

CNMI's Education Tax Credit Overview

CNMI Public Law 10-328 grants a nonrefundable credit of up to \$5,000 per taxpayer for contributions made to qualifying educational institutions, including Mount Carmel School. Taxpayers may be individuals or corporations. The education tax credit can be used to offset wage and salary tax, business gross revenue tax, and earnings tax.

The education tax credit is superior to a deduction for two reasons: (1) The credit is available to all individual taxpayers, whether or not they itemize, and (2) A tax credit provides a dollar for dollar tax benefit, whereas a deduction provides less than a dollar for dollar tax benefit.

Please note that individual taxpayers can deduct contributions only as an itemized deduction. This limits the benefit to those individual taxpayers who itemize. Taxpayers who do not itemize do not get any tax benefit from making contributions.

How to make your ETC Contribution

1. Determine how much Business Gross Receipts Tax (BGRT) your business will pay during the current month.
2. If your monthly BGRT is \$5,000 or more, you can give up to a maximum of \$5,000 in any one year and credit this against your monthly taxes due. If your monthly BGRT is less than \$5,000, determine how much you wish to give to Mount Carmel School up to the limit of the BGRT amount due.
3. Make out your check to Mount Carmel School. The check must be dated on or before the end of the month to be credited during that month. A receipt will be issued by Mount Carmel School to you for the amount contributed.
4. Insert in “**Part II. AMOUNT DUE SUMMARY**” of your Monthly Business Gross Receipts tax return the amount of educational contribution you are making to Mount Carmel School.
5. Fill out the Education Tax Credit Schedule (ETC) in your BGRT monthly return (**Schedule ETC**). Attach a copy of Mount Carmel School's receipt to your return.