Supplemental Instructions for Form 1040CM

Use in conjunction with the 2019 Internal Revenue Service (IRS) Form 1040 instructions
- Income
- Additional Child Tax Credit (Schedule 8812)
- Education Credits - American Opportunity & Lifetime Learning Credits (Form 8863)

Lines 1 through 6
Sourcing Rules. The rules for the determination of source of income are established in the Northern Mariana Territorial Income Tax Code ("NMIT") sections 861 through 865 and associated U.S. Treasury regulations. Taxpayers and 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 7a
Use the CNMI Schedule 1CM instead of the U.S. version. Schedule 1CM provides the income source allocation. Enter the amounts from line 9 of Schedule 1CM in to the respective columns.

Line 7b
Add amounts in lines 1 through 7a in each column. Enter the total in their respective column.

Line 7c
Divide line 7b column A by line 7b, column C. If the percentage is zero or less, enter zero. If the percentage is more than 100, enter 100.

Example below

<table>
<thead>
<tr>
<th>Line</th>
<th>Column A</th>
<th>Column B</th>
<th>Column C</th>
</tr>
</thead>
<tbody>
<tr>
<td>7b</td>
<td>250.00</td>
<td>Not</td>
<td>1,000.00</td>
</tr>
</tbody>
</table>

Step 1. 250.00 [col A] / 1,000.00 [col C] = 0.25
Step 2. 0.25 x 100 = 25; enter 25.0000 (25%) on line 7c, column A

Line 8a
Enter the amount from line 22 of Schedule 1CM.

Line 12b
The amount on line 12b should include all the applicable taxes from line 12a and line 12b (from line 3 of Schedule 2).

Line 13b
The amount on line 13b should include all the applicable tax credits on line 13a and line 13b (from line 7 of Schedule 3).

Line 17a
Total Federal Income Tax withheld (from Form(s) W-2 and/or Form(s) 1099 from without CNMI only). Do not include this amount on line 17b.

Line 17b
Total NMIT withheld (chapter 7 tax from Form(s) W-2CM and/or Form(s) 1099 from within CNMI only). Do not include this amount on line 17a.

Lines 20
The amount overpaid on this line may be subject to an adjustment if there is an allowable non-refundable credit and/or rebate as computed in Schedule OS-3405A, Part B, line 15.

Summary of Taxes Due or Overpayment

PART A. Combined Due or (Overpaid)/Refund
1. Chapter 7 amount due (overpaid). Enter the amount from line 18, Part C, Schedule OS-3405A.
2. Chapter 2 amount due (overpaid). Enter the amount from line 6, Part C, From Form NMI-A.
3. Add line 1 and line 2 above. If less than zero, enclose the amount in parenthesis to indicate an overpayment then continue on line 4.

If the amount is greater than zero, this indicates the amount you owe on this return. Pay this amount. Otherwise, you may offset the amount due on this line from either Part B or Part C below if you have refund available from the additional child tax credit or the refundable American opportunity tax credit.
4. Enter the amount on line 3 you want applied to your 2020 estimated tax.
5. Subtract line 4 from line 3. This is your refund. If you want your refund deposited directly to your bank, see Part D.

For amended return of Part A. Complete lines 6 to 11.
6. If Part A, line 3 is a positive amount, enter the amount here. Otherwise, enter zero.
7. Enter the amount from Part A, line 5 if any. Otherwise, enter zero.
8. Enter the amount you owed (paid) on original or previously amended return(s). Enter amount as a negative number.
9. Enter the amount refunded to you on original or previously amended return(s). Enter amount as positive number.
10. Add lines 6 through 9. If the result is greater than zero, enter the result here. This is the amount you owe. Otherwise, enter zero.
11. Add line 6 through 9. If the amount is less than zero, enter the result here. This is the amount you overpaid. Otherwise, enter zero.

Part B. Additional Child Tax Credit (ACTC). Complete and attach Schedule 8812 to your return. Skip this part if you are not claiming this credit.

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), Schedule 8812. Please note that the ACTC is being paid by the United States Treasury. The Division of Revenue and Taxation is only facilitating your ACTC claim as agreed upon between the CNMI Department of Finance and the United States Treasury. By applying for ACTC refund and allowing it 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 Services (IRS).

1. Enter the amount of your Additional Child Tax Credit from Schedule 8812, line 13.
2. If Part A, line 3 is an underpayment, enter the amount on this line. If this is an amended return, enter the amount from Part A, line 10. Otherwise enter zero. 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 Part A, line 3.
3. If line 1 is greater than line 2, subtract line 2 from line 1. This is your ACTC refund or refund after offset.
4. If line 2 is greater than line 1, subtract line 1 from line 2. This is the amount you owe after ACTC offset. Stop here. Pay this amount. Otherwise, go to Part C if you are claiming Refundable American Opportunity Credit.

For amended return of Part B. Complete lines 5 to 7.
5. Enter the amount refunded to you on original or previously amended return(s).
6. If line 3 is greater than line 5, subtract line 5 from line 3. Enter the result as a negative number. This is your additional child tax credit refund.
7. If line 5 is greater than line 3, subtract line 3 from line 5. Enter the result as a positive number. This is the amount you owe. Pay this amount.

Part C. Refundable American Opportunity Tax Credit (AOTC). Complete and attach Form 8863 to your return. Skip this part if you are not claiming this credit.

1. Enter the amount of your Refundable American Opportunity Tax Credit from Form 8863, line 8.
2. Enter amount from line 4 of Part B or line 3 of Part A above if applicable. If this is an amended return, enter the amount from line 7 of Part B. Otherwise, enter zero. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your AOTC. If you do not authorize an offset of your tax due, you must pay the amount shown on line 4 of Part B above or the amount on line 3 of Part A.
3. If line 1 is greater than line 2, subtract line 2 from line 1. This is your AOTC refund after offset.
4. If line 2 is greater than line 1, subtract line 1 from line 2. This is the amount you owe after the Refundable American Opportunity Tax Credit offset. Pay this amount. Otherwise, enter zero.

For amended return of Part C. Complete lines 5 to 7.
5. Enter the amount refunded to you on original or previously amended return(s).
6. If line 3 is greater than line 5, subtract line 5 from line 3. Enter the result as a negative number. This is your refund.
7. If line 5 is greater than line 3, subtract line 3 from line 5. This is the amount you owe. Pay this amount.
Part D. Direct Deposit on Checking Account Only.
If you want your refund deposited directly to your bank account, please provide your checking account information. Your checking account must be from a local bank in the Commonwealth of the Northern Mariana Islands.

Line 1b. Routing number
The routing number must be nine digits. Enter the 9-digit routing number from the first set of numbers on the lower left corner of your check.

Line 1c. Checking account number
Enter the checking account number from your CNMI local bank. This number is private and unique to your local bank account. You’ll find it only on your personal checks.

For example. If your checking account number is 0017-123456, you must enter it on line 1c as shown below. Omit the dash. Enter only alphanumeric characters.

| 0 | 0 | 1 | 7 | 1 | 2 | 3 | 4 | 5 | 6 |

Reasons Your Direct Deposit Request Will Be Rejected
If any of the following apply, your direct deposit request will be rejected and a check will be sent instead.

- You are asking to have a joint refund deposited to an individual checking account, and your financial institution(s) won’t allow this. The Division of Revenue and Taxation isn’t responsible if a financial institution rejects a direct deposit.
- The name on your checking account doesn’t match the name on the refund, and your financial institution(s) won’t allow a refund to be deposited unless the refund matches the name on the checking account.
- You haven’t given a valid checking account number.
- Any numbers or letters on lines 1b or 1c of Part D on page 4 are crossed out or whited out.
- You did not attach a copy of a voided check.

The Division of Revenue and Taxation isn’t responsible for a lost refund if you enter the wrong checking account information. Check with your financial institution to get the correct routing and checking account numbers and to make sure your direct deposit will be accepted.