

*Proposed by
chapter 2 am '8' of 1974*

DRAFT
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ARTICLE VI

Revenue and Taxation Provisions

Section 601. [Awaiting proposals from MPSC Counsel on application of the Internal Revenue Code in the Marianas].

Section 60[2].

(a) The Northern Mariana Islands will 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 will have the [exclusive] authority to impose duties on exports from its territory.

(d) To the extent such treatment would be consistent with the international obligations of the United States, exports from the Northern Mariana Islands into the customs territory of the United States, will be subject to the same treatment as exports from the Territory of Guam into the customs territory of the United States. The United States will, if necessary in order to extend such treatment, endeavor to obtain appropriate waivers or modifications of its international obligations.

(e) The United States will seek to obtain from foreign countries favorable treatment for exports from the Northern Mariana Islands, and will encourage other countries to consider the Northern Mariana Islands a developing territory. Section 60[3].

[(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 will 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 must be consistent with the international obligations of the United States.]

Section 60[4].(a) All bonds issued by the Government of the Northern Mariana Islands or by its authority will 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.

(b) For so long as the United States Government provides direct financial assistance pursuant to Article VII of this agreement, the Government of the Northern Mariana Islands will authorize no public indebtedness (other than bonds or other obligations of the Government payable solely from revenues

derived from any public improvement or undertaking) in excess of ten percentum of the aggregate assessed valuation of the property within the Northern Mariana Islands.