

**TITLE 4: ECONOMIC RESOURCES**  
**DIVISION 1: REVENUE AND TAXATION**

**§ 1602. Tax Exemptions.**

(a) In accordance with Section 927(e)(5) of the United States Internal Revenue Code of 1986, as amended, and notwithstanding any other law to the contrary, no tax shall be imposed by the Commonwealth on any foreign trade income derived before January 1, 1987.

(b) Notwithstanding any other provision of law, an FSC which qualifies under subsection (c) of this section shall be exempt from the following taxes and fees:

(1) Any and all tax on its business gross revenue under chapter 3 of this division [4 CMC § 1301 et seq.], as the same may from time to time be amended.

(2) Any and all license fees except the FSC license fee as provided in 4 CMC § 1603.

(3) Any tax on any income under the Covenant § 601 mirror image Northern Marianas Territorial Income Tax including but not limited to all interest, dividends, royalties, and other investment income, and all carrying charges, received or accrued by a FSC, as defined in Sections 921(d)(2) and (3) and 927(c) and (d) of the United States Internal Revenue Code of 1986, as amended.

(c) An FSC qualifies for the exemptions under subsection (b) of this section only if it satisfies all of the following conditions:

(1) The FSC has obtained an FSC business license required under 4 CMC § 1603;

(2) The FSC files the information returns required under 4 CMC § 1604;

(3) The FSC is incorporated in the Commonwealth;

(4) The FSC maintains, whether directly or through an independent agent, an office in the Commonwealth; and

(5) At least one of its directors resides in the Commonwealth.

(d) The exemption provided in subsection (b) of this section shall remain in effect for so long as foreign sales corporations receive a tax exemption for foreign trade income under the United States Internal Revenue Code of 1986, as amended.

**Source:** PL 9-22, § 1 (§ 1602), modified (repealing PL 3-11, § 602).

**Commission Comment:** See the comment to 4 CMC § 1601.