A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended, by amending section 603, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

Section 1. Section 603 of title 53 of the Code of the Federated States of Micronesia, as amended by Public Law No. 12-76, is hereby further amended to read as follows:

"Section 603. Definitions. In this chapter, unless the context otherwise requires, the following definitions shall be applicable:

(1) 'Application' means the prescribed form or forms provided to individuals by the Social Security Administrator as the exclusive means by which an individual may apply for the payment of any benefit provided for in section 801, 802, 803 or 803A of this act.

(2) 'Became disabled' means the first month in which an individual is under a disability.

(3) 'Board' means the Federated States of Micronesia Social Security Board provided for by section 701 of this subtitle.

(4) 'Child or spouse' means an applicant that the court of the State in which an individual was domiciled
at the time of his death has or would find to be the
individual's child or spouse in determining the
devolution of intestate personal property. 'Child'
shall include only the deceased individual’s biological
children and such adopted children whose confirmed
petition for adoption by the wage earner has been
presented to the Social Security Administration.

(5) 'Contributions' means the tax imposed upon income
of covered employees and the tax imposed upon employers
on account of wages paid to a covered employee.

(6) 'Disability' means inability to engage in any
substantial gainful employment by reason of any
medically determinable physical or mental impairment
which can be expected to result in death or which has
lasted or can be expected to last for a continuous
period of not less than 12 months.

(7) 'Earning test' means that an individual who
receives a retirement, disability, or survivor benefit
and who works in covered or noncovered employment shall
have his quarterly benefit reduced by one dollar for
each two dollars earned in a quarter, except there shall
be no reduction for the first $300 earned in a quarter.
The reduction shall be applied in one of the subsequent
two quarters immediately after the quarter in which the
earnings were made, or as soon as possible thereafter.
(8) 'Employee' means:

(a) any officer of a corporation; or

(b) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee. [or]

(c) any self-employed person who has at least one employee for whom he is required to report in a given quarter; or]

(d) any self-employed person who had more than $10,000 of annual gross revenue in the preceding calendar year.]

(9) 'Employment' means any service by an employee for an employer incorporated or doing business within the Federated States of Micronesia employing him, irrespective of where such employment is performed, except family employment.

(10) 'Family employment' means employment of a worker by a member of the household, a parent or a son or daughter except that the worker may apply to the Board for a determination that such employment is bona fide covered employment subject to this subtitle.

(11) 'Insured status' can mean any of the following:

(a) 'Currently insured individual' means any individual who has had not less than eight quarters of
coverage during the 13-quarter period ending with:

(i) the quarter in which he died; or

(ii) the quarter in which he became entitled

to old age insurance benefits; or

(iii) the quarter in which he became disabled,

whichever first occurs.

(b) 'Fully insured individual' means any

individual who has not less than one quarter of coverage

for each year beginning after June 30, 1968, or for each

year after attaining the age of 21, whichever is later,

and up to but excluding the year in which he attained

retirement age, became disabled, or died, whichever

first occurred, except that in no case shall an

individual be a fully insured individual unless he has

at least 12 quarters of coverage.

(12) 'Quarter' and 'calendar quarter' mean a period of

three calendar months ending on March 31st, June 30th,

September 30th, or December 31st. 'Quarter of coverage'

means a quarter in which the individual has been paid

$50 or more in wages in employment subject to this

subtitle.

(13) 'Wages' means remuneration paid subject to the

provisions of this subtitle, including the cash value of

all remuneration paid in any medium other than cash and

remuneration accruing to a self-employed person.
Remuneration accruing to a self-employed person shall be
deemed to be twice the amount paid to the highest paid
employee reported by the self-employed person in a
quarter, with a maximum of $3,000 per quarter through
September 30, 2003 and a maximum of $5,000 per quarter
thereafter. Remuneration accruing to a self-employed
person who has no covered employees shall, for each
quarter of a year, be deemed to be 2.5 percent of the
gross revenue of the business for the previous calendar
year, subject to a $3,000 maximum per quarter through
September 30, 2003 and a maximum of $5,000 per quarter
thereafter. Remuneration paid for any service which is
more or less than a whole dollar shall, as may be
prescribed by regulations, be computed to the nearest
dollar. Wages shall not include:

(a) that part of remuneration in excess of $3,000
through September 30, 2003 and in excess of $5,000
thereafter paid in a quarterly reporting period by one
employer;

(b) any payment on account of sickness or
accident disability, or medical or hospitalization
expenses made by an employer to or on behalf of an
employee;

(c) any payment made to or on behalf of an
employee or to the employee's beneficiary from a trust
or annuity;

(d) remuneration paid in any medium other than cash to an employee for service not in the course of the employer's trade or business or for domestic service in a private home of an employer;

(e) remuneration paid for casual or intermittent labor not performed in the course of the employer's trade or business when such employment does not exceed employment in more than one week in each calendar month of each quarterly reporting period; and

(f) remuneration from family employment subject to the provisions of this subtitle.

Section 2. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

Date: 5/24/05

Introduced by: /s/ Claude H. Phillip

Claude H. Phillip