



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos
Governor

Jude U. Hofschneider
Lieutenant Governor

16 SEP 2014

Honorable Joseph P. Deleon Guerrero
Speaker, House of Representatives
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Honorable Ralph DLG. Torres
Senate President, The Senate
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law House Bill No. 18-166, HD1, entitled, "To provide an amnesty period for the filing of delinquent returns under Title 4, Chapters 2, 3, 4, 5 and 7, Division 1 of the Revenue and Taxation Act of 1982, as amended, and the payment of delinquent taxes without imposition of penalty and interest, with certain exceptions and for the waiver of penalty for failure to obtain a business license; and for other purposes," which was passed by the House of Representatives and the Senate of the Eighteenth Northern Marianas Commonwealth Legislature.

This bill becomes **Public Law No. 18-65**. Copies bearing my signature are forwarded for your reference.

Sincerely,

A handwritten signature in black ink, appearing to read "Eloy S. Inos", with a vertical line extending upwards from the top of the signature.

ELOY S. INOS

cc: Lt. Governor; Lt. Governor's Legal Counsel; Attorney General's Office; Department of Finance; Revenue & Taxation; Public Auditor; Special Assistant for Administration; Special Assistant for Programs and Legislative Review



House of Representatives

18th NORTHERN MARIANAS COMMONWEALTH LEGISLATURE

P.O. BOX 500586
SAIPAN, MP 96950

August 8, 2014

The Honorable Eloy S. Inos
Governor
Commonwealth of the Northern
Mariana Islands
Capitol Hill
Saipan, MP 96950

Dear Governor Inos:

I have the honor of transmitting herewith for your action **H. B. No. 18-166, HD1**, entitled: "To provide an amnesty period for the filing of delinquent returns under Title 4, Chapters 2, 3, 4, 5 and 7, Division 1 of the Revenue and Taxation Act of 1982, as amended, and the payment of delinquent taxes without imposition of penalty and interest, with certain exceptions and for the waiver of penalty for failure to obtain a business license; and for other purposes.", which was passed by the House of Representatives and the Senate of the Eighteenth Northern Marianas Commonwealth Legislature.

Sincerely yours,



Linda B. Muña
House Clerk

Attachment



*Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands*
IN THE HOUSE OF REPRESENTATIVES

Third Regular Session

January 31, 2014

Representative Antonio P. Sablan, of Saipan, Precinct 1 (*for himself*;) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H. B. No. 18-166, HD1

AN ACT

TO PROVIDE AN AMNESTY PERIOD FOR THE FILING OF DELINQUENT RETURNS UNDER TITLE 4, CHAPTERS 2, 3, 4, 5 AND 7, DIVISION 1 OF THE REVENUE AND TAXATION ACT OF 1982, AS AMENDED, AND THE PAYMENT OF DELINQUENT TAXES WITHOUT IMPOSITION OF PENALTY AND INTEREST, WITH CERTAIN EXCEPTIONS AND FOR THE WAIVER OF PENALTY FOR FAILURE TO OBTAIN A BUSINESS LICENSE; AND FOR OTHER PURPOSES.

The Bill was not referred to a House Committee and was placed on the Bill Calendar on January 3, 2014.

**THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON
FIRST AND FINAL READING, FEBRUARY 19, 2014;**
with amendments in the form of H. B. 18-166, HD1 and transmitted to the
THE SENATE.

The Bill was referred to the Senate Committee on Fiscal Affairs.
THE BILL WAS PASSED BY THE SENATE ON FIRST AND FINAL READING, AUGUST 5, 2014;
without amendments and returned to
THE HOUSE OF REPRESENTATIVES.

THE BILL WAS FINALLY PASSED ON FEBRUARY 19, 2014.

A handwritten signature in black ink, appearing to be "L. Muña", written over a horizontal line.

Linda B. Muña, House Clerk



Eighteenth Legislature
of the
Commonwealth of the Northern Mariana Islands
IN THE HOUSE OF REPRESENTATIVES

Sixth Day, Third Regular Session

February 19, 2013

H. B. 18-166, HD1

AN ACT

TO PROVIDE AN AMNESTY PERIOD FOR THE FILING OF DELINQUENT RETURNS UNDER TITLE 4, CHAPTERS 2, 3, 4, 5 AND 7, DIVISION 1 OF THE REVENUE AND TAXATION ACT OF 1982, AS AMENDED, AND THE PAYMENT OF DELINQUENT TAXES WITHOUT IMPOSITION OF PENALTY AND INTEREST, WITH CERTAIN EXCEPTIONS AND FOR THE WAIVER OF PENALTY FOR FAILURE TO OBTAIN A BUSINESS LICENSE; AND FOR OTHER PURPOSES.

Be it enacted by the Eighteenth Northern Marianas Commonwealth Legislature:

1 **Section 1. Findings.** The Legislature finds that in an effort to collect outstanding tax
2 revenues, Public Law(s) 12-51, 14-28 and 18-29 established a tax-amnesty program. The
3 Legislature further finds that all the aforementioned Public Laws has since expired. The
4 legislature finds that the program was highly successful. The Legislature also finds that, for
5 various reasons, not all eligible persons and entities took advantage of the law. Additionally,
6 the Legislature finds that many delinquent taxpayers would welcome another opportunity to
7 pay their taxes under an amnesty law. The Legislature finds that a forth amnesty program
8 should be established because an amnesty period is still the most cost-effective way for the
9 government to collect tax revenue during these difficult economic times. The provisions of

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1 this Act are identical to those of Public Law(s) 12-51, 14-28 and 18-29 should, like the three
2 previous Public Laws it encourages persons and entities to come into compliance with the
3 law.

4 Furthermore, the Legislature finds that although House Bill No. 18-28 was introduced
5 on March 8, 2013 it became effective on December 4, 2013 in the form of Public Law No.
6 18-29 and within Public Law No. 18-29 a provision was included to expire the tax amnesty
7 period on January 1, 2014. The Legislature finds that when individuals and entities flocked
8 to the Division of Tax and Revenue to avail to tax amnesty, it took the Division an additional
9 ten days to provide the proper documents for filing, which only gave individuals and entities
10 approximately two weeks to take advantage of the amnesty period. Additionally, the
11 Legislature finds that Division of Tax and Revenue through the Secretary of the Department
12 of Finance stated that although the tax amnesty means well in collecting for the
13 Commonwealth Cooffers Public Law No. 18-29 did not give ample time for individuals and
14 entities to avail to the tax amnesty and did not provide the Division of Tax and Revenue with
15 enough time to assist qualified applicants in availing to the tax amnesty period as provided in
16 Public Law. No. 18-29. Therefore, the intent of this Act is to provide a tax amnesty period
17 that will expire ninety (90) days after it is enacted into law.

18 **Section 2. Tax Amnesty.** Unless otherwise provided, the following provisions shall
19 apply to all taxes, including withholding taxes and all returns, including deductions,
20 exemptions, credits erroneously claimed in returns filed for all tax years prior to the
21 2013 calendar year:

22 (a) Voluntary Statement of Wages, Salary, or Earnings. Any person who has
23 not filed a return as required under Chapter 2 of Title 4, Division 1 of the CNMI Code
24 or who, having filed such return, failed to report all wages, salaries and/or earnings or
25 pay all taxes as required shall have the option to file a special return. The special
26 return shall state the amount of wages and salaries and/or earnings and the taxable
27 years or period in which such wages and salaries and/or earnings were earned, derived

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1 or received. The special return shall be accompanied by the payment of taxes owed
2 thereon in accordance with subsection (f).

3 (b) Voluntary Statement of Gross Revenue. Any person who has not filed a
4 return as required under Chapter 3 of Title 4, Division 1 of the CNMI Code or who,
5 having filed such a return, failed to report all gross revenue or pay all taxes as
6 required shall have the option to file a special return. The special return shall state the
7 amount of gross revenue and the taxable years or period in which such gross revenue
8 was received, accrued or earned. The special return shall be accompanied by the
9 payment of taxes owed thereon in accordance with subsection (f).

10 (c) Voluntary Statement of Room, Bar, and Jackpot Taxes. Any person who
11 has not filed a return as required under Chapter 5 of Title 4, Division 1 of the CNMI
12 Code or who, having filed such return, failed to report all revenue and/or winnings or
13 failed to pay the tax shall have the option to file a special return. The special return
14 shall state the amount of revenue and/or winning and the taxable years or period in
15 which such revenue and/or winning was accrued or received. The special return shall
16 be accompanied by the department of taxes owed thereon in accordance with
17 subsection (f).

18 (d) Voluntary Declaration of Excise Tax. Any taxpayer who has not declared
19 an article subject to excise tax under Chapter 4, Title 4, Division 1 of the CNMI Code
20 or who, having made such a declaration, failed to declare all articles or pay all tax as
21 required shall have the option of filing a special return. The special return shall state
22 the article subject to excise tax, its taxable worth, and the corresponding tax. The
23 special return shall be accompanied by the payment of taxes owed thereon in
24 accordance with subsection (f).

25 (e) Voluntary Statement of Income and/or Tax Pursuant to the NMTIT. Any
26 person who has not filed a return as required under Chapter 7 of Title 4, Division 1 of
27 the CNMI Code or who, having filed such a return, failed to report all income or had

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1 claimed excessive deductions or credits or failed to pay all tax as required shall have
2 the option to file a special return. The special return shall state the amount of taxable
3 income and the taxable years or period in which such income was accrued or
4 received. The special return shall be accompanied by the payment of taxes owed
5 thereon in accordance with subsection (f).

6 (f) Filing of a Special Return and Release from the Payment of Penalty and
7 Interest. Within fifteen (15) days of the effective date of this Act, the Department of
8 Finance shall make available to the public the special returns required by this Act.
9 Except as otherwise provided by this section, any person who files a special return,
10 together with a request for waiver of penalties and interest, and pays the tax owed
11 thereon to the CNMI prior to the expiration of this Act is released from the payment
12 of penalties and interest as follows:

13 (1) Where a special return is properly filed and full payment of all tax
14 owed hereon is made to the CNMI government, 100 percent of all penalty and
15 interest charges shall be waived, notwithstanding any previous or existing
16 agreement by the taxpayer for the payment thereof.

17 (2) Where a special return is properly filed but payment of less than
18 100 percent of all tax owed thereon is made to the CNMI government,
19 100 percent of the penalty shall be waived along with that portion of the
20 interest attributable to the principal paid with the special return, provided that
21 the taxpayer has first entered into an agreement with the Director of Revenue
22 and Taxation in the Department of Finance for the payment of the remaining
23 balance of the tax and interest charges. Any agreement executed shall be
24 based on the taxpayer's ability to pay.

25 (3) Interest due pursuant to the NMTIT shall not be waived.

26 (4) Penalties may be waived under the NMTIT only upon a showing
27 of reasonable cause.

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1 (5) This act shall not apply to:

2 (i) any person who is a party to in a civil or criminal tax
3 action;

4 (ii) any person who has had a civil or criminal judgment
5 rendered against them and who has not paid such judgment in full.

6 (g) Immunity.

7 (1) Grant of Immunity. Except as otherwise provided, any person
8 who complies with the provisions of this Section shall not be subject to civil
9 or criminal penalties under the tax laws of the CNMI.

10 (2) Scope of Immunity. The immunity granted in this section shall be
11 limited to the amount declared and determined according to subsection (a),
12 (b), (c), (d), or (e).

13 (3) Limitation. Immunity may only be obtained within the effective
14 period of this Act.

15 (4) Exclusion. The following persons are not entitled to immunity
16 under the provisions of this Act:

17 (i) any person against whom a criminal or civil action has been
18 initiated and is pending for any violation of the tax laws of the CNMI
19 or any person being investigated for fraud;

20 (ii) any person who has been convicted of tax fraud;

21 (iii) any person whose source of income is illegal;

22 (iv) any person who fraudulently files a special return under
23 this Act.

24 **Section 3. Compliance Requirements.**

25 (a) Future Compliance with the Tax Laws. Notwithstanding any other provision of
26 this Act, the Director of Revenue and Taxation may assess and collect from a taxpayer all
27 penalties and interest forgiven through the tax amnesty program established in this Act,

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1 within three years after the expiration of this Act:

2 (i) The taxpayer who received amnesty under this Act fails to file a return or
3 pay a tax due for two or more consecutive periods and the taxpayer has not contested
4 the liability on a timely basis in an administrative or judicial proceeding; or

5 (ii) The taxpayer who received amnesty under this Act is six months or more
6 late in the filing of a return due on an annual basis or the payment of taxes due
7 thereon and the taxpayer has not contested the liability on a timely basis in an
8 administrative or judicial proceeding.

9 (iii) Any person who has had penalties and/or interest waived pursuant to this
10 Act, and who has entered into an installment agreement pursuant to subsection (f) (2)
11 of this Act and who has defaulted in making payment as required under such
12 agreement shall be assessed and required to pay the penalty and interest previously
13 waived.

14 **Section 4. Limitations.**

15 (a) Previously paid interest and penalties. No person is entitled to a refund of or
16 credit on interest or penalties paid to the CNMI prior to the effective date of this Act.

17 (b) Proceedings relating to tax amnesty return barred. A taxpayer who elects to take
18 advantage of the amnesty program established by the provisions of this Act shall waive any
19 right he or she may otherwise have to seek administrative or judicial relief in connection with
20 returns filed or tax or interest paid under the provisions of this Act.

21 (c) Undisclosed Liabilities. Nothing in this Act shall be construed to prohibit the
22 department from instituting civil or criminal proceedings against any taxpayer with respect to
23 any amount of tax that is not disclosed on the tax amnesty program.

24 (d) Limitation of Deficiency Assessment. If after the expiration of this Act, the
25 department issues a deficiency assessment with respect to a special return filed under the
26 provisions of this Act, the department may seek penalty and interest charges or pursue civil
27 or criminal action only with respect to the difference between the tax shown on that amnesty

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1 return and the correct amount of tax.

2 (e) The taxpayer (person, sole proprietor, company, partnership, or corporation) who
3 received amnesty under Public Law 12-51, Public Law 14-28 or Public Law 18-29 shall not
4 be eligible for tax amnesty pursuant to this Act.

5 **Section 5. Waiver of Penalties for Payment of Business License Fees.**

6 During the effective period of this Act, any person or entity that is required to obtain a
7 business license pursuant to Public Law 11-73, as codified in 4 CMC, Division 5, Chapter 6,
8 and that has failed to comply is entitled to a waiver of all penalties imposed by
9 Public Law 11-73, as codified in 4 CMC Section 5613, if such person or entity pays all the
10 business license fees due under 4 CMC Section 5611.

11 **Section 6. Expiration of Application.** The provisions of this Act shall become
12 effective upon its becoming law and shall remain in effect for a period of 90 days after it is
13 enacted into law.

14 **Section 7. Rules and Regulations.** The Secretary of Finance is authorized to
15 promulgate rules and regulations to administer this Act.

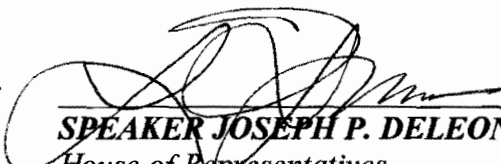
16 **Section 8. Severability.** If any provisions of this Act or the application of any such
17 provision to any person or circumstance should be held invalid by a court of competent
18 jurisdiction, the remainder of this Act or the application of its provisions to persons or
19 circumstances other than those to which it is held invalid shall not be affected thereby.

20 **Section 9. Savings Clause.** This Act and any repealer contained herein shall not be
21 construed as affecting any existing right acquired under contract or acquired under statutes
22 repealed or under any rule, regulation, or order adopted under the statutes. Repealers
23 contained in this Act shall not affect any proceeding instituted under or pursuant to prior law.
24 The enactment of the Act shall not have the effect of terminating, or in any way modifying,
25 any liability, civil or criminal, which shall already be in existence on the date this Act
26 becomes effective.

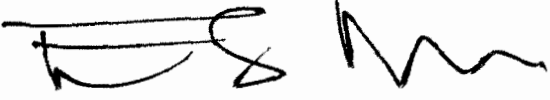
HOUSE BILL 18-166, HD1

1 **Section 10. Effective Date.** This Act shall take effect upon its approval by the
2 Governor, or its becoming law without such approval.

Attested to by: 
Linda B. Muña, House Clerk

Certified by: 
SPEAKER JOSEPH P. DELEON GUERRERO
House of Representatives
18th Northern Marianas Commonwealth Legislature

APPROVED this 16th day of September, 2014


ELOY S. INOS
Governor
Commonwealth of the Northern Mariana Islands