



COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Eloy S. Inos
Governor

Jude U. Hofschneider
Lieutenant Governor

04 DEC 2013

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

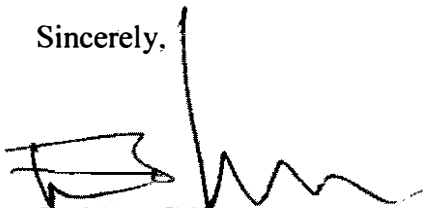
Honorable Ralph DLG. Torres
Senate President, The Senate
Eighteenth Northern Marianas
Commonwealth Legislature
Saipan, MP 96950

Dear Mr. Speaker and Mr. President:

This is to inform you that I have signed into law House Bill No. 18-28, HD1, SD1 entitled, "To provide an amnesty period to expire on January 1, 2014 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. 18-29**. Copies bearing my signature are forwarded for your reference.

Sincerely,



ELOY S. INOS

cc: Lt. Governor; Lt. Governor's Legal Counsel; Attorney General's Office; Press Secretary; Department of Finance; 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

October 29, 2013

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. 18-28, HD1, SD1**, entitled: "To provide an amnesty period to expire on January 1, 2014 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,

A handwritten signature in black ink, appearing to read "L. Muña".

Linda B. Muña
House Clerk

Attachment



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

First Regular Session

March 8, 2013

Representative Antonio P. Sablan, of Saipan, Precinct 1 (*for himself*, Representatives Anthony T. Benavente, Francisco S. Dela Cruz, and Rafael S. Demapan) in an open and public meeting with an opportunity for the public to comment, introduced the following Bill:

H.B. 18-28

AN ACT

TO PROVIDE AN AMNESTY PERIOD TO EXPIRE ON JANUARY 1, 2014 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 referred to the House Committee on Ways and Means, which submitted Standing Committee Report 18-13, adopted May 9, 2013.

THE BILL WAS PASSED BY THE HOUSE OF REPRESENTATIVES ON FIRST AND FINAL READING, MAY 9, 2013;
with amendments in the form of H. B. 18-28, 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, JUNE 19, 2013;
with amendments in the form of H. B. 18-28, HD1, SD1 and returned to
THE HOUSE OF REPRESENTATIVES.

The House of Representatives accepted the Senate amendments and passed H. B. 18-28, HD1, SD1 during its 9th Day, Second Regular Session on October 25, 2013.

THE BILL WAS FINALLY PASSED ON OCTOBER 25, 2013.

A handwritten signature in black ink, appearing to read "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

Ninth Day, Second Regular Session

October 25, 2013

H. B. 18-28, HD1, SD1

AN ACT

TO PROVIDE AN AMNESTY PERIOD TO EXPIRE ON JANUARY 1, 2014 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 12-51 and Public Law 14-28 established a tax-amnesty program. The
3 Legislature further finds that both Public Laws have since expired. The legislature finds that
4 the program was highly successful. The Legislature also finds that, for various reasons, not
5 all eligible persons and entities took advantage of the law. Additionally, the Legislature finds
6 that many delinquent taxpayers would welcome another opportunity to pay their taxes under
7 an amnesty law. The Legislature finds that a third amnesty program should be established

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1 because an amnesty period is still the most cost-effective way for the government to collect
2 tax revenue during these difficult economic times. The provisions of this Act are identical to
3 those of Public Law 12-51 and 14-28 and should, like both Public Laws, encourage persons
4 and entities to come into compliance with the law.

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

9 (a) **Voluntary Statement of Wages, Salary, or Earnings.** Any person who
10 has not filed a return as required under Chapter 2 of Title 4, Division 1 of the CNMI
11 Code or who, having filed such return, failed to report all wages, salaries and/or
12 earnings or pay all taxes as required shall have the option to file a special return. The
13 special return shall state the amount of wages and salaries and/or earnings and the
14 taxable years or period in which such wages and salaries and/or earnings were earned,
15 derived or received. The special return shall be accompanied by the payment of taxes
16 owed thereon in accordance with subsection (f).

17 (b) **Voluntary Statement of Gross Revenue.** Any person who has not filed
18 a return as required under Chapter 3 of Title 4, Division 1 of the CNMI Code or who,
19 having filed such a return, failed to report all gross revenue or pay all taxes as
20 required shall have the option to file a special return. The special return shall state the
21 amount of gross revenue and the taxable years or period in which such gross revenue
22 was received, accrued or earned. The special return shall be accompanied by the

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1 payment of taxes owed thereon in accordance with subsection (f).

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

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

17 (e) Voluntary Statement of Income and/or Tax Pursuant to the NMTIT.
18 Any person who has not filed a return as required under Chapter 7 of Title 4, Division
19 1 of the CNMI Code or who, having filed such a return, failed to report all income or
20 had claimed excessive deductions or credits or failed to pay all tax as required shall
21 have the option to file a special return. The special return shall state the amount of
22 taxable income and the taxable years or period in which such income was accrued or

HOUSE BILL 18-28, HD1, SD1

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

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

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

14 (2) Where a special return is properly filed but payment of less
15 than 100 percent of all tax owed thereon is made to the CNMI government,
16 100 percent of the penalty shall be waived along with that portion of the
17 interest attributable to the principal paid with the special return, provided that
18 the taxpayer has first entered into an agreement with the Director of Revenue
19 and Taxation in the Department of Finance for the payment of the remaining
20 balance of the tax and interest charges. Any agreement executed shall be
21 based on the taxpayer's ability to pay.

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

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

(5) This act shall not apply to:

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

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

(g) Immunity.

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

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

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

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

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

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

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- (iii) any person whose source of income is illegal;
- (iv) any person who fraudulently files a special return under this Act.

Section 3. Compliance Requirements.

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

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

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

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

Section 4. Limitations.

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

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

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

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

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

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

22 During the effective period of this Act, any person or entity that is required to obtain a

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1 business license pursuant to Public Law 11-73, as codified in 4 CMC, Division 5, Chapter 6,
2 and that has failed to comply is entitled to a waiver of all penalties imposed by Public Law
3 11-73, as codified in 4 CMC Section 5613, if such person or entity pays all the business
4 license fees due under 4 CMC Section 5611.

5 **Section 6. Expiration of Application.** The provisions of this Act shall become
6 effective upon its becoming law and shall remain in effect until January 1, 2014. This Act
7 shall expire on January 2, 2014.

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

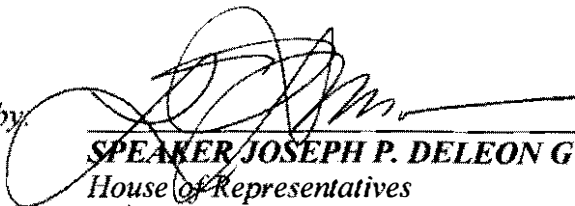
10 **Section 8. Severability.** If any provisions of this Act or the application of any such
11 provision to any person or circumstance should be held invalid by a court of competent
12 jurisdiction, the remainder of this Act or the application of its provisions to persons or
13 circumstances other than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

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


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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 9th day of DECEMBER 2013


ELOY S. INOS
Governor
Commonwealth of the Northern Mariana Islands