



DIVISION OF REVENUE AND TAXATION

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

Post Office Box 5234 CHRB, Saipan, MP 96950
Tel. (670) 664-1000



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Your Rights as a Taxpayer

Declaration of Taxpayer's Rights

I. Protection of Your Rights

Revenue and Taxation Employees will explain and protect your rights as a taxpayer throughout your contact with us.

II. Privacy and Confidentiality

Revenue and Taxation will not disclose to anyone the information you give us, except as authorized by law. You have the right to know why we are asking you for information, how we will use it, and what happens if you do not provide requested information.

III. Professional and Courteous Service

If you believe that a Revenue and Taxation employee has not treated you in a professional, fair, and courteous manner, you should tell that employee's supervisor. If the supervisor's response is not satisfactory, you should write to the Director of Revenue and Taxation at the address shown above.

IV. Representation

You may either represent yourself or, with proper authorization, have someone else represent you in your place. Your representative must be allowed to practice before the CNMI Division of Revenue and Taxation, such as an attorney, a certified public accountant, or enrolled agent. If you are in an interview and asked to consult such a person, then we must stop and reschedule the interview in most cases.

You can have someone accompany you at an interview. You may make sound recordings of any meetings with our examination, appeal, or collection personnel, provided you tell us in writing 10 days before the meeting.

V. Payment of Only the Correct Amount of Tax

You are responsible for paying only the correct amount of tax under the law – no more, no less. If you cannot pay all of your tax when it is due, you may be able to make monthly installment payments.

VI. Appeals and Judicial Review

If you disagree with us about the amount of your tax liability or certain collection actions, you have the right to ask the

Appeals Office to review your case. You may also ask the court to review your case.

VII. Relief From Certain Penalties and Interest.

The CNMI Revenue and Taxation will waive penalties when allowed by law if you can show you acted reasonably and in good faith or relied on the incorrect advice of a CNMI Division of Revenue and Taxation employee. We will waive interest that is the result of certain errors or delays caused by a CNMI Division of Revenue and Taxation employee.

Examinations, Appeals, Collections, and Refunds

Examinations (Audits)

We accept most taxpayer's returns as filed. If we inquire about your return or select it for examination, it does not suggest that you are dishonest. The inquiry or examination may or may not result in more tax. We may close your case without change or you may receive a refund.

The process of selecting a return for examination usually begins in one of two ways. First, we use computer programs to identify returns that may have incorrect amounts. These programs may be based on information returns, such as Forms 1099 and W-2CM, on studies of past examinations, or on certain issues identified by compliance projects. Second, we use information from outside sources that indicates that a return may have incorrect amounts. These sources may include newspapers, public records, and individuals. If we determine that the information is accurate and reliable, we may use it to select a return for examination.

Publication 556CM, Examination of Returns, Appeal Rights, and Claims for Refund, explains the rules and procedures that we follow in examinations. The following sections give an overview of how we conduct examinations.

By Mail

We handle many examinations and inquiries entirely by mail. We will send a letter with either a request for more information or a reason why we believe a change to your return may be needed. You can respond by mail or you can request a personal interview with an examiner. If you mail us the requested information or provide an explanation, we may or may not agree with you, and we will explain the reasons for any changes. Please do not hesitate to write us about anything you do not understand.

By Interview

If we notify you that we will conduct your examination through a personal interview, or you request such an interview, you have the right to ask that the examination take place at a reasonable time and place that is convenient for both you and Revenue and Taxation. If the examiner proposes any changes to your return, he or she will explain the reasons for the changes. If you do not agree with the examiner's changes, you can meet with the examiner's supervisor.

Repeat Examinations

If we examined your tax return for the same items in either of the 2 previous years and proposed no change to your tax liability, please contact us as soon as possible so we can see if we should discontinue the repeat examination.

Appeals

If you do not agree with the examiner's proposed changes, you can appeal them to the Appeals Office within the Division of Revenue and Taxation. Most differences can be settled through this appeals system without the expensive and time-consuming court trials. Your appeal rights are explained in detail in both Publication 5CM, Your Appeal Rights and How to Prepare a Protest if You Don't Agree, and Publication 556CM, Examination of Returns, Appeals Rights, and Claim for Refund.

If you do not wish to use the Appeals Office or disagree with its findings, you may be able to take your case to the CNMI Superior Court. If you take your case to court, the Division of Revenue and Taxation will have the burden of proving certain facts if you kept adequate records to show your tax liability, cooperated with the Division of Revenue and Taxation, and meet certain conditions. If the court agrees with you on most issues in your case and finds that our position was largely unjustified, you may be able to recover some of your administrative and litigation costs. You will not be eligible to recover these costs unless you tried to resolve your case administratively, including going through the appeals system, and you gave us information necessary to resolve the case.

Collections

Publication 594CM, The CNMI Division of Revenue and Taxation Collection Process, explains your rights and responsibilities regarding payment of CNMI taxes. It describes:

- What to do when you owe taxes. It describes what to do if you get a tax bill and what to do when you think your tax bill is wrong. It also covers making installment payments, delaying collection actions, and submitting an offer in compromise.
- Revenue and Taxation collection actions. It covers liens, releasing a lien, levies, releasing a levy, seizures and sales, and release of property.

Your collection appeal rights are explained in detail in Publication 1660CM, Collection Appeal Rights.

Innocent Spouse Relief

Generally, both you and your spouse are each responsible for paying the full amount of tax, interest, and penalties due on your joint return. However, if you qualify for innocent spouse relief, you may be relieved of part or all of your joint liability. To request relief, you must file Form 8857, Request for Innocent Spouse Relief no later than 2 years after the date on which the Division of Revenue and Taxation attempted to collect the tax from you. For example, the two-year period for filing your claim may start if the Division of Revenue and Taxation applies your tax refund from one year to the taxes that you and your spouse owe for another tax year. For more information on innocent spouse relief, see Publication 971, Innocent Spouse Relief and form 8857.

Potential Third Party Contact

Generally, the Division of Revenue and Taxation will deal directly with you or your duly authorized representative. However, we sometimes talk with other persons if we need information that you have been unable to provide, or to verify information we have received. If we do contact other persons, such as a neighbor, bank, employer, or employees, we will generally need to tell them limited information, such as your name. The law prohibits us from disclosing any information that is necessary to obtain or verify the information we are seeking. Our need to contact other persons may continue as long as there is activity in your case. If we do contact other persons, you have the right to request a list of those contacted.

Refunds

You may file for a claim for refund if you think you paid too much tax. You must generally file the claim within 3 years from the date you filed your original return or 2 years from the date you paid the tax, whichever is later. The law generally provides for interest on your refund (not rebate) if it is not paid within 45 days of the date you filed your return or claim for refund. Publication 556CM, Examination of Returns, Appeal Rights, and Claims for Refund, has more information on refunds. If you were due a refund but you did not file a return, you generally must file your return within 3 years from the date the return was due (including extensions) to get that refund.