

TITLE 4: ECONOMIC RESOURCES
DIVISION 1: REVENUE AND TAXATION

§ 18123. Failure to File Correct Information Returns.

(a) *Imposition of Penalty.*

(1) In General. In the case of a failure described in paragraph (2) by any person required to file with respect to an information return, such person shall pay a penalty of \$50 for each return with respect to which such a failure occurs, but the total amount imposed on such person for all such failures during any calendar year shall not exceed \$250,000.

(2) Failures Subject to Penalty. For purposes of paragraph (1) the failures described in this paragraph are:

(A) Any failure to file an information return with the Secretary on or before the required filing date, and

(B) Any failure to include all of the information required to be shown on the return or the inclusion of incorrect information.

(b) *Reduction Where Correction in a 30 day Period.* If any failure described in subsection (a)(2) is corrected on or before the day 30 days after the required filing date:

(1) The penalty imposed by subsection (a) shall be \$15 in lieu of \$50, and

(2) The total amount imposed on the person for all such failures during any calendar year which are so corrected shall not exceed \$75,000.

(c) *Penalty In Case of Intentional Disregard.* If 1 or more failures described in subsection (a)(2) are due to intentional disregard of the filing requirement (or the correct information reporting requirement), then, with respect to each such failure:

(1) Subsection (b) shall not apply,

(2) The penalty imposed under subsection (a) shall be \$100, and no limitation shall apply.

(3) Section 18134 of this Division shall not apply,

(d) *Information Return.* Such term includes any form, statement, or schedule required to be filed with the Secretary with respect to any amount from which tax was required to be deducted and withheld under this Division or any other return as required by the Secretary prescribed in regulations.

Source: PL 14-35, § 4 (1913), modified.

Commission Comment: In subsection (c)(3) above, the Commission changed the section number originally referenced in PL 14-35 to the proper renumbered section number pursuant to its authority by 1 CMC § 3806(c).