

A BILL FOR AN ACT

To further amend title 54, chapter 3 of the Code of the Federated States of Micronesia, as amended, by amending section 323 and adding a new section 353 thereof, and for other purposes.

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

1 Section 1. Section 323 of title 54 of the Code of the  
2 Federated States of Micronesia, as enacted by Public Law No. 13-  
3 71, is hereby further amended to read as follows:

4 "Section 323. Exemption from Gross Revenues or  
5 Corporate Income Tax.

6 (1) Any major corporation that is not engaging in  
7 business in the Federated States of Micronesia or a  
8 business operating in the Federated States of Micronesia  
9 pursuant to section 360 of this chapter and remits tax  
10 pursuant to section 321 of this chapter is exempt from  
11 the requirements of title 54, chapter 1, subchapter IV:  
12 Taxation of Gross Revenues, for each taxable year that  
13 the major corporation has remitted tax pursuant of  
14 section 321 of this chapter.

15 (2) Any major corporation that is engaging in business  
16 in the Federated States of Micronesia or a business not  
17 operating in the Federated States of Micronesia pursuant  
18 to section 360 of this chapter and remits tax pursuant  
19 to title 54, chapter 1, subchapter IV: Taxation of

1           Gross revenues, is exempt from the requirements of  
2           section 321 of this chapter."

3           Section 2. Title 54 of the Code of the Federated States of  
4 Micronesia is hereby further amended by adding a new section 353  
5 to read as follows:

6           "Section 353. Distribution of Corporate Income Tax  
7           Revenues. Not less than fifty percent (50%) of the  
8           income tax revenues generated under this chapter shall  
9           be divided equally among the states on an annual basis,  
10           unless the state and the national governments agree on a  
11           different distribution formula."

12           Section 3. This act shall become law upon approval by the  
13 President of the Federated States of Micronesia or upon its  
14 becoming law without such approval.

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16 Date: 5/17/05

Introduced by: /s/ Simiram Sipenuk  
Simiram Sipenuk  
(by request)

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