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TITLE VI

Revenue and Taxation Provisions

Section 601. [Application of the Internal Revenue Code as federal tax in the Marianas.]

Section 602. (a) [Application of the Internal Revenue Code as a local tax in the Marianas.]

(b) [Authority of the local government to adjust the application of the Internal Revenue Code as a local tax; "provided however, that the Government of the Northern Mariana Islands shall enact no law [which a state would not have the power to enact] imposing any tax or levy on the property of the United States or of the Government of the Trust Territory of the Pacific Islands."]

Section 603. (a) The Northern Mariana Islands shall not be included within the customs territory of the United States.

(b) The Government of the Northern Mariana Islands may in a manner consistent with the international obligations of the United States, levy duties on goods imported into its territory from any area other than the United States, its territories or its possessions.

(c) The Government of the Northern Mariana Islands shall have the exclusive authority to impose duties on exports from its territory.

(d) Exports from the Northern Mariana Islands into the United States, its territories and possessions shall be

subject to the same treatment as exports from the Territory of Guam into the customs territory of the United States. The United States, shall, if necessary to make its international commitments consistent with its obligations under this Subsection, endeavor to obtain appropriate alterations in its international commitments.

(e) The United States shall seek to obtain from foreign countries favorable treatment for exports from the Northern Mariana Islands, and shall encourage other countries to consider the Northern Mariana Islands a developing territory.

Section 604. The Northern Mariana Islands shall have the exclusive authority to impose local excise taxes upon goods manufactured or sold within its territory or upon goods imported into its territory provided, that such excise taxes as are imposed on goods imported into its territory shall be consistent with the international obligations of the United States.

Section 605. (a) Those laws of the United States which impose taxes to support the Old-Age, Survivors, Disability and Health Insurance Trust Funds, shall be applicable within the Northern Mariana Islands, but the tax on employees and employers within the Northern Mariana Islands the rate of one percent of so much of the employee's income as is subject to tax during the first year after the effective date of this Section, and

shall increase by one percentage point (or fraction thereof), on both the employer and employee each year until the rate of tax on employers and employees within the Northern Mariana Islands is the same as in a State.

(b) Persons in the Northern Mariana Islands shall received benefits from the Old-Age, Survivors, Disability and Health Insurance Trust Funds of the United States in the same manner and to the same extent as persons in a State, provided however, that no person who receives benefits under this Subsection and under Subsection (c) of this Section shall receive a total amount which exceeds the maximum to which he would have been entitled if he had contributed to the Old-Age, Survivors, Disability and Health Insurance Trust Funds throughout the entire period he contributed either to those Funds or to the Trust Territory Social Security Retirement Fund.

(c) That portion of the Trust Territory Social Security Retirement Fund which has been paid in by persons who are domiciled in the Northern Mariana Islands, together with interest and earnings thereon, shall be paid over the Social Security Administration of the United States to be held as a separate fund (and to be supplemented by the United States if necessary) to pay benefits to such persons eligible for benefits in accordance with the laws of the Trust Territory of the Pacific Islands upon the effective date of this Section.

Section 606. All bonds issued by the Government of the Northern Mariana Islands or by its authority shall be exempt, as to principal and interest, from taxation by the United States, or by any State, territory or possession of the United States, or any political subdivision of any of them.

Section 607. There shall be paid into the Treasury of the Government of the Northern Mariana Islands to be expended for the benefit of the people of the Northern Mariana Islands as the Government of the Northern Mariana Islands may by law prescribe the proceeds of all taxes collected under the Internal Revenue Laws of the United States derived from the Northern Mariana Islands or due to articles produced in the Northern Mariana Islands, and all quarantine, passport, immigration or naturalization fees collected in the Northern Mariana Islands, but nothing in this Section shall be construed to apply to any tax imposed by Chapters 2 or 21 of Title 26, United States Code, regarding Social Security and self-employment taxes.