

Form 1040EZ-CM (2006)

Use this form if	<ul style="list-style-type: none"> • Your filing status is single or married filing jointly. If you are not sure about your filing status, see page 11. • You (and your spouse if married filing jointly) were under 65 and not blind at the end of 2006. If you were born on January 1, 1942, and you are considered to be age 65 at the end of 2006. • You do not claim any dependents. For information on dependents, see page 6. • Your taxable income (line 6) is less than \$100,000. • You do not claim any adjustments to income. For information on adjustments, see page 6. • The only tax credit you can claim is the earned income credit. For information on credits, see page 6. • You had only CNMI source wages, salaries, tips, taxable scholarship or fellowship grants, or unemployment compensation and your taxable interest was not over \$1,000. But if you earned tips, including allocated tips, that are not included in box 5 and box 7 of your W-2CM, you may not be able to use Form 1040EZ-CM (See page 12). • You did not receive any advance earned income credit payments. If you cannot use this form, see page 6.
Filling in your return	<p>If you received a scholarship or fellowship grant or tax-exempt interest income, such as on municipal bonds, see the booklet before filling in the form. Also, see the booklet if you received a Form 1099-INT showing Federal tax or NMTIT withheld or if Federal income tax was withheld from your unemployment compensation.</p> <p>Remember, you must report all wages, salaries, and tips even if you do not get a Form W-2CM from your employer. You must also report all your taxable interest, including interest from banks, savings and loans, credit unions, etc., even if you do not get a Form 1099-INT.</p> <p> For tips on how to avoid common mistakes, see page 20.</p>
Worksheet for dependents who checked "Yes" on line 5	<p>Use this worksheet to figure the amount to enter on line 5 if someone can claim you (or your spouse if married filing jointly) as a dependent, even if that person chooses not to do so. To find out if someone can claim you as a dependent see page 6.</p> <p>A. Amount, if any, from line 1, page 1. _____ + <u>300.00</u> Enter total ▶ A. _____</p> <p>B. Minimum standard deduction..... B. <u>850.00</u></p> <p>C. Enter the larger of line A or line B here C. _____</p> <p>D. Maximum standard deduction. If single, enter \$5,150; if married filing jointly, enter \$10,300..... D. _____</p> <p>E. Enter the smaller of line C or line D here. this is your standard deduction E. _____</p> <p>F. Exemption amount. } F. _____</p> <ul style="list-style-type: none"> • If single, enter -0- • If married filing jointly and --- <ul style="list-style-type: none"> - both you and your spouse can be claimed as dependents, enter -0- - only one of you can be claimed as a dependent, enter \$3,300. <p>G. Add lines E and F. Enter the total here and on line 5 on page 1 G. _____</p> <p>If you did not check any boxes on line 5, enter on line 5 the amount shown below that applies to you.</p> <ul style="list-style-type: none"> • Single, enter \$8,450.00. This is the total of your standard deduction (\$5,150.00) and your exemption (\$3,300.00). • Married filing jointly, enter \$16,900.00. This is the total of your standard deduction (\$10,300.00), your exemption (\$3,300.00), and your spouse's exemption (\$3,300.00).
Mailing your return	<p>If filing by mail, please send to: Division of Revenue and Taxation Post Office Box 5234 CHRB Saipan, MP 96950</p>

DEADLINE: APRIL 17, 2007

DIVISION OF REVENUE AND TAXATION
COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS
ANNUAL WAGE AND SALARY TAX RETURN
 (For Form 1040EZ-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 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.		

		A. YOURSELF		B. SPOUSE	
PART A Wage and salary tax computation	1 CNMI wages and salaries from Form(s) 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 in 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 (see tax table on reverse side).....6				
	7 Combined annual tax. Add line 6, Columns A and B..... 7				
	8 Wages and salary tax withheld and/or paid from Form W-2CM..... 8			()	
	9 Total wage and salary tax due/(overpaid). Add lines 7 and 8..... 9				

COMPLETE FORM OS-3405A -COMPUTATION OF NON-REFUNDABLE CREDIT AND APPLICATION FOR REBATE ON CNMI SOURCE TAX BEFORE COMPLETING PART B

PART B Chapter 7 tax and rebate offset calculations	1 Chapter 7 tax underpayment after non-refundable credit. Enter amount from Form OS-3405A, line 16...1			
	2 Chapter 7 tax overpayment after non-refundable credit. Enter amount from Form OS-3405A, line 15....2			
	3 Rebate offset amount. Enter amount from Form OS-3405A, line 17.....3			
	4 Chapter 7 liability/(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/(overpayment). Add lines 4 through 6.....▶ 7			
PART C Combined due or (overpayment)	1 Amount due or (overpaid), Chapter 2 and Chapter 7. Add line 9 of Part A and line 4 of Part B. 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 B..5				
6 If line 5 is an overpayment, enter amount you want credited to your 2007 ESTIMATED TAX6				
7 Net overpayment.....▶ 7			()	

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 style="width:40px;" 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 complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.			
	Your signature	Date	Your occupation	Daytime phone number ()
Paid Preparer's Use Only	Spouse's signature. If a joint return, both must sign.		Date	Spouse's occupation
	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed) and address and Zip			EIN ZIP code

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

PART A Wage and salary tax computation

1. Enter total wages and salaries **received for work performed in the CNMI** per Form(s) 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-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 tax liability on income reported on line 5 of each column using the wage and salary tax table below.

WAGE AND SALARY TAX TABLE

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. Add the tax on line 6, columns A and B.
8. 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.
9. Add lines 7 and 8. If this is an overpayment, place a bracket around the figure. This is the Chapter 2, wage and salary tax due/overpayment.

COMPLETE FORM OS-3405A -COMPUTATION OF NON-REFUNDABLE CREDIT AND APPLICATION FOR REBATE ON CNMI SOURCE TAX BEFORE COMPLETING PART B

PART B Chapter 7 tax and rebate offset

1. Enter amount from line 16 of Form OS-3405A.
2. Enter amount from line 15 of Form OS-3405A.
3. Enter amount from line 17 of Form OS-3405A..
4. Add amounts in line 1 thru 3 of this part. If amount is less than zero, place a bracket around the figure.
5. Enter the lesser of the amount on line 8a of Form 1040EZ-CM or the amount on line 2, but not less than zero.
6. Enter the estimated tax penalty here based on the underpaid tax shown on line 1 of this part.
7. Add lines 4 thru 6. This is your total Chapter 7 (NMTIT) liability or overpayment.

PART C Combined due/(overpayment)

1. **AMOUNT DUE/(OVERPAID).** Add line 9 of Part A and line 4 of Part B. 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 9, Part A or line 1.
(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.
(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 B. 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.
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.



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

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.		
City, town or post office, state, and ZIP code.			◆ IMPORTANT ! ◆ You must enter SSN(s) above		

PART A - Non-refundable Credits

1	Wage and salary tax.....	1		
2	Earnings tax (Form 1040EZ-CM skip this line).....	2		
3	Business gross revenue tax (Form 1040EZ-CM and 1040A-CM, skip this line)			
4	User fees paid (Form 1040EZ-CM and 1040A-CM, skip this line).....	4		
5	Fees and taxes imposed under 4CMC §2202(h) (Form 1040EZ-CM and 1040A-CM, skip this line).....	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 the 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	Rebate Base (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 the rebate table provided in Part B of the instructions.....	17		

Sign Here. Keep a copy for Your Records

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature	Date	Your occupation	Daytime phone number ()
Spouse's signature. If a joint return, BOTH must sign.		Date	Spouse's occupation
Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	Preparer's SSN or PTIN
Firm's name (or yours if self-employed) and address and Zip			EIN
			Phone no. ()

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