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TITLE VI

Revenue and Taxation Provisions

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

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

(b) The Government of the Northern Marianas Islands shall enact no law imposing any tax or levy on the property or activities of the United States or of the Government of the Trust Territory of the Pacific Islands which a State could not enact with respect to the property or activities of the Government of the United States.

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 possessions.

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

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(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 Sub-section, 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. (a) The United States may levy excise taxes on goods and services manufactured, sold or used in the Northern Mariana Islands in the same manner and to the same extent as such taxes are applicable within the several States

(b) The Northern Mariana Islands shall have the authority to impose excise taxes upon goods manufactured or sold within its territory or upon goods imported into its territory, provided that such excise taxes 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 shall be at 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 receive 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 to 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 to the benefit of the people thereof as the Government may by law prescribe, the proceeds of all customs duties and federal income taxes derived from the Northern Mariana Islands

the proceeds of all taxes collected under the internal revenue laws of the United States on articles produced in the Northern Mariana Islands and transported to the United States, its territories or possessions, or consumed in the Northern Mariana Islands, and the proceeds

of any other taxes which may be levied by the Congress in accordance with this Agreement on the inhabitants of the Northern Mariana Islands, and all quarantine, passport, immigration and nationalization fees collected in the Northern Mariana Islands, except that 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.

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