

**Use in conjunction with the 2020 Internal Revenue Service (IRS) Form 1040 instructions**

- **Income**
- **Additional Child Tax Credit (Schedule 8812)**
- **Education Credits - American Opportunity & Lifetime Learning Credits (Form 8863)**
- **Recovery Rebate Credit**

**Lines 1 through 6a**

Sourcing Rules. The rules for the determination of source of income are established in the Northern Mariana Territorial Income Tax Code ("NMTIT") sections 861 through 865 and associated U.S. Treasury regulations. Taxpayers and professionals should consult these statutes and regulations for detailed guidance on determining sources of income. You must allocate the income you are reporting on these lines between income without and within the Commonwealth based on their sources. Enter your figure in the appropriate columns.

**Line 8**

Use the CNMI Schedule 1CM instead of the U.S. version. Schedule 1CM provides the income source allocation. Enter the amounts from line 9 of Schedule 1CM in to the respective columns.

**Line 9a**

Add amounts in lines 1 through 7a in each column. Enter the total in their respective column.

**Line 9b**

Divide line 9b column A by line 9b, column C. If the percentage is zero or less, enter zero. If the percentage is more than 100, enter 100.

**Example below**

Line	Column A	Column B	Column C
9a	250.00	Not	1,000.00

- Step 1.  $250.00 \text{ [col A]} / 1,000.00 \text{ [col C]} = 0.25$   
 Step 2.  $0.25 \times 100 = 25$ ; enter 25.0000 (25%) on line 9b, column A

**Line 10a**

Enter the amount from line 22 of Schedule 1CM.

**Line 10b**

Pursuant to the Coronavirus Aid, Relief and Economic Security (CARES) Act, individuals can claim a deduction of up to \$300 (or \$150 for married individuals filing separate returns) for cash contributions made to qualifying charities during 2020. See IRS Publication 526, Charitable Contributions for further guidance

**Line 18**

The amount on line 18 should include all the applicable taxes from line 16 and line 17 (from line 3 of Schedule 2).

**Line 21**

The amount on line 21 should include all the applicable tax credits on line 19 and line 20 (from line 7 of Schedule 3).

**Line 23**

If you are reporting Self-employment tax (Schedule SE) line 4, or Household employment taxes (Schedule H) line 7a, Part II of Schedule 2, do not report any of these amounts on Schedule 2. These are reported to the Internal Revenue Service (IRS).

**Line 25d**

Enter the total Federal Income Tax withheld (from Form(s) W-2 and/or Form(s) 1099 from outside source only, not from the CNMI). Do not include this amount on line 25e.

**Line 25e**

Enter the total NMTIT withheld (chapter 7 tax from Form(s) W-2CM and/or Form(s) 1099 from within the CNMI only). Do not include this amount on line 25d.

**Line 30**

Recovery Rebate Credit – Use the NMI Recovery Rebate Credit Worksheet to figure the credit, if any, you can claim. Refer to the 2020 IRS 1040 and 1040-SR instructions for definitions and other information needed to fill out the worksheet. Attach the worksheet to your 2020 1040CM Northern Marianas Territorial Income Tax Return.

**Lines 34**

The amount overpaid on this line may be subject to an adjustment if there is an allowable non-refundable credit and/or rebate as computed in Schedule OS-3405A, Part B, line 15.

## Summary of Taxes Due or Overpayment

### **PART A. Combined Due or (Overpaid)/Refund**

1. Chapter 7 amount due or (overpaid). Enter the amount from line 18, Part C, Schedule OS-3405A.
2. Chapter 2 amount due or (overpaid). Enter the amount from line 6, Part C, From Form NMI-A.
3. Add line 1 and line 2 above. If the result is less than zero, enclose the amount in parenthesis to indicate an overpayment then continue on line 4.

If the amount is greater than zero, this indicates the amount you owe on this return. Pay this amount. Otherwise, you may offset the amount due on this line from either Part B, Part C, or Part D below if you have refund available from the Recovery Rebate Credit, additional child tax credit or the American opportunity tax credit.

4. Enter the amount on line 3 you want applied to your 2021 estimated tax.
5. Subtract line 4 from line 3. **This is your refund.** If you want your refund deposited directly to your bank, see Part E.

### **For amended return of Part A. Complete lines 6 to 11.**

6. If Part A, line 3 is a positive amount, enter the amount here. Otherwise, enter zero.
7. Enter the amount from Part A, line 5 if any. Otherwise, enter zero.
8. Enter the amount you owed (paid) on original or previously amended return(s). Enter amount as a negative number.
9. Enter the amount refunded to you on original or previously amended return(s). Enter amount as positive number.
10. Add lines 6 through 9. If the result is greater than zero, enter the result here. This is the **amount you owe**. Otherwise enter zero.
11. Add line 6 through 9. If the amount is less than zero, enter the result here. This is the amount you **overpaid**. Otherwise, enter zero.

### **Part B. Recovery Rebate Credit (RRC). Complete and attach the NMI Recovery Rebate Credit Worksheet. Skip this part if you are not claiming this credit.**

1. Enter the amount from line 30, page 2 of Form 1040CM.

2. Enter the amount due, if any, from line 3, Part A. If this is an amended return, enter the amount from line 10 of Part A. Otherwise, enter zero. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your Recovery Rebate Credit. If you do not authorize an offset of your tax due, you must pay the amount shown on line 3 of Part A.
3. If line 2 is greater than line 1, enter zero. Otherwise, subtract line 2 from line 1. This is your Recovery Rebate refund after offset.
4. If line 1 is greater than line 2, enter zero. Otherwise, subtract line 1 from line 2. This is the amount you owe after the Recovery Rebate Credit offset. Pay this amount. Otherwise, go to Part C or Part D if applicable.

### **For amended return of Part B. Complete lines 5 to 7.**

5. Enter the amount refunded to you on original or previously amended return(s).
6. If line 3 is greater than line 5, subtract line 5 from line 3. Enter the result as a negative number. **This is your refund.**
7. If line 5 is greater than line 3, subtract line 3 from line 5. This is the **amount you owe**. Pay this amount.

### **Part C. Additional Child Tax Credit (ACTC). Complete and attach Schedule 8812 to your return. Skip this part if you are not claiming this credit.**

#### Special Notice

This part is provided to enable the Division of Revenue and Taxation to process your claim of the Additional Child Tax Credit (ACTC), Schedule 8812. Please note that the ACTC is being paid by the United States Treasury. The Division of Revenue and Taxation is only facilitating your ACTC claim as agreed upon between the CNMI Department of Finance and the United States Treasury. By applying for ACTC refund and allowing it to be processed by the Division of Revenue and Taxation, you are giving the Division of Revenue and Taxation authorization to release tax information to the Internal Revenue Services (IRS).

1. Enter the amount of your Additional Child Tax Credit from Schedule 8812, line 13.
2. If you're claiming the Recovery Rebate credit, enter the amount from line 4, Part B. If this is an amended return, enter the amount from line 7, Part B. Otherwise enter zero. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your ACTC. If you do not authorize an offset of your tax due, you must pay the amount shown on

line 4 Part B, or line 3, Part A.

3. If line 2 is greater than line 1, enter zero. Otherwise, subtract line 2 from line 1. This is your ACTC refund or refund after offset.
4. If line 1 is greater than line 2, enter zero. Otherwise, subtract line 1 from line 2. This is the amount you owe after the ACTC offset. Pay this amount. Otherwise, go to Part D if you are claiming the American Opportunity Tax Credit.

**For amended return of Part C. Complete lines 5 to 7.**

5. Enter the amount refunded to you on original or previously amended return(s).
6. If line 3 is greater than line 5, subtract line 5 from line 3. Enter the result as a negative number. This is your **additional child tax credit refund**.
7. If line 5 is greater than line 3, subtract line 3 from line 5. Enter the result as a positive number. This is the **amount you owe**. Pay this amount.

**Part D. American Opportunity Tax Credit (AOTC). Complete and attach Form 8863 to your return. Skip this part if you are not claiming this credit.**

1. Enter the amount of your Refundable American Opportunity Tax Credit from Form 8863, line 8.
2. Enter amount from line 4 of Part C. Otherwise, enter the amount from line 4 of Part B. If Part B and C does not apply to you, enter the amount from line 3, Part A. If this is an amended return, enter the amount from line 7 of Part C. Otherwise, enter zero. If you enter the amount as requested, you are authorizing an offset of your tax due on this return against your AOTC. If you do not authorize an offset of your tax due, you must pay the amount shown on line 4, Part C, or line 4 Part B, or the amount on line 3, Part A.
3. If line 2 is greater than line 1, enter zero. Otherwise, subtract line 2 from line 1. This is your AOTC refund after offset.
4. If line 1 is greater than line 2, enter zero. Otherwise, subtract line 1 from line 2. This is the amount you owe after the Refundable American Opportunity Tax Credit offset. Pay this amount.

**For amended return of Part C. Complete lines 5 to 7.**

5. Enter the amount refunded to you on original or previously amended return(s).

6. If line 3 is greater than line 5, subtract line 5 from line 3. Enter the result as a negative number. **This is your refund.**
7. If line 5 is greater than line 3, subtract line 3 from line 5. This is the **amount you owe**. Pay this amount.

**Part E. Direct Deposit on Checking or Savings Account. *Simple.Safe.Secure.***



If you want your refund deposited directly to your bank account, please provide your checking or saving account information.

**Why Use Direct Deposit?**

- You get your refund faster by direct deposit than you do by check.
- Payment is more secure. There is no check that can get lost or stolen.
- It is more convenient. You don't have to make a trip to the bank to deposit your check.
- It saves tax dollars. It costs the government less to refund by direct deposit.

**Line 1b. Account type**

Checkmark the box corresponding to the type of account you entered on line 1c. For example, if your account number is a savings account, checkmark the box for the savings account. Check only one box.

**Line 1c. Routing Number**

The routing number must be nine digits. Enter the 9-digit routing number from the first set of numbers on the lower left corner of your check.

**Line 1d. Checking or Savings Account Number**

Enter the account number from your bank. This number is private and unique to your bank account. You'll find it only on your personal checks.

For example. If your checking account number is 0017-123456, you must enter it on line 1c as shown below. Omit the dash. Enter only alphanumeric characters.

0	0	1	7	1	2	3	4	5	6								
---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--

**Reasons Your Direct Deposit Request Will Be Rejected**

If any of the following apply, your direct deposit request will be rejected and a check will be sent instead.

- You are asking to have a joint refund deposited to an individual checking or saving account, and your financial institution(s) won't allow this. The Division of Revenue and Taxation isn't responsible

if a financial institution rejects a direct deposit.

- The name on your account doesn't match the name on the refund, and your financial institution(s) won't allow a refund to be deposited unless the refund matches the name on the checking account.
- You haven't given a valid account number.
- Any numbers or letters on lines 1b or 1c of Part D on page 5 are crossed out or whited out.
- You did not attach a copy of a voided check.



The Division of Revenue and Taxation isn't responsible for a lost refund if you enter the wrong account information. Check with your financial institution to get the correct routing and account numbers and to make sure your direct deposit will be accepted.