

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



Form 1040A-CM

(Please type or print in ink)

2006

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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 18.	Apt. No.
City, town or post office, state, and ZIP code. If you have foreign address, see page 18.	

Your social security number

Spouse's social security number

◆ IMPORTANT ! ◆
 You must enter SSN(s) above.

Filing Status
Check only one box

- 1 Single
- 2 Married filing joint return (even if only one had income)
- 3 Married filing separate return. Enter spouse's social security no. above and full name here ► _____
- 4 Head of household (with qualifying person). (See page 19.) If the qualifying person is a child but not your dependent, enter this child's name here ► _____
- 5 Qualifying widow(er) with dependent child (year spouse died _____). (See page 20.)

Exemptions
If more than six dependents see page 21

6a	<input type="checkbox"/> Yourself. If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a.	Boxes checked on 6a and 6b _____				
b	<input type="checkbox"/> Spouse					
c Dependents:	(1) First name	Last Name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 21)	No. of children on 6c who: ▲ lived with you _____ ▲ did not live with you due to divorce or separation (see page 22) _____ Dependents on 6c not entered above: _____ Add numbers on lines above ► <input type="text"/>
					<input type="checkbox"/>	
					<input type="checkbox"/>	
					<input type="checkbox"/>	
					<input type="checkbox"/>	
					<input type="checkbox"/>	
d	Total number of exemptions claimed.....					

SOURCE OF INCOME

A. INCOME WITHOUT AND Income not subject to rebate B. INCOME WITHIN AND Income subject to rebate C. TOTAL INCOME

Income	7 Wages, salaries, tips, etc. Attach Form(s) W-2 and W-2CM.....	7				
	8a Taxable interest. Attach Schedule 1 if required.....	8a				
	b Tax-exempt interest. DO NOT include on line 8a	8b				
	9a Ordinary Dividends. Attach Schedule 1 if required.....	9a				
	b Qualified Dividends. (See page 25)	9b				
	10 Capital gain distributions (see page 25).....	10				
	11a IRA distributions	11a				
	b Taxable amount (see page 25).	11b				
	12a Pensions and annuities	12a				
	b Taxable amount (see page 26).	12b				
	13 Unemployment compensation and Alaska permanent fund dividends, and Jury duty pay.....	13				
	14a Social security benefits	14a				
	b Taxable amount (see page 28)	14b				
	15a Add amounts in all columns for lines 7 through 14b. This is your total income	15a				
b Allocable percentage (see supplemental instructions).....	15b	_____ %	_____ %	100 %		
Adjusted gross income	16 Penalty on early withdrawal of savings (see page 28).....	16				
	17 IRA deduction (see page 28).....	17				
	18 Student loan interest deduction (see page 31).....	18				
	19 Jury duty pay you gave to your employer (see page 31).....	19				
	20 Add lines 16 through 19. These are your total adjustments.....	20				
	21 Subtract line 20 from line 15a, Col. C. This is your adjusted gross income	21				

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

Taxable Income

Tax, credits, and payments

Refund

Amount you owe

Third Party Designee

Sign Here. Keep a copy for Your Records

Paid Preparer's Use Only

22	Enter the amount from line 21 (adjusted gross income).....	22	
23a	Check if: <input type="checkbox"/> YOU were born before January 2, 1942 <input type="checkbox"/> Blind <input type="checkbox"/> SPOUSE was born before January 2, 1942 <input type="checkbox"/> Blind	Total boxes checked..... 23a	<input type="checkbox"/>
	b If you are married filing separately and your spouse itemizes deductions, see page 32 and check here.....	▶ 23b	<input type="checkbox"/>
24	Enter your standard deduction . People who checked any box on line 23a or 23b or who can be claimed as a dependent, see page 32. All Others: <input type="radio"/> Single - \$5,150 <input type="radio"/> Married filing jointly or Qualifying widow(er) - \$10,300 <input type="radio"/> Head of household - \$7,550 <input type="radio"/> Married filing separately - \$5,150.....	24	
25	Subtract line 24 from line 22. If line 24 is more than line 22, enter -0-.....	25	
26	If line 22 is \$112,875, or you provided housing to a person displaced by Hurricane Katrina, see page 32. Otherwise, multiply \$3,300 by the total number of exemptions claimed on line 6d.....	26	
27	Subtract line 26 from line 25. If line 26 is more than line 25, enter -0-. This is your taxable income	▶ 27	
28	Tax , including any alternative minimum tax (see page 32)	28	
29	Credit for child and dependent care expenses. Attach Schedule 2.....	29	
30	Credit for the elderly or the disabled. Attach Schedule 3.....	30	
31	Education credits. Attach Form 8863.....	31	
32	Retirement savings contributions credit. Attach Form 8880.....	32	
33	Child tax credit (see page 37). Attach Form 8901 if required	33	
34	Add lines 29 through 33. These are your total credits.....	34	
35	Subtract line 34 from line 28. If line 34 is more than line 28, enter -0-.....	35	
36	Advance earned income credit payment from Form(s) W-2 and W-2CM, box 9.....	36	
37	Add lines 35 and 36. This is your total tax.....	37	
38a	Federal income tax withheld from Form W-2 and 1099.....	38a	
38b	NMTIT (Chapter 7) withheld from Form W-2CM and 1099 (not included on 38a).....	38b	
39	2006 estimated tax payments and amount applied from 2005 return.....	39	
40a	Earned income credit (EIC) . If you have a qualifying child, attach Schedule EIC.....	40a	
40b	Nontaxable combat pay election	40b	
41	Additional child tax credit. Attach Form 8812.....	41	
42	Credit for federal telephone excise tax paid. Attach Form 8913 if required.....	42	
43	Add lines 38a, 38b, 39 and 40a. These are your total payments	▶ 43	
44	If line 43 is more than line 37, subtract line 37 from line 43. This is the amount you overpaid before Non-refundable credit and rebate offset.....	44	
45	Amount of line 44 you want refunded to you.....	45	
46	Amount of line 44 you want APPLIED TO YOUR 2007 ESTIMATED TAX	46	
47	Amount you owe . Subtract line 43 from line 37. This is the amount you owe before Non-refundable credit and rebate offset.....	47	
48	Estimated tax penalty (see page 54).....	48	
Third Party Designee	Do you want to allow another person to discuss this return with the Division of Revenue and Taxation (see page 55)? <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 accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and accurately list all amounts and sources of income received during the tax year. 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) and address and Zip	EIN	Phone no. ()



DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
ANNUAL WAGE AND SALARY AND EARNINGS TAX RETURN
 (For Form 1040A-CM)



(Please type or print in ink)

2006

Name and Address

Your first name and initial	Last Name	Your social security number
If a joint return, spouse's first name and intitial	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 Form 1040A-CM Instructions booklet for supplemental instructions)

PART A WAGE AND SALARY TAX COMPUTATION

A. YOURSELF

B. SPOUSE

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

PART B EARNINGS TAX COMPUTATION

A. YOURSELF

B. SPOUSE

1 Interest	1				
2 Dividends.....	2				
3 Capital gains reported on line 10 (Form 1040A-CM).....	3				
4 Total income subject to the earnings tax. Add lines 1, 2 and 3.....	4				
5 Annual earnings tax.	5				
6 Education tax credit (attach Schedule ETC).....	6				
7 Earnings tax after credit.....	7				
8 Total earnings tax due. Add line 7, columns A and B.....	▶ 8				

PART C TOTAL CHAPTER 2 TAX DUE/(OVERPAYMENT)

Total Wage and Salary and Earnings Taxes Due/(Overpayment). Add line 11 of Part A and line 8 of Part B..... ▶		
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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

1 Chapter 7 tax underpayment after non-refundable credit. Enter amount from Form OS-3405A, line 16, part B.....	1				
2 Chapter 7 tax 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.....	5				
6 Estimated tax penalty.....	6				
7 Total Chapter 7 liability or (overpayment). Add lines 4, 5 and 6.....	7				

PART E COMBINED DUE OR (OVERPAYMENT)

1	Amount due/(overpaid), Chapter 2 and Chapter 7. Add amount on 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/(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 2007 ESTIMATED TAX	6	
7	Net overpayment.....	7	()

PART F ADDITIONAL CHILD TAX CREDIT COMPUTATION

Special Notice

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

1	Additional Child Tax Credit. Enter the amount from line 13 of Form 8812. (Attach Form 8812).....	1	
2	Enter the amount underpaid 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 on this return after offset of the ACTC. Subtract line 1 from line 2, 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 ? **Yes.** Complete the following. **No.**

Designee's name _____ Phone no. _____ Personal identification number (PIN)

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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 <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed) and address and Zip			EIN
			Phone no. ()

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

DEADLINE: APRIL 17, 2007

Supplemental Instructions for Form 1040A-CM (2006)

Lines 7 through 14b

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 related 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

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 on Part B, line 1 of the Annual Wage and Salary and Earnings Tax Return to avoid any discrepancies on your tax return.

Line 9

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 on Part B, line 2 of the Annual Wage and Salary and Earnings Tax Return to avoid any discrepancies on your tax return.

Line 15a

Total the figures entered in each of the columns (A, B, and C) from lines 7 through 14b.

Line 15b

Make the percentage allocation of your income on line 15a by dividing the total in each column (A and B) by the total in column C.

$$\frac{\text{Line 15a, column A}}{\text{Line 15a, column C}} = \text{Percentage allocation for line 15b, column A}$$

$$\frac{\text{Line 15a, column B}}{\text{Line 15a, column C}} = \text{Percentage allocation for line 15b, column B}$$

Caution: If the percentage allocation is less than zero, enter zero or if over 100 percent, enter only 100 percent.

Line 21

Subtract line 20 from line 15a, column C (total income).

Line 38a

Total Federal Income Tax withheld (from Form(s) W-2 and/or Form(s) 1099 from without the CNMI only). **Do not** include this amount on line 38b.

Line 38b

Total NMTIT (chapter 7 tax) withheld (from Form(s) W-2CM and/or Form(s) 1099 from within the CNMI). **Do not** include this amount on line 38a.

Line 41

The Additional Child Tax Credit is calculated on page 2, Part F of the Annual Wage and Salary and Earnings Tax Return.

Line 44

This amount may increase as a result of the application of the wage and salary tax and earnings tax credits.

Line 45

This amount may increase as a result of the application of the wage and salary tax and earnings tax credits.

Supplemental Instructions for Form 1040A-CM (2006)-continued

Line 46

The amount of overpayment available for estimated tax may be more as a result of the non-refundable credits and tax rebates. Leave line 46 blank. This line is recalculated on Part E, line 6 of the Annual Wage and Salary and Earnings Tax Return.

Line 47

This is the tax you owe on your income tax before the non-refundable credit and tax rebates.

Line 48

Leave this line blank. This line is recalculated on Part D, line 6 of the Annual Wage and Salary and Earnings Tax Return.

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

PART A Wage and Salary Tax computation

1. Enter the 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, if any, on column B.
2. Enter on 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, freelance income, etc. If this is a joint return, your spouse must also enter the same information, if any, on column B.
3. Add lines 1 and 2 under each column.
4. Enter the amount not subject to the wage and salary tax. Attach explanation. i.e. housing benefits included in line 1, etc. This amount will be disallowed if no explanation is attached.
5. Subtract line 4 from line 3 under each column. This is your total CNMI wages and salaries that is subject to the wage and salary tax.
6. Compute your Wage and Salary tax liability on income reported on line 5 of each column using the wage and salary tax table below.

TAX TABLE FOR WAGE AND SALARY TAX AND EARNINGS TAX COMPUTATION

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

7. Enter the amount, if any, of cash contributions made during the taxable year to a qualified educational institution or other tax exempted educational institution located in the CNMI but not more than the maximum amount. The maximum educational credit allowable is the lesser of \$5,000.00 or your accumulated wage and salary tax, earnings tax or 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. 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. Also, enter other Chapter 2, wage and salary tax payments made for wages and salaries.
11. Add lines 9 and 10. If this is an overpayment, place a bracket around the figure. This is the Chapter 2, wage and salary tax due/(overpayment).

Instructions for Form 1040A-CM (2006) Wage and Salary Tax, Chapter 7 Tax, and Rebate Offset Calculations-continued

PART B Earnings Tax computation

If you entered the interest and dividend income under column B, of Form 1040A-CM, the return, be sure to include such income in this section to avoid any discrepancies on your tax return.

1. Enter the amount from page 1, line 8a, column B of Form 1040A-CM. This is interest earned in the CNMI and received by a resident not in the course of carrying on a business.
2. Enter the amount from page 1, line 9, column B of Form 1040A-CM. This is the dividends earned in the CNMI and received by a resident not in the course of carrying on a business.
3. Enter amount shown on line 10, column B of Form 1040A-CM. This is the capital gains distribution earned in the CNMI and received by a resident not in the course of carrying on a business.
4. Add lines 1, 2 and 3 under each column.
5. Compute your tax liability on earnings reported on line 4 of each column using the wage and salary, and earnings tax table on page 75.
6. Enter the amount, if any, of cash contributions made during the taxable year to a qualified educational institution or other tax exempted educational institution located in the CNMI but not more than the maximum amount. You must reduce the credit by the amount claimed on line 7, Part A. The maximum educational credit allowable is the lesser of \$5,000.00 or your accumulated wage and salary tax, earnings tax, or 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. Attach Schedule ETC.
7. Subtract line 6 from line 5.
8. Add lines 7 of columns A and B. This is your earnings tax due.

COMPLETE FORM OS-3405A (APPLICATION FOR REBATE ON CNMI SOURCE INCOME TAX) BEFORE COMPLETING 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 lines 1 thru 3 of this part. If amount is less than zero, place a bracket around the figure.
5. Enter the lesser of the amounts on line 40a of Form 1040A-CM or line 2 of this part. Ignore the bracket symbol.
6. Enter the underpayment of estimated tax penalty here based on the underpaid tax on line 1 of this part. This line supercedes the estimated tax penalty shown on line 48 of Form 1040A-CM.
7. Add lines 4, 5, and 6. This is your total Chapter 7 (NMTIT) due/overpayment.

PART E Combined due/(overpayment)

1. **AMOUNT DUE/(OVERPAID).** Add amount on part C and line 4 of part D. If this line shows a tax due and you filed on or before the deadline, continue on line 5. **HOWEVER**, if this line shows a tax due and you filed **AFTER** the deadline, proceed to line 2a. If this is an overpayment, place a bracket around your figure and continue on line 5.
- 2.(a) Enter the lesser of line 1 of Part C or line 1 of this part.
 - (b) **Failure to File Penalty for Chapter 2 taxes:** For returns filed and paid after the due date, a penalty of 5% of amount due (line 2a) shall be added for every month or fraction thereof, elapsing between the due date of this return until the date it is actually filed; not exceeding 25% in the aggregate. If the failure to pay penalty becomes applicable, the 5% failure to file penalty shall be reduced by 1/2 of 1%. Enter the total Chapter 2 failure to file penalty on this line.
 - (c) **Failure to Pay Penalty for Chapter 2 taxes:** A penalty of 1/2 of 1% per month, or fraction thereof, of the amount due (line 2a) shall be added for failure to pay taxes. Enter the total Chapter 2 failure to pay penalty on this line.
 - (d) **Interest on Chapter 2 taxes:** Interest at prevailing rate compounded daily, is imposed on the amount due (line 2a, 2b and 2c). Enter the total Chapter 2 interest on this line. (**Note: The annual interest rate is subject to change as determined by the Commissioner**). The applicable interest table is available at the Division of Revenue and Taxation. The Division of Revenue and Taxation can compute the interest charges and bill you on it.
- 3.(a) If line 1 is a tax due, subtract line 2a from line 1, but not less than zero.
 - (b) **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 a maximum of 25%. If the failure to pay penalty becomes applicable, the 5% failure to file penalty shall be reduced by 1/2 of 1%. Enter the total Chapter 7 failure to file penalty on this line.
 - (c) **Failure to Pay Penalty for Chapter 7 taxes:** A penalty of 1/2 of 1% per month, or fraction thereof, of the amount due (line 3a) shall be added for failure to pay taxes. The aggregate amount shall be limited to a maximum of 25%. Enter the total Chapter 7 failure to pay penalty on this line.

Instructions for Form 1040A-CM (2006) Wage and Salary Tax, Chapter 7 Tax, and Rebate Offset Calculations-continued

PART E Combined due or (overpayment) -continued

- (d) **Interest on Chapter 7 taxes:** Interest at prevailing rate compounded daily, is imposed on the amount due (line 3a, 3b and 3c). Enter the total Chapter 7 interest on this line. (**Note:** *The annual interest rate is subject to change as determined by the Commissioner*). The applicable interest table is available at the Division of Revenue and Taxation. The Division of Revenue and Taxation can compute the interest and bill you on it.
4. Add lines 2b, 2c, 2d, 3b, 3c and 3d. This is the total penalty and interest charges applicable to Chapter 7 and Chapter 2 taxes.
 5. Add lines 1 and 4 (if any) of this part, and lines 5 and 6 of Part D. If it is a tax due, make your check payable to: "CNMI Treasurer". This is the combined due/overpayment for Chapter 7 and/or Chapter 2 taxes. If it is an overpayment, place a bracket around your figure and proceed to line 6.
 6. Enter amount of overpayment on line 5, you want applied to your **2007 ESTIMATED TAX**, but not more than the amount on line 5. This amount supercedes your estimated tax election shown on line 46 of Form 1040A-CM.
 7. **Amount you want refunded.** Add lines 5 and 6 of this part. This is the combined refund of Chapter 7 and/or Chapter 2 taxes.
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Instructions for Additional Child Tax Credit and Business Gross Revenue Tax Credit Allocation

PART F ADDITIONAL CHILD TAX CREDIT COMPUTATION

1. Enter the amount of your Additional Child Tax Credit (ACTC) from Form 8812, line 13. Attach Form 8812 to your return.
2. Enter the tax owed on your return as shown on line 5, part E, (Combined Due/(overpayment)). If you enter the amount as requested, you are authorizing an offset of your tax due on your 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 (Combined Due/(overpayment)). Otherwise, your ACTC refund may be delayed.
3. If line 1 is greater than line 2, subtract line 2 from line 1. This is your ACTC refund.
4. If line 2 is greater than line 1, subtract line 1 from line 2. This is the amount you owe on your return after offset of the ACTC. Pay this amount.

PART G BUSINESS GROSS REVENUE TAX CREDIT APPLICATION

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

If filing by mail, please send to:

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

DEADLINE: APRIL 17, 2007



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

(SEE INSTRUCTIONS)

2006

Please Type or Print in Ink

Form section for personal information including name, address, and social security numbers.

PART A - Non-refundable Credits

Form section for non-refundable credits including wage and salary tax, earnings tax, and business gross revenue tax.

PART B - Rebate Computation

Form section for rebate computation including allocable percentage, total NMTIT on all sources, and rebate offset amount.

Sign Here. Keep a copy for Your Records

Form section for signatures and declarations, including taxpayer, preparer, and firm information.

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

PART A NON-REFUNDABLE CREDITS

1. Enter the wage and salary tax as shown on line 7, Part A (Form 1040EZ-CM), or line 9, Part A (Form 1040A-CM or 1040CM) of the Annual Wage and Salary and Earnings Tax Return.
2. **If filing Form 1040EZ-CM, skip lines 2, 3, 4 and 5 of this part.** Otherwise, enter the earnings tax as shown on line 8 (if filing Form 1040A-CM), or line 11 (if filing Form 1040CM), of Part B of the Annual Wage and Salary and Earnings Tax Return.
3. **If filing Form 1040A-CM, skip lines 3, 4, and 5 of this part.** Otherwise, 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 15b of Form 1040A-CM or line 22b of Form 1040CM column A. If filing Form 1040EZ-CM, enter zero.
- 7b. Enter the percentage (allocable ratio) of tax within the CNMI. This should be the percentage shown on line 15b of Form 1040A-CM or line 22b of Form 1040CM column B. If filing Form 1040EZ-CM, enter 100.
8. Enter the tax as shown on line 11 of Form 1040EZ-CM, or line 37 of Form 1040A-CM or line 63 of Form 1040CM.
9. Enter the total payments made for the taxable year as shown on line 10 of Form 1040EZ-CM, or line 43 of Form 1040A-CM or line 72 of Form 1040CM.
10. Multiply the amount on line 8 by the percentage of tax without the CNMI as shown on line 7a. If using Form 1040EZ-CM, enter zero.
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

NON-CORPORATE TAXPAYER		
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 CHR
SAIPAN, MP 96950**

DEADLINE: APRIL 17, 2007