

# Allocation of Individual Income Tax to Guam or the Commonwealth of the Northern Mariana Islands (CNMI)

Department of the Treasury  
Internal Revenue Service

▶ Go to [www.irs.gov/Form5074](http://www.irs.gov/Form5074) for the latest information.

Attachment  
Sequence No. **168**

▶ Attach to Form 1040.

Name(s) shown on Form 1040

Your social security number

## Part I Income From Guam or the CNMI Reported on Form 1040 and Schedule 1 (Form 1040)

	Guam	CNMI
1 Wages, salaries, tips, etc.	1	
2 Taxable interest	2	
3 Ordinary dividends	3	
4 Taxable refunds, credits, or offsets of local Guam or CNMI income taxes	4	
5 Alimony received	5	
6 Business income or (loss)	6	
7 Capital gain or (loss)	7	
8 Other gains or (losses)	8	
9 IRA distributions (taxable amount)	9	
10 Pensions and annuities (taxable amount)	10	
11 Rental real estate, royalties, partnerships, S corporations, trusts, etc.	11	
12 Farm income or (loss)	12	
13 Unemployment compensation	13	
14 Social security benefits (taxable amount)	14	
15 Other income. List type and amount ▶	15	
16 <b>Total income.</b> Add lines 1 through 15 ▶	16	

## Part II Adjustments to Income From Guam or the CNMI Reported on Schedule 1 (Form 1040)

17 Educator expenses	17	
18 Certain business expenses of reservists, performing artists, and fee-basis government officials	18	
19 Health savings account deduction	19	
20 Moving expenses for members of the armed forces.	20	
21 Deductible part of self-employment tax.	21	
22 Self-employed SEP, SIMPLE, and qualified plans	22	
23 Self-employed health insurance deduction.	23	
24 Penalty on early withdrawal of savings	24	
25 IRA deduction	25	
26 Student loan interest deduction	26	
27 Tuition and fees deduction (see instructions)	27	
28 Add lines 17 through 27	28	
29 <b>Adjusted gross income.</b> Subtract line 28 from line 16. ▶	29	

## Part III Payments of Income Tax to Guam or the CNMI

30 Payments on estimated tax return filed with Guam or the CNMI.	30	
31 Income tax withheld from your wages while employed by the U.S. Government as a civilian in Guam or the CNMI	31	
32 Income tax withheld from your wages while employed as a member of the U.S. Armed Forces in Guam or the CNMI	32	
33 Income tax withheld from your wages earned in Guam or the CNMI other than amounts on lines 30 through 32	33	
34 <b>Total payments.</b> Add lines 30 through 33. ▶	34	

Section references are to the Internal Revenue Code unless otherwise noted.



*At the time this form and instructions went to print, the tuition and fees deduction had expired. To see if this deduction has been extended so you can claim it on your 2018 return, go to [www.irs.gov/FormsUpdates](http://www.irs.gov/FormsUpdates).*

### Instructions

**Purpose of form.** Form 5074 provides information to the United States so the IRS can figure the individual income tax that is due to Guam or the CNMI.

**Who must file.** If you were a U.S. citizen or resident alien (other than a bona fide resident of Guam or the CNMI), you may need to file Form 5074. Complete this form if all of the following apply to you (and to your spouse if filing a joint return).

- You file a U.S. income tax return.
- You report adjusted gross income (AGI) of \$50,000 or more.
- At least \$5,000 of the gross income on your return is from either Guam or CNMI sources.



*Do not use this form if you were a bona fide resident of Guam or the CNMI during the entire tax year, or were considered a bona fide resident of Guam or the CNMI for the entire tax year under the special rules for the year of a move (see chapter 1 of Pub. 570, Tax Guide for Individuals With Income From U.S. Possessions).*

**Joint returns.** If you file jointly and only one spouse is a bona fide resident of Guam or the CNMI for the entire tax year, the resident status for both spouses and subsequent tax treatment is determined by the spouse with the higher AGI (disregarding community property laws). File Form 5074 only if the spouse with the higher AGI is not a bona fide resident of Guam or the CNMI for the entire tax year.

**Where to file.** If you are not enclosing a check or money order, file your Form 1040 (including Form 5074) with the Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301-0215 USA.

If you are including a check or money order, file your return with the Internal Revenue Service, P.O. Box 1303, Charlotte, NC 28201-1303 USA.

**Additional information.** Pub. 570 has more information and an example of how to complete Form 5074. To get Pub. 570, see *How To Get Tax Help* in the Instructions for Form 1040.

## Part I—Income From Guam or the CNMI Reported on Form 1040 and Schedule 1 (Form 1040)

**Note.** See Schedule 1 (Form 1040) for additional income from Guam or the CNMI not reported on Form 1040, page 2.

**Source of income.** The rules for determining the source of income are explained in sections 861 through 865 and section 937, Regulations section 1.937-2, and chapter 2 of Pub. 570. Some general rules are:

- The source of wages, salaries, or tips generally is where the services are performed. If you worked both in and outside Guam or the CNMI, include on line 1 only wages, salaries, or tips earned while you were in Guam or the CNMI. However, certain income earned while temporarily performing services in Guam or the CNMI will not be considered income from Guam or the CNMI.

**De minimis exception.** This is an exception to the general rule for determining the source of income earned in Guam or the CNMI. Generally, income from Guam or the CNMI does not include compensation for services performed in Guam or the CNMI if during 2018 you:

- Were a U.S. citizen or resident;
- Were not a bona fide resident of Guam or the CNMI;
- Were not employed by or under contract with an individual, partnership, or corporation that is engaged in a trade or business in Guam or the CNMI;
- Temporarily performed services in Guam or the CNMI for 90 days or less; **and**
- Earned \$3,000 or less from such services.

**Military spouses.** If you are the civilian spouse of a member of the U.S. Armed Forces, work in Guam or the CNMI, and retain a residence or domicile in one of the 50 states or the District of Columbia under the Military Spouses Residency Relief Act (MSRRA), your wages, salaries, tips, and self-employment income will not be considered income from Guam or the CNMI. Under MSRRA, the military spouse must be in Guam or the CNMI solely to be with his/her servicemember spouse who is serving in compliance with military orders. For details on MSRRA, see Pub. 570.

- The source of interest income generally is where the payer is located. For example, Guam or CNMI source income includes interest from a certificate of deposit issued by a bank or branch of a U.S. bank in Guam or the CNMI.
- Generally, dividends are sourced where the paying corporation is created or organized.
- Taxable refunds, credits, or offsets of local Guam or CNMI income taxes only include nonmirror code income taxes.
- Alimony received from a person who is a bona fide resident of Guam or the CNMI is sourced in that specific territory.

- Except as provided in regulations, income earned after December 31, 2004, that is from sources within the United States or effectively connected with the conduct of a trade or business in the United States is not income from Guam or the CNMI.

- The source of gains, profits, or income from the sale or disposition of real property (and any interest in real property) generally is where the real property is located.

**Personal property.** The source of income from the sale of nondepreciable personal property generally is the seller's residence. For example, if you are a bona fide resident of Guam or the CNMI, gain from the sale or disposition of personal property generally is from sources within Guam or the CNMI. Income from the sale of inventory generally is sourced where the title to the property passes. See section 865 for details.



*Special rules may apply to bona fide residents of U.S. territories who have gain from dispositions of certain investment property within the 10-year period beginning when they became a bona fide resident. For details, see Special Rules for Gains From Dispositions of Certain Property, in chapter 2 of Pub. 570, Regulations section 1.937-2(f)(1), and Examples 1 and 2 of section 1.937-2(k).*

## Part II—Adjustments to Income From Guam or the CNMI Reported on Schedule 1 (Form 1040)

**Note.** See Schedule 1 (Form 1040) for adjustments to income from Guam or the CNMI.

**Line 20.** For tax years beginning after December 31, 2017, and before January 1, 2026, a moving expense deduction is only allowed for a member of the U.S. Armed Forces who moves pursuant to a military order and incident to a permanent change of station.

**Lines 21 through 23.** If you had Guam or CNMI source self-employment income, figure the amount to enter on each line by (1) dividing your Guam or CNMI source self-employment income by your total (worldwide) self-employment income, and (2) multiplying the total amount of each deduction that applies to you by the result in (1).

**Line 24.** Enter the amount of penalty on early withdrawals from savings accounts in banks or branches of U.S. banks located in Guam or the CNMI. The Form 1099-INT or Form 1099-OID you received will show the amount of any penalty you were charged.

**Line 25.** Enter the total of your and your spouse's IRA deductions attributable to Guam or CNMI compensation or earned income. Figure the amount to report on line 25 by (1) dividing your Guam or CNMI compensation or earned income by your total (worldwide) compensation or earned income, and (2) multiplying the amount of your IRA deduction by the result in (1). Figure the amount of your spouse's IRA deduction the same way.

**Line 28.** Include in the total on line 28 the amount of any other deductions included on Schedule 1 (Form 1040), line 36, that are attributable to your Guam or CNMI income. On the dotted line next to line 28, enter the amount of each deduction attributable to your Guam or CNMI income and identify it as you did on Schedule 1 (Form 1040), line 36. If you or your spouse had an Archer Medical Savings Account deduction on Schedule 1 (Form 1040), line 36, figure the amount to report on line 28 the same way you would an IRA deduction (see *Line 25* above).

**Line 29.** Adjusted gross income from worldwide sources is reported on line 7 of Form 1040.

## Penalty for Failure To Furnish Information

If you became or ceased to be a bona fide resident of a U.S. territory, you may be required to file Form 8898, Statement for Individuals Who Begin or End Bona Fide Residence in a U.S. Possession. If you fail to provide the required information, you may have to pay a \$1,000 penalty for each failure unless you can show the failure was due to reasonable cause and not willful neglect. This penalty is in addition to any criminal penalty provided by law. For details, see the Instructions for Form 8898.