

**TWENTY-FOURTH NORTHERN MARIANAS COMMONWEALTH**

**LEGISLATURE**

**IN THE HOUSE OF REPRESENTATIVES**

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**Regular Session, 2025**

**H. B. 24-12**

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**A BILL FOR AN ACT**

To promote economic recovery and provide relief to CNMI taxpayers by waiving penalties and interest on unpaid taxes due to financial and socioeconomic hardships; and for other purposes.

**BE IT ENACTED BY THE 24<sup>TH</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:**

1           **Section 1. Findings and Purpose:** The Legislature finds that in an effort  
2 to collect outstanding tax revenues, previous tax amnesty programs were  
3 established under Public Laws 12-51, 14-28, 18-29, and 18-65. These programs  
4 have since expired, but they proved highly effective in helping many delinquent  
5 taxpayers achieve compliance.

6           The Legislature further finds that the Commonwealth of the Northern  
7 Mariana Islands (CNMI) has endured a series of extraordinary events that have  
8 significantly impacted its economy.

- 9           • In August 2015, Super Typhoon Soudelor devastated the island of Saipan,  
10           disrupting commerce and slowing economic activity for years during the  
11           recovery process.
- 12           • In September 2018, Super Typhoon Mangkhut struck the island of Rota,

1 forcing residents and businesses to rebuild in an already fragile economic  
2 environment.

3 • A month later, in October 2018, Super Typhoon Yutu devastated Saipan  
4 and Tinian, causing severe damage to homes and businesses. The resulting  
5 travel restrictions and economic disruptions had a lasting impact on the  
6 CNMI's tourism industry, the primary driver of the local economy.

7 • In January 2020, the Governor declared a State of Significant Emergency  
8 due to the global COVID-19 pandemic, which was later followed by a  
9 Public Health Emergency declaration in March 2020. Travel restrictions,  
10 business closures, and economic stagnation further exacerbated the CNMI's  
11 financial crisis, significantly reducing tax revenues.

12 While the U.S. federal government provided financial aid to CNMI  
13 residents, many businesses had no alternative but to use their own resources to  
14 survive and rebuild. Historically, governments have implemented tax relief  
15 measures to support citizens and businesses following major disasters. Various  
16 federal tax relief laws, including the Katrina Emergency Tax Relief Act of 2005,  
17 the Hurricane Sandy Tax Relief Acts of 2012 and 2013, and the Federal Disaster  
18 Tax Relief Act of 2023, have been enacted to ease financial burdens and accelerate  
19 economic recovery. Most recently, in January 2025, the Internal Revenue Service  
20 (IRS) announced tax relief for victims of the California wildfires (IRS  
21 announcement CA-2025-01).

1           In the CNMI, taxpayers may deduct casualty losses when filing their  
2 Northern Marianas Territorial Income Tax. IRS relief measures were also extended  
3 following Super Typhoon Soudelor (2015), Super Typhoon Yutu (2018), and  
4 Typhoon Mangkhut (2018) under IRS announcements NMI-2018-1 and NMI-  
5 2018-2. However, while U.S. federal tax policies offer various forms of relief—  
6 including penalty waivers, extensions on tax payments, and casualty loss  
7 deductions—CNMI’s local tax laws do not currently contain similar provisions,  
8 apart from excise tax relief for importing generators.

9           Natural disasters trigger economic hardship, creating a chain reaction of  
10 financial challenges. Rebuilding efforts require significant capital, yet taxpayers are  
11 often forced to balance recovery costs with tax obligations. In many cases, penalties  
12 and interest on late tax payments add further strain to struggling businesses and  
13 individuals. While CNMI residents have demonstrated resilience, the burden of  
14 financial penalties could prolong economic hardship and delay recovery.

15           Recognizing the long-term nature of disaster recovery, the Legislature  
16 acknowledges the need to support the business community. Given the hardships  
17 endured by CNMI taxpayers in recent years, special consideration should be given  
18 to providing relief. Specifically, the Legislature finds that waiving or canceling  
19 penalties and interest on late tax remittances or returns is an appropriate and  
20 necessary measure to aid recovery and stimulate economic growth.

1 Unlike federal disaster relief acts that allow for income deductions, this Act  
2 focuses solely on penalty waivers and limited interest relief for tax payments made  
3 within a designated period. By reducing these financial burdens, this legislation  
4 aims to facilitate tax compliance, encourage economic rebuilding, and accelerate  
5 financial recovery.

6 The provisions of this Act are modeled after Public Laws 12-51, 14-28, 18-  
7 29, and 18-65, which successfully incentivized compliance in the past.  
8 Accordingly, this Act establishes a tax amnesty period that will expire 60 days after  
9 its enactment into law, ensuring that taxpayers have an opportunity to rectify  
10 outstanding obligations while contributing to CNMI's economic revitalization.

11 **Section 2. Tax Amnesty.** Unless otherwise provided, the following  
12 provisions shall apply to all taxes, including withholding taxes and all returns,  
13 including deductions, exemptions, credits erroneously claimed in returns filed for  
14 all tax years prior to the 2025 calendar year as well as penalties for failing to timely  
15 file information returns including form W2 and penalties of withholding on real  
16 estate transactions filed for all tax years prior to the 2025 calendar year:

17 (a) Voluntary Statement of Wages, Salary, or Earnings. Any person who  
18 has not filed a return as required under Chapter 2 of Title 4, Division 1 of the CNMI  
19 Code or who, having filed such return, failed to report all wages, salaries and/or  
20 earnings or pay all taxes as required shall have the option to file a special return.  
21 The special return shall state the amount of wages and salaries and/or earnings and

1 the taxable years or period in which such wages and salaries and/or earnings were  
2 earned, derived or received. The special return shall be accompanied by the  
3 payment of taxes owed thereon in accordance with subsection (f).

4 (b) Voluntary Statement of Gross Revenue. Any person who has not filed  
5 a return as required under Chapter 3 of Title 4, Division 1 of the CNMI Code or  
6 who, having filed such a return, failed to report all gross revenue or pay all taxes as  
7 required shall have the option to file a special return. The special return shall state  
8 the amount of gross revenue and the taxable years or period in which such gross  
9 revenue was received, accrued or earned. The special return shall be accompanied  
10 by the payment of taxes owed thereon in accordance with subsection (f).

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

19 (d) Voluntary Declaration of Excise Tax. Any taxpayer who has not  
20 declared an article subject to excise tax under Chapter 4, Title 4, Division 1 of the  
21 CNMI Code or who, having made such a declaration, failed to declare all articles

1 or pay all tax as required shall have the option of filing a special return. The special  
2 return shall state the article subject to excise tax, its taxable worth, and the  
3 corresponding tax. The special return shall be accompanied by the payment of  
4 taxes owed thereon in accordance with subsection (f).

5 (e) Voluntary Statement of Income and/or Tax Pursuant to the NMTIT. Any  
6 person who has not filed a return as required under Chapter 7 of Title 4, Division 1  
7 of the CNMI Code or who, having filed such a return, failed to report all income or  
8 had claimed excessive deductions or credits or failed to pay all tax as required shall  
9 have the option to file a special return. The special return shall state the amount of  
10 taxable income and the taxable years or period in which such income was accrued  
11 or received. The special return shall be accompanied by the payment of taxes owed  
12 thereon in accordance with subsection (f).

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

20 (1) Where a special return is properly filed and full payment of all tax owed  
21 hereon is made to the CNMI government, 100 percent of all penalty and

1 interest charges shall be waived, notwithstanding any previous or existing  
2 agreement by the taxpayer for the payment thereof.

3 (2) Where a special return is properly filed but payment of less than 100  
4 percent of all tax owed thereon is made to the CNMI government, 100  
5 percent of the penalty shall be waived along with that portion of the interest  
6 attributable to the principal paid with the special return, provided that the  
7 taxpayer has first entered into an agreement with the Director of Revenue  
8 and Taxation in the Department of Finance for the payment of the remaining  
9 balance of the tax and interest charges.

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

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

13 (5) This act shall not apply to:

- 14 (i) any person who is a party to a civil or criminal tax action;
- 15 (ii) any person who has had a civil or criminal judgment rendered  
16 against them and who has not paid such judgment in full;
- 17 (iii) any person who has been convicted of a sex offense against a  
18 minor as such terms are defined in Section 111 of the Sex Offender  
19 Registration and Notification Act (42 U.S.C 16911); and
- 20 (iv) any business engaged in gambling, including but not limited to  
21 e-gaming, poker, casino enterprises.

1 (g) Immunity.

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

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

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

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

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

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

16 (iii) any person whose source of income is illegal;

17 (iv) any person who fraudulently files a special return under this Act.

18 **Section 3. Compliance Requirements.**

19 (a) Future Compliance with the Tax Laws. Notwithstanding any other  
20 provision of this Act, the Director of Revenue and Taxation may assess and collect

1 from a taxpayer all penalties and interest forgiven through the tax amnesty program  
2 established in this Act, within three years after the expiration of this Act:

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

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

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

16 **Section 4. Limitations.**

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

20 (b) Proceedings relating to tax amnesty return barred. A taxpayer who  
21 elects to take advantage of the amnesty program established by the provisions of

1 this Act shall waive any right he or she may otherwise have to seek administrative  
2 or judicial relief in connection with returns filed or tax or interest paid under the  
3 provisions of this Act.

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

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

13 (e) The taxpayer (person, sole proprietor, company, partnership, or  
14 corporation) who received amnesty under Public Law 12-51, Public Law 14-28,  
15 Public Law 18-30 or Public Law 18-65 shall not be eligible for tax amnesty  
16 pursuant to this Act.

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

18 During the effective period of this Act, any person or entity that is required  
19 to obtain a business license pursuant to Public Law 11-73, as codified in 4 CMC,  
20 Division 5, Chapter 6, and that has failed to comply is entitled to a waiver of all

1 penalties imposed by Public Law 11-73, as codified in 4 CMC Section 5613, if such  
2 person or entity pays all the business license fees due under 4 CMC Section 5611.

3 **Section 6. Expiration of Application.**

4 The provisions of this Act shall become effective upon its becoming law  
5 and shall remain in effect for a period of 90 days after it is enacted into law.

6 **Section 7. Rules and Regulations.**


7 The Secretary of Finance is authorized to promulgate rules and regulations  
8 to administer this Act.


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

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

1           **Section 10. Effective Date.** This Act shall take effect upon its approval by  
2 the Governor, or it becoming law without such approval.

Prefiled: 3/7/2025

Date: 3/7/25           Introduced by:   
Rep. Diego V. F. Camacho

Reviewed for Introduction purposes only by:  
  
House Legal Counsel

Date: 3-7-25