

2018

Supplemental Instructions for Forms W-2CM and OS-3710

These instructions are intended for employers to use in conjunction with the Internal Revenue Service instructions for 2018 Forms W-2CM and W-3.

General Information – Form W-2CM is a five (5) part form which provides the employee with Wage and related information necessary for the preparation of an annual tax return for the Wages and Salary Tax, Northern Mariana Territorial Income Tax (NMTIT), or the Federal Income Tax, if required. Copies of this form are required to be filed with the CNMI Division of Revenue and Taxation and the U.S. Social Security Administration (SSA).

- Copy 1 shall be attached to Form OS-3710, Annual Reconciliation of Taxes Withheld, and filed with the CNMI Division of Revenue and Taxation no later than **February 28, 2019**.
- Copy A is for the Social Security Administration and shall be attached to Form W-3SS which shall be filed with SSA no later than **January 31, 2019**.
- Copies 2 and B shall be provided to the employee no later than **January 31, 2019**

Important – All required information in Form W-2CM constitutes the completeness and accuracy of the form being submitted, including the correct social security number of the employee, Citizenship code, NAICS, and SOC.

Failure to file correct information returns by the due date. If you fail to file a correct Form W-2CM by the due date and cannot show reasonable cause, you may be subject to a penalty. The penalty applies if you:

- Fail to file timely,
- Fail to include all information required to be shown on Form W-2CM,
- Include incorrect information on Form W-2CM,
- Fail to file electronically when required,
- Report an incorrect TIN, or
- Fail to report a TIN.

The amount of the penalty is based on when you file the correct Form W-2CM. The penalty amounts shown below apply for filings due after December 31, 2018. The penalty is:

- \$50 per form W-2CM if you correctly file within 30 days of the due date; the maximum penalty is \$545,500 per year (\$191,000 for small businesses, defined in Small businesses).
- \$100 per Form W-2CM if you correctly file more than 30 days after the due date but by August 1; the maximum penalty is \$1,637,500 per year (\$545,500 for small businesses).
- \$270 per Form W-2CM if you file after August 1, do not file corrections, or do not file required Forms W-2CM; the maximum penalty is \$3,275,500 per year (\$1,091,500 for small businesses).



If you do not file corrections and you do not meet any of the exceptions to the penalty, the penalty is \$270 per information return. The maximum penalty is \$3,275,500 per year (\$1,091,500 for small businesses).

See the IRS General Instructions for Forms W-2 and W-3 (2018) for complete details on penalty and exceptions to the penalty.

**2018 Form W-2CM Instructions and
Reference to IRS Instructions for Form W-2**

Box No.	Form W-2CM Box Description	Division of Revenue and Taxation supplemental instructions	IRS instruction Page reference
Box Void	Void		Page 15
Box a	Employee's social security number		Page 15
Box b	Federal employer I.D. number (FEIN)		Page 15
Box c	Employer's name, address, and ZIP code		Page 15
Box d	Individual W-2CM Form serial number (control number)	Enter as a numeric value. Start the first Form W-2CM with 1 and continue numbering sequentially	Page 15
Box e	Employee's name		Page 15
Box f	Employee's address and ZIP code		Page 15
Box 1	Wages, tips, and other compensation		Page 16
Box 2	Income tax (NMTIT) withheld		Page 16
Box 3	Social security wages		Page 17
Box 4	Social security tax withheld		Page 17
Box 5	Medicare wages and tips		Page 17
Box 6	Medicare tax withheld		Page 17
Box 7	Social security tips		Page 17
Box 8	Allocated tips		Page 17
Box 9	Verification Code	Not applicable in the CNMI – leave blank	N/A
Box 10	Dependent care benefits		Page 17
Box 11	Nonqualified plans		Page 18
Box 12a	Enter code and amount		Page 18 – 21
Box 12b	Enter code and amount		Page 18 – 21
Box 12c	Enter code and amount		Page 18 – 21
Box 12d	Enter code and amount		Page 18 – 21
Box 13	Statutory employee, retirement plan, Third-party sick pay		Page 21
Box 14a	Other		Page 21
Box 14b	Codes for income in box 14a	Enter "I" if all income in box 14a is included in Box 1 or "NI" if NOT all income is included in Box 1.	N/A
Box 15	CNMI tax I.D. number	Enter the tax I.D. number (TIN) issued by the CNMI Division of Revenue and Taxation	N/A

Box 16	CNMI wages and salary	Enter all money and value of other consideration received by an employee for services performed by an employee in the Commonwealth. 4 CMC §1103 (dd). This classification includes all income reported in boxes 1, 12a-d, & 14 unless specifically exempted under 4 CMC §1103 (dd)(1)-(7). For example, housing allowance is excludable from wages. A cost of living allowance (COLA) paid to the employee is considered wages to the employee and therefore must also be included in the total wages shown in this box.	N/A
Box 17	Local wage and salary tax withheld (chapter 2)	Enter the wage and salary (chapter 2) tax withheld from the employee's wages	N/A
Box A	Location code	Employee's work location code: Saipan = 20, Rota = 21, Tinian = 22, Northern Islands = 23	N/A
Box B	Days outside of the CNMI	Enter the number of days the employee worked for you outside of the CNMI.	N/A
Box C	Citizen of Country Code (CIT)	Enter the citizenship code of the employee. Refer to the 2018 Publication IOC. You can find this code online at http://cnmidof.net/rev/forms/inst/w-2_codes.pdf	N/A
Box D	NAICS – Industry code	Enter the 6 digits industry code of your business. You can find this code by going to the website www.census.gov/eos/www/naics	N/A
Box E	SOC – Occupation code	Enter the 8 digits occupation code of the employee. You can find this code by going to the website www.onetonline.org/find	N/A
Box F	Visa type/Classification	Leave this blank unless: You are a Lawful Permanent Resident possessing a Green Card, enter "GC". Otherwise, enter the employee's Visa Type/Class in Box F. A directory of visa categories is available on the United States (U.S.) Department of State website at https://travel.state.gov/content/travel/en/us-visas/visa-information-resources/all-visa-categories.html and may be used for reference only. The employee's Visa Type/Class must be entered as listed on the employee's visa issued by the U.S. Department of State.	N/A

Instructions for Preparing Form OS-3710

Form OS-3710 is a single part form which must be completed and filed annually with the Division of Revenue and Taxation along with copy 1 of the 2018 Form W-2CM issued to all employees. Regardless of whether you filed your W-2CM magnetically or not, you **MUST** submit Form OS-3710 and W-2CM paper documents. Prepare one Form OS-3710 for each employer which is required to file Form W-2CM as follows:

- A.** Name of Employer – Enter the legal name of your sole proprietorship, partnership, or corporation.
- B.** Enter the current and complete mailing address where mail can be received.
- C.** Enter your federal employer identification number (FEIN) issued by the U.S. Internal Revenue Service (IRS).
- D.** Enter the CNMI tax identification number (TIN) issued by the Division of Revenue and Taxation, CNMI Department of Finance.
- E.** Enter the name of the person designated to answer any questions we may have on your filing.
- F.** Enter the phone number to contact the person designated in item E.

1A CHAPTER 2 Tax Withheld - Enter the total amount of wage and salary (chapter 2) tax withheld for each quarter of the taxable year as shown in this column, lines a) through d).

1B CHAPTER 7 Tax Withheld - Enter the total amount of NMTIT (chapter 7) tax withheld for each quarter of the taxable year as shown in this column, lines a) through d).

1C Wages and Salaries - Enter the total amount of wages and salaries paid to your employees in each quarter as shown in this column, lines a) through d).

1(e) For each column, **1A**, **1B**, and **1C**, enter the total amounts entered on lines (a) through (d).

NOTE: Reconcile amounts reported on this form to your 2018 quarterly reporting on Forms OS-3705

2(a) Total per W-2CM - Enter the total chapter 2 and chapter 7 taxes withheld representing the amount reported in each Form W-2CM in columns 1A and 1B respectively. Enter the total wages and salaries from each Form W-2CM in column 1C submitted with this form.

2(b) Subtract line 2a from line 1e under each column.

Important: any discrepancy (difference) on this line will cause delay in the processing of your employees' Form W-2CM which will ultimately affect the processing of their annual income tax filing.

Withholding taxes from employees' pay constitutes the employees payment of taxes to the CNMI government and are therefore "trust fund" monies which shall be remitted to the Division of Revenue and Taxation on a quarterly basis or other regular basis.

- 3.** Enter the total number of Forms W-2CM being submitted with this filing. Verify this number with the actual count on the number of forms.
- 4.** If you're filing electronically, check yes. Otherwise, check no. Mark only one box where applicable.

IMPORTANT: If you have 250 or more Forms W-2CM to file, you are required to file these forms on electronic media. Please refer to publication "Magnetic Filing Specifications | Electronic Filing" <http://www.cnmidof.net/rev/forms/inst/magfil.pdf> for instructions on filing on electronic media. A penalty will be imposed if you do not comply with this requirement. Employers with fewer than 250 Forms W-2CM are encouraged to file electronically, even if they are not otherwise required to do so. For CNMI filing purposes, paper documents are also required, even if you are filing on electronic media.