

17
4

Revenue and Taxation Provisions

"Section 601.

(a) The income tax laws in force in the United States and those which may hereafter be enacted shall be likewise in force in the Northern Mariana Islands as a separate territorial income tax, to be payable to the Government of the Northern Mariana Islands and to be known as the 'Northern Mariana Islands Territorial Income Tax'.

(b) As used in subsection (a) of this Section the term 'income tax laws in force in the United States' includes but is not limited to the following provisions of the Internal Revenue Code of 1954, where not manifestly inapplicable or incompatible with the intent of this Section: subtitle A (Not including Chapter 2 and section 931); chapters 24 and 25 of subtitle C, with reference to the collection of income tax at source on wages; and all provisions of subtitle F which apply to the income tax, including provisions as to crimes, other offenses, and forfeitures contained in chapter 75."

Discussion

Section 601(a). This establishes the U.S. income tax in the Commonwealth as if it were a local territorial tax. This follows the Guam and Virgin Islands approach which is a "mirror image" of the U.S. income tax code; these territories are not empowered to make direct amendments to that tax code. But, Guam may make indirect amendments by adjustments of the rebates to taxpayers of the tax revenues under a 1972 tax amendment.

(b). This language is taken almost verbatim from 48 USC 1421(i). That Code section was inserted because some provisions of the U.S. income tax code (those cited) cannot be read directly into a "mirror image" tax system. The tax Chapters cited relate to self-employment taxes, withholding provisions, etc. which the Government (as in Guam) would not have to be required to pay to itself.