

# How To Register a Tax-Exempt Nonprofit in the CNMI



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**Marianas Alliance of Non-Governmental Organizations**

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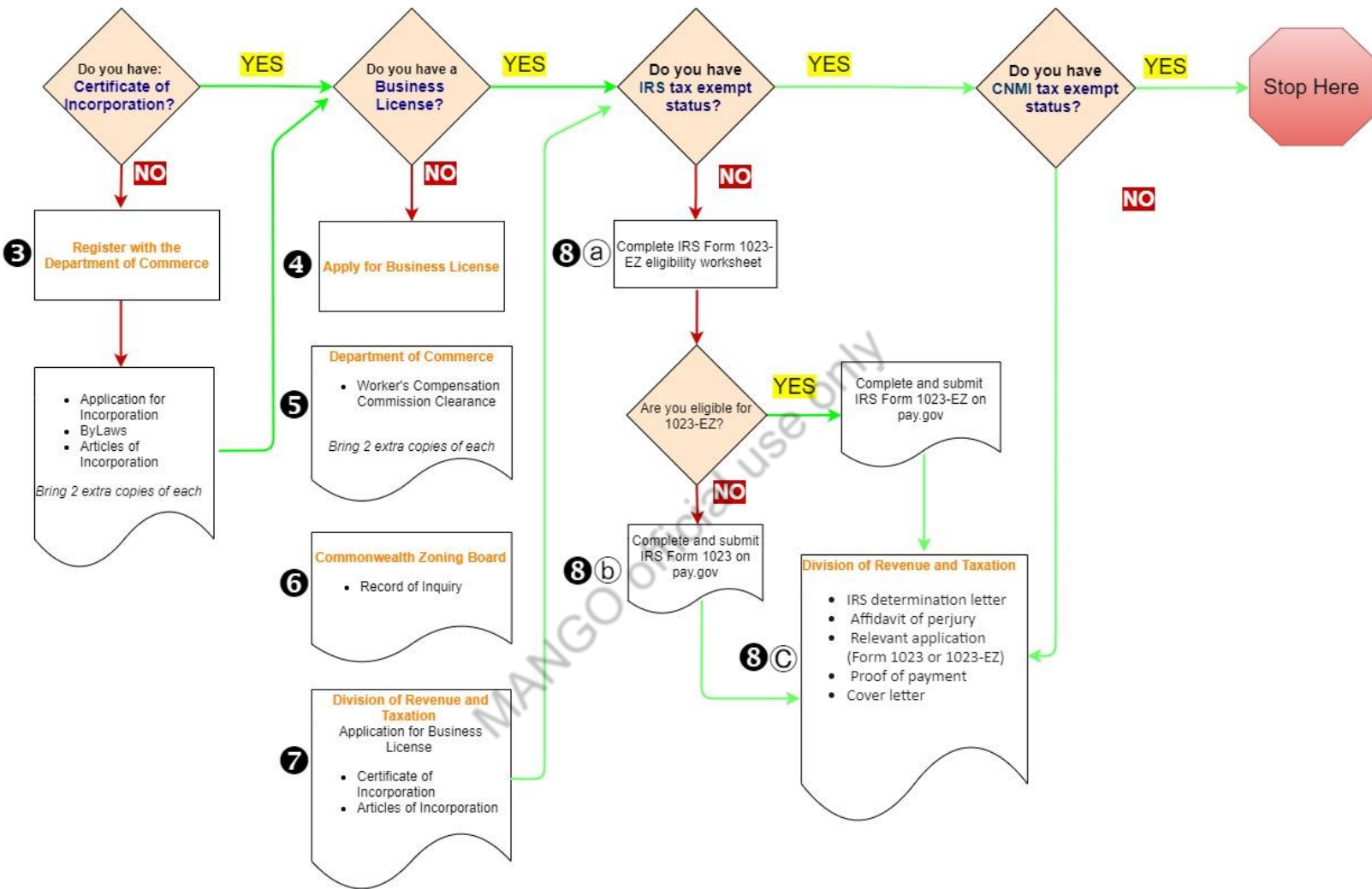
*This is a basic guide for individuals and organizations that want to start a nonprofit in the CNMI. There may be changes to the forms, fees and procedures from the government agencies. If you run into problems or need help, please call or email MANGO for assistance.*

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# Flowchart for Registering A Nonprofit



# Basic Step-by-Step Guide

*Step 1:* Identify your board members, hold an election and create your mission, vision, and goals.

*Step 2:* Draft your By-laws and Articles of Incorporation. You will include those in the Nonprofit Company Application in Step .

*Step 3:* Complete the [Nonprofit Company Application](#) which includes the Articles of Incorporation and Bylaws form in it. Print three (3) copies (one original and two copies). Go to the Office of the Registrar ([Department of Commerce, Capitol Hill](#)) to file the documents and receive an official stamp from Registrar. The Certificate of Incorporation takes 7-10 business days to process.

*Step 4:* Complete a [Business License Application](#) from Business License Office ([Division of Revenue and Taxation](#) (DRT), [Joeten Dandan Building](#)). Pay at Cashier the appropriate fee. This application requires clearance from Worker's Compensation Commission and Zoning Office (see step below).

*Step 5:* Go to the Worker's Compensation Commission office (WCC), [Department of Commerce, Capitol Hill](#). Bring three (3) copies of your completed business license application with supporting documents and wait for an official stamp from WCC staff.

*Step 6:* Go to the Commonwealth [Zoning Board](#) office ([2nd Floor Joeten Dandan Building](#)).

6a. If your organization has an office: Complete the [Record of Inquiry](#) clearance form. You will file this with the Zoning Board office. They will review your form then, give you a payment voucher to pay the cashier on the 1<sup>st</sup> floor. Return to the Zoning Office after paying with proof of payment (receipt).

6b. If your organization does not have an office: Complete [Zoning Permit Application](#). You will file this with the Zoning Board office. They will review your form then, give you a payment voucher to pay the cashier on the 1<sup>st</sup> floor. Return to the Zoning Office after paying with proof of payment (receipt).

*Step 7:* After receiving clearance from the WCC and the Zoning Board, submit your completed and stamped application, along with proof of payment, to the Business License Office. You should receive a new Business License in 10 days.

*Step 8:* Apply for IRS Tax Exempt Status

8a. Start by completing the IRS Form 1023-EZ Eligibility Worksheet. This will determine if you file the 1023-EZ or 1023 Form (Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code). If you are eligible, submit Form 1023-EZ on pay.gov. This requires payment of \$275 to complete your application.

8b. If you are not eligible, complete and submit IRS Form 1023 on pay.gov. This requires payment of \$600 to complete your application.

8c. You should receive a letter of determination from the IRS within 3-6 months. Once received, submit a copy of determination letter, affidavit of perjury, relevant application (Form 1023 or 1023-EZ), proof of payment, and cover letter to Division of Revenue and Taxation-TRAB Section (Technical Review and Approvals Branch).

**Note: We recommend you complete the IRS 501(c)(3) process when forming your nonprofit as it will result in your organization's recognition as tax-exempt from both the IRS and the CNMI government. Additionally, you will save \$600 if you do both at the same time.**

## Schedule of fees

- Application for Incorporation **\$30**
- Non-Profit Corporation Annual Report (due March 1) **\$10**
  - \$25 Penalty for late filing (due March 1) and \$5 Penalty for each day after March 2nd
- Worker's Compensation **\$ -**
- Application for Business License **\$50**
- Form 1023-EZ **\$275**
- Form 1023 **\$600**

## Maintaining your tax-exempt status

File monthly BGRT's at DRT Joeten Building Dandan in first floor). If you've received a 501(c)3 confirmation letter and you don't have any Unrelated Business Income Taxes (UBITs), complete the form with all 0's (zeros) if you have no income. If you haven't received confirmation or have UBITs, pay BGRTs on the same floor.

File Annual Form 990 (Return of Organization Exempt from Income Tax) to IRS and locally.

Submit Nonprofit Annual Nonprofit Report at Registrar (Capitol Hill).

Renew Business License (second floor of Joeten Building in Dandan). Fill out the form, pay \$50 to the cashier on the first floor, then go back to the second floor to submit.

## Annual Form 990 (Return of Organization Exempt from Income Tax) Random Tips

- ✓ Make copies of everything you provide to a government entity (bring two copies to be stamped, sometimes they'll ask for three (3)).
- ✓ Include as many supplemental materials as you can. Pictures, newspaper articles, and other materials that will make your application more complete
- ✓ Bring a book, bottled water, and enjoy the conversation you're making with people, or you will go crazy.

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## Appendix – Sample Documents

*Be advised that the applications and forms provided in this packet are valid as of June 2021, and may be subject to change. Please comply with the appropriate agency's updated forms when submitting documents.*

1. Sample Tax Exempt Request Packet
  - ByLaws
  - Articles of Incorporation
  - Sample Letters

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