and Payments	32 Payments: a 2003 overpayment credited to 2004				
	b 2004 estimated tax payments				
	c Less 2004 refund applied for on Form 4466				
	d Bal ▶				
	e Tax deposited with Form 7004				
	f Credit for tax paid on undistributed capital gains (attach Form 2439)				
	g Credit for Federal tax on fuels (attach Form 4136). See instructions				
	32h				
	33 Estimated tax penalty (see pages 17 and 29 of instructions). Check if Form 2220 is attached				
	34 Tax due. If line 32h is smaller than the total of lines 31 and 33, enter amount owed (see instructions on page 29)				
35 Overpayment. If line 32h is larger than the total of lines 31 and 33, enter amount overpaid (see instructions on page 29)					
36 Enter amount of line 35 you want: Credited to 2005 estimated tax (see line 7, part A, page 2) <input type="checkbox"/> Refunded <input type="checkbox"/>					

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.

Sign Here	Signature of officer _____ Date _____ Title _____	May the Division of Revenue and Taxation discuss this return with the preparer shown below (see instructions)? <input type="checkbox"/> G Yes <input type="checkbox"/> G No
Paid Preparer's Use Only	Preparer's signature _____ Date _____	Check if self-employed <input checked="" type="checkbox"/> G Preparer's SSN or PTIN _____
	Firm's name (or yours if self-employed) and address and zip code _____	EIN ▶ _____ Phone No. ▶ () _____

PART A Chapter 7 Tax Adjustment (See page 29 of instructions.)

1 Tax underpaid before rebate offset. Enter amount from line 14 of Form OS-3405A.....	1		
2 Tax overpaid before rebate offset. Enter amount from line 13 of Form OS-3405A.....	2	()
3 Late charges. Enter all applicable late charges here, based on the underpaid tax shown on line 1 of this part. Also include estimated tax penalty as shown on line 33, page 1 of this return (see supplemental instructions on page 29).....	3		
4 Rebate offset amount. Enter the amount from line 15 of Form OS-3405A.....	4	()
5 Tax on overpayment of credit. Enter the lesser of line 13 of Form OS-3405A or the total of lines 32f and 32g as shown in page 1 of this return. If zero or less enter -0-.....	5		
6 Total due (or overpaid). Add lines 1 through 5 of this part. If this line shows amount due, pay this amount. Stop here. If this line shows an overpayment, place a bracket around the figure and continue on lines 7, 8, and 9.....	6		
7 If line 6 is an overpayment enter amount you want credited to 2005 ESTIMATED TAX	7		
8 If line 6 is an overpayment enter amount you want credited to your 2005 BUSINESS GROSS REVENUE TAX	8		
9 Net overpayment. Subtract the total of lines 7 and 8 from line 6.	9	()

Schedule A Cost of Goods Sold (See page 17 of instructions.)

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

9a Check all methods used for valuing closing inventory:

- (i) Cost as described in Regulations section 1.471-3
- (ii) Lower of cost or market as described in Regulations section 1.471-4
- (iii) Other (Specify method used and attach explanation.) ▶ _____

b Check if there was a writedown of subnormal goods as described in Regulations section 1.471 2(c)..... ▶

c Check if the LIFO inventory method was adopted this tax year for any goods (if checked, attach Form 970)..... ▶

d If the LIFO inventory method was used for this tax year, enter percentage (or amounts) of closing inventory computed under LIFO **9d** _____

e If property is produced or acquired for resale, do the rules of section 263A apply to the corporation?..... YES NO

f Was there any change in determining quantities, cost, or valuations between opening and closing inventory? If "Yes," attach explanation.. YES NO

Schedule C Dividends and Special Deductions (See page 18 of instructions.)

	(a) Dividends Received	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations that are subject to the 70% deduction (other than debt-financed stock).....	1	70	
2 Dividends from 20%-or-more-owned domestic corporations that are subject to the 80% deduction (other than debt-financed stock).....	2	80	
3 Dividends on debt-financed stock of domestic and foreign corporations (section 246 A).....	3	see instructions	
4 Dividends on certain preferred stock of less-than-20%-owned public utilities.....	4	42	
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities.....	5	48	
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs that are subject to the 70% deduction.....	6	70	
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs that are subject to the 80% deduction.....	7	80	
8 Dividends from wholly owned foreign subsidiaries subject to the 100% deduction (section 245(b))....	8	100	
9 Total. Add lines 1 through 8. See page 19 of instructions for limitation.....	9		
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958.....	10	100	
11 Dividends from affiliated group members and certain FSCs that are subject to the 100% deduction ..	11	100	
12 Dividends from controlled foreign corporations subject to the 85% deduction (attach Form 8895).....	12	85	
13 Other dividends from foreign corporations not included on lines 3, 6, 7, 8, 11, or 12.....	13		
14 Income from controlled foreign corporations under subpart F (attach Form(s) 5471).....	14		
15 Foreign dividend gross-up (section 78).....	15		
16 IC-DISC and former DISC dividends not included on lines 1, 2, or 3 (section 246(d)).....	16		
17 Other dividends.....	17		
18 Deduction for dividends paid on certain preferred stock of public utilities.....	18		
19 Total dividends. Add lines 1 through 17. Enter here and on line 4, page 1.....	19		
20 Total special deductions. Add lines 9, 10, 11, 12, and 18. Enter here and on page 1, line 29b..... ▶	20		

Schedule E

Compensation of Officers (See instructions for page 1, line 12, on page 13 of instructions)

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

(a) Name of officer	(b) Social security number	(c) Percent of time devoted to business	Percent of corporation stock owned		(f) Amount of compensation
			(d) Common	(e) Preferred	
1		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
		%	%	%	
2 Total compensation of officers.....					2
3 Compensation of officers claimed on Schedule A and elsewhere on return.....					3
4 Subtract line 3 from line 2. Enter the result here and on page 1, line 12.....					4

Schedule J Tax Computation (See page 20 of instructions)

1 Check if the corporation is a member of a controlled group (see sections 1561 and 1563).....

Important: Members of a controlled group, see instructions on page 20.

2a If the box on line 1 is checked, enter the corporation's share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):

(1) \$ _____ (2) \$ _____ (3) \$ _____

b Enter the corporation's share of:

(1) additional 5% tax (not more than \$11,750) ▶ \$ _____

(2) additional 3% tax (not more than \$100,000) ▶ \$ _____

3 Income tax. Check if a qualified personal service corporation under section 448(d)(2) (see page 21).....

4 Alternative minimum tax (attach Form 4626).....

5 Add lines 3 and 4.....

6a Foreign tax credit (attach Form 1118)..... 6a

b Possessions tax credit (attach Form 5735)..... 6b

c Check: Nonconventional source fuel credit QEV credit (attach Form 8834)..... 6c

d General business credit. Check box(es) and indicate which forms are attached:

3800 Form(s) (specify) ▶ _____ 6d

e Credit for prior year minimum tax (attach Form 8827)..... 6e

f Qualified zone academy bond credit (attach Form 8860).....

7 Total credits. Add lines 6a through 6f..... 7

8 Subtract line 7 from line 5..... 8

9 Personal holding company tax (attach Schedule PH (Form 1120))..... 9

10 Other taxes. Check if from: Form 4255 Form 8611 Form 8697 Form 8866 Other (attach schedule)..... 10

11 Total tax. Add lines 8 through 10. Enter here and on page 1, line 31..... 11

Schedule K Other information (see page 23 of instructions)

	YES	NO
1 Check method of accounting: a <input type="checkbox"/> Cash b <input type="checkbox"/> Accrual c <input type="checkbox"/> Other (specify) ▶ _____		
2 See page 25 of the instructions and enter the: a Business activity code no. ▶ _____ b Business activity ▶ _____ c Product or service ▶ _____		
3 At the end of the tax year, did the corporation own, directly or indirectly, 50% or more of the voting stock of a domestic corporation? (For rules of attribution, see section 267(c)). If "YES," attach a schedule showing: (a) name and employer identification number (EIN), (b) percentage owned, and (c) taxable income or (loss) before NOL and special deductions of such corporation for the tax year ending with or within your tax year.		
4 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? If "YES," enter name and EIN of the parent corporation ▶ _____		
5 At the end of the tax year, did any individual, partnership, corporation, estate or trust own, directly or indirectly, 50% or more of the corporation's voting stock? (For rules of attribution, see section 267(c))..... If "YES," attach a schedule showing name and identifying number. (Do not include any information already entered in 4 above). Enter percentage owned ▶ _____		
6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? (See sections 301 and 316)..... If "YES," file Form 5452, Corporate Report of Nondividend Distributions. If this is a consolidated return, answer here for the parent corporation and on form on Form 851, Affiliations Schedule, for each subsidiary		
7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of : (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation? If "YES," (a) Enter percentage owned ▶ _____ and (b) Enter owner's country ▶ _____		
c The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached ▶ _____		
8 Check this box if the corporation issued publicly offered debt instruments with original issue discount..... <input type="checkbox"/> If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.		
9 Enter the amount of tax-exempt interest received or accrued during the tax year ▶ \$ _____		
10 Enter the number of shareholders at the end of the tax year, (if 75 or fewer) ▶ _____		
11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here <input type="checkbox"/> If the corporation is filing a consolidated return, the statement required by Temporary Regulations section 1.1502-21T(b)(3)(i) or (ii) must be attached or the election will not be valid.		
12 Enter the available NOL carryover from prior tax years (Do not reduce it by any deduction on line 29a.) ▶ \$ _____		
13 Are the corporation's total receipts (line 1a plus lines 4 through 10 on page 1) for the tax year and its total assets at the end of the tax year less than \$250,000?..... If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2 on page 4. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year. ▶ \$.....		

Note: If the corporation, at any time during the tax year, had assets or operated a business in a foreign country or U.S. Possession, it may be required to attach Schedule N (Form 1120), Foreign Operations of U.S. Corporation, to this return. See Schedule N for details.

NOTE: The corporation is not required to complete Schedules L, M-1 and M-2 if Question 13 on Schedule K is answered "Yes."

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

Schedule M-1		Reconciliation of Income (Loss) per Books with Income per Return (See page 24 of instructions.)	
1	Net income (loss) per books.....	1	
2	Federal income tax per books.....	2	
3	Excess of capital losses over capital gains.....	3	
4	Income subject to tax not recorded on books this year (itemize): _____	4	
5	Expenses recorded on books this year not deducted on this return (itemize): a Depreciation.....\$ _____ b Charitable contributions...\$ _____ c Travel and entertainment....\$ _____	5	
6	Add lines 1 through 5.....	6	
7	Income recorded on books this year not included on this return (itemize): Tax-exempt interest \$ _____	7	
8	Deductions on this return not charged against book income this year (itemize): a Depreciation \$ _____ b Charitable contributions \$ _____	8	
9	Add lines 7 and 8.....	9	
10	Income (line 28, page 1) - line 6 less line 9.	10	

Schedule M-2		Analysis of Unappropriated Retained Earnings per Books (Line 25, Schedule L)	
1	Balance at beginning of year.....	1	
2	Net income (loss) per books.....	2	
3	Other increases (itemize): _____	3	
4	Add lines 1 through 3.....	4	
5	Distributions: a Cash.....	5a	
	b Stock.....	5b	
	c Property.....	5c	
6	Other decreases (itemize): _____	6	
7	Add lines 5 and 6.....	7	
8	Balance at end of year (line 4 less line 7)..	8	

Supplemental Instructions for Form 1120CM

INCOME

Lines 1 through 10

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

Line 11

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

DEDUCTIONS

Lines 12 through 26

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

Line 27

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

Line 28

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

Line 28a

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

Example:

Percentage Allocation for line 28a, column A

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

Percentage Allocation for line 28a, column B

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

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

TAX AND PAYMENTS

Line 30

Subtract line 29c from line 28, column C.

Line 32h

Add lines 32d through 32g.

Line 33

To figure your estimated tax penalty, take the lesser of line 1, part A (page 2) of Form 1120CM or the amount required in page 14 of the instructions.

Line 34

If the total of lines 31 and 33 is larger than line 32h, enter the difference. This is the amount owed before the non-refundable under 4 CMC §1308(a). Form OS-3405A must also be completed to figure out adjustment of the tax. See instructions for page 2, part A, line 6 at the bottom of this page.

Line 35

If the total of lines 31 and 33 is smaller than line 32h, enter the difference. This is the amount overpaid before the non-refundable credit under 4 CMC §1308(a). Form OS-3405A must also be completed to figure out adjustment of the tax. See instructions for page 2, part A, line 6 at the bottom of this page.

Line 36

Leave the line for **2005** estimated tax blank. The amount of overpayment available for estimated tax may be more as a result of tax rebate. Make your election on line 7, page 2, part A of the return.

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

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

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

INSTRUCTIONS FOR PART A

Part A CHAPTER 7 TAX ADJUSTMENT

1. Enter amount from line 14 of Form OS-3405A.
2. Enter amount from line 13 of Form OS-3405A.
3. Enter all applicable late charges here, based on the underpaid tax shown on line 1 of this part. Also include estimated tax penalty as shown on line 33, page 1 of this return. The estimated tax penalty may be lower as a result of non-refundable credit. Please compute as appropriate.
4. Enter the amount from line 15 of Form OS-3405A..
5. Enter the lesser of line 13 of Form OS-3405A or the total of lines 32f and 32g as shown in page 1 of this return. If zero or less, enter - 0 -.
6. Total due (or overpaid). Add lines 1 through 5 of this part. If this line shows amount due, pay this amount. If this line shows an overpayment, place a bracket around the figure and continue on lines 7 and 8.
7. If line 6 is an overpayment, enter amount you want credited to **2005 ESTIMATED TAX**. This line supercedes line 36, page 1 of the return.
8. **Enter remaining overpayment from line 6 you want credited to your 2005 BUSINESS GROSS REVENUE TAX, after deduction of 2005 ESTIMATED TAX, if any.**
9. **Net overpayment.** Subtract lines 7 and 8 from line 6.

TAX COMPUTATION

Line 6b

Possessions Tax Credit (Under IRC Sections 936 and 30A) is not applicable in the CNMI.