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FOR IMMEDIATE RELEASE

Magistrate Judge: CNMI Wage and Salary Tax Does Not Qualify as Foreign Tax Credit

February 01, 2019, Tamuning, Guam- On January 30, 2019, the Magistrate Judge of the District Court of Guam addressed whether Guam residents who have CNMI-sourced income that is subject to the CNMI Wage and Salary Tax can claim those payments as a Foreign Tax Credit.

Magistrate Judge Joaquin Manibusan issued a Recommendation and Report holding that the CNMI Wage and Salary Tax is not an income tax and, therefore, Guam residents cannot claim the CNMI Wage and Salary on their Guam income tax return as a Foreign Tax Credit. Under the court's decision, the CNMI Wage and Salary Tax is to be treated as a tax deduction rather than a credit. Wi

The Report and Recommendation comes out a contested case between Guam residents and the Department of Revenue and Taxation, represented by the Office of the Attorney General. Objections by the parties may be filed on or before February 13, 2019, after which date the District Court will enter its judgment.

Assistant Attorney General Monty May represented the Department of Revenue Taxation in this case.

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