



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
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OFFICE OF THE CHIEF COUNSEL

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The Honorable Gregorio Kilili Camacho Sablan
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Sablan:

I am responding to your inquiry of January 4, 2012. You asked that we publish guidance on the applicability of Federal Insurance Contribution Act (FICA) taxes to Philippine and Korean nationals working in the Commonwealth of the Northern Mariana Islands (CNMI).

We have had several discussions with your office on the application of FICA taxes to Philippine and Korean nationals working in the CNMI. Since that time, we have updated IRS Publication 80, *Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands*. On page 2 of the publication, under the "What's New" heading, we have inserted the following paragraph:

Commonwealth of the Northern Mariana Islands (CNMI) Filipino Workers and new Commonwealth Only Transitional Worker (CW) visa classification. Filipino residents admitted to the Commonwealth of the Northern Mariana Islands (CNMI) are not treated as exempt from social security and Medicare taxes on the basis of holding a work permit under CNMI immigration law. While the CNMI is transitioning to full implementation of U.S. immigration law, a new Commonwealth Only Transitional Worker (CW) visa classification is available for workers in the CNMI. Workers on the CW visa, including those from the Philippines, are not exempt from social security and Medicare taxes. Unless temporary workers in the CNMI are eligible for an exemption from social security and Medicare taxes based on some other circumstances (for example, a Filipino resident holding a valid

U.S. H-2 visa), employers are required to withhold and pay social security and Medicare taxes.

Additionally, we have updated the table on page 18 of Publication 80 to indicate that FICA taxes apply to wages paid to Korean residents admitted to the CNMI under section 101(a)(15)(H)(ii) of the Immigration and Nationality Act.

I hope this information is helpful. If you have any questions, please contact me or at () .

Sincerely,

Lynne Camillo
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(Exempt Organizations/ Employment Tax/
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(Tax Exempt and Government Entities)