

---

---

A BILL FOR AN ACT

To further amend Sections 801, 802, 803 of Title 54 of the Code of the Federated States of Micronesia, by repealing sections 804 and 805, and by enacting new subchapters II, III, IV, V, VI, VII, VIII, IX, X, XI, XII and XIII for the purpose of establishing a new Revenue Administration Act of 2010, and for other purposes.

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

1           Section 1. Section 801 of chapter 8 of Title 54 of the Code  
2 of the Federated States of Micronesia, is hereby further amended  
3 to read as follows:

4           "Section 801. ~~[Tax liens]~~ Short Title. ~~[Any taxes~~  
5 ~~imposed or authorized under this title upon property~~  
6 ~~shall be a lien upon the property and may be collected~~  
7 ~~by levy upon it in the same manner as the levy of an~~  
8 ~~execution]~~ This Chapter may be cited as Revenue  
9 Administration Act of 2010."

10          Section 2. Section 802 of chapter 8 of Title 54 of the Code  
11 of the Federated States of Micronesia, is hereby further amended  
12 to read as follows:

13          "Section 802. ~~[Civil action of enforcement]~~ Definitions.  
14 ~~[Any taxes or license fees imposed or authorized under~~  
15 ~~this title or under any district law may also be~~  
16 ~~collected by a civil suit brought either in the name of~~  
17 ~~the taxing unit concerned or in the name of the person~~  
18 ~~authorized to collect the same. In such civil suit a~~  
19 ~~written statement of the treasurer of the unit~~

---

1 ~~concerned, as to the amount of tax due, the fact that it~~  
2 ~~is unpaid, and who is authorized to collect it, shall be~~  
3 ~~sufficient evidence of these matters unless the contrary~~  
4 ~~is expressly shown]. Wherever used in this Chapter,~~  
5 ~~unless the subject matter, context, or sense otherwise~~  
6 ~~requires:~~

7 (1) "Arrangement" means any contract, agreement,  
8 plan, or understanding whether express or implied and  
9 whether or not enforceable in legal proceedings.

10 (2) "Authority" means the FSM Unified Revenue  
11 Authority established under section 711 of this Title.

12 (3) "Board" means the Board of Directors of the  
13 Authority appointed under Chapter 7 of this Title.

14 (4) "CEO" means the Chief Executive Officer appointed  
15 under chapter 7 of this Title.

16 (5) "Associate" has the meaning in section 515.

17 (6) "FSM" means the Federated States of Micronesia.

18 (7) "Installment of tax" means an installment of tax  
19 payable under Chapter 3 of this Title;

20 (8) "Late payment interest" means late payment  
21 interest imposed under section 891.

22 (9) "Net profit tax" means net profit tax imposed  
23 under Chapter 3 of this Title.

24 (10) "Objection decision" means the decision referred  
25 to in section 831(5).

---

1           (11) "Person" means an individual, company,  
2           corporation, partnership, unincorporated association or  
3           other business entity, trust, estate, government,  
4           political subdivision of a government, or public  
5           international organization.

6           (12) "Prescribed" means prescribed by the Secretary in  
7           regulations.

8           (13) "President" means the President of the FSM.

9           (14) "Presumptive tax" means presumptive tax imposed  
10          under Chapter 3 of this Title.

11          (15) "Representative" means -

12               (a) in the case of an individual under a legal  
13               disability, the guardian or manager who receives or is  
14               entitled to receive income on behalf, or for the benefit  
15               of the individual;

16               (b) in the case of a company or corporation, the  
17               chief executive officer, public officer, managing  
18               director, or any director of the company;

19               (c) in the case of a partnership, any partner in  
20               the partnership;

21               (d) in the case of a trust, any trustee of the  
22               trust;

23               (e) in the case of an unincorporated association  
24               or other business entity (other than a company,  
25               corporation, or partnership), any individual responsible

---

1           for accounting for the receipt or payment of moneys or  
2           funds on behalf of the association;

3           (f) in the case of the National or a State  
4           Government, or a local authority in FSM, any individual  
5           responsible for accounting for the receipt or payment of  
6           moneys or funds on behalf of the Government or local  
7           authority;

8           (g) in the case of a foreign government,  
9           political subdivision of a foreign government, or public  
10          international organization, any individual responsible  
11          for accounting for the receipt or payment of moneys or  
12          funds in FSM on behalf of the government, political  
13          subdivision of the government, or organization;

14          (h) in the case of a non-resident person, any  
15          person controlling the person's affairs in FSM,  
16          including any manager of any business of such person  
17          and, in relation to customs, the person's customs agent;  
18          or

19          (i) in the case of a person to whom section 843  
20          applies, the trustee of the person under that section,  
21          and includes any person that the CEO has, by notice in  
22          writing, declared to be a representative of a person for  
23          the purposes of this Chapter.

24          (16) "Revenue law" means -

25                 (a) any Chapter under this Title;

---

1           (b) a law of the FSM imposing a tax or duty if  
2           the law provides that the Authority has the  
3           responsibility for administering the tax or duty; and

4           (c) a law of a State imposing a tax that the  
5           Authority is permitted to administer by virtue of the  
6           laws of such State.

7           (17) "Revenue officer" means the CEO and any officer of  
8           the Authority appointed under Chapter 7 of this Title.

9           (18) "Secretary" means the Secretary of the Department  
10          of Finance.

11          (19) "Self-assessment" means a self-assessment of net  
12          profits tax, presumptive tax, or VAT.

13          (20) "Self-assessment return" means a tax return  
14          required to be furnished by a self-assessment taxpayer.

15          (21) "Self-assessment taxpayer" means a person liable  
16          for net profit tax, presumptive tax, or VAT.

17          (22) "State" means a State of the FSM.

18          (23) "Tax" means any tax, duty, or penalty  
19          imposed under a revenue law, and includes an installment  
20          of tax and withholding tax.

21          (24) "Tax assessment" means -

22               (a) an assessment of wages and salaries tax under  
23               section 152 of this Title;

24               (b) a self-assessment;

25               (c) an assessment under this Subchapter III,

---

---

1 including an amended assessment; and

2 (d) an assessment of penalty under section 896.

3 (25) "Tax decision" means -

4 (a) a tax assessment; or

5 (b) a decision in relation to a revenue law on  
6 any matter left to the discretion, judgment, direction,  
7 opinion, approval, consent, satisfaction, or  
8 determination of the CEO, other than such decision made  
9 by the CEO in relation to the making of a tax assessment  
10 or to take action on subchapter VI.

11 (26) "Tax period" means -

12 (a) in the case of tax imposed on wages and  
13 salaries  
14 payable by the employer by withholding under section  
15 132 of this Title or payable by the employee under  
16 section 138, the quarter;

17 (b) in the case of the net profits tax or  
18 presumptive tax, the tax year;

19 (c) in the case of installments of net profit  
20 tax,  
21 the period to which the installment relates;

22 (d) in the case of tax withheld from a payment  
23 under  
24 Chapter 3 of this Title, the period to which the  
25 withholding relates;

---

---

1                   (e) in the case of VAT, the VAT period; or  
2                   (f) in any other case, the period for which the  
3                   tax or duty is reported.

4                   (27) "Tax return" means a return required to be filed  
5                   under a revenue law.

6                   (28) "Taxpayer" means a person liable for any tax or  
7                   duty imposed under a revenue law and includes -

8                   (a) an employer liable to withhold tax from a  
9                   payment  
10                  of wages and salaries under section 132 of this Title;  
11                  and

12                  (b) a person liable to withhold tax from a  
13                  payment  
14                  under Chapter 3 of this Title.

15                  (29) "VAT" means valued added tax imposed under a  
16                  revenue Law.

17                  (30) "Wages and salaries tax" means the tax imposed  
18                  under section 121 of this Title.

19                  (31) "Withholding tax" means the amount that a payer is  
20                  required to withhold from a payment as tax."

21                  Section 3. Section 803 of chapter 8 of Title 54 of the Code  
22 of the Federated States of Micronesia is hereby further amended to  
23 read as follows:

---

1           "Section 803. [~~Rules and regulations — Promulgation by~~  
2           ~~Secretary of Finance]~~ References to Terms Used in Other  
3           Laws.

4           ~~[(1) The Secretary of Finance, with the approval of the~~  
5           ~~President of the Federated States of Micronesia, shall~~  
6           ~~prescribe such rules and regulations as are necessary to~~  
7           ~~collect all taxes, fees, and charges levied or imposed~~  
8           ~~under this title and all such taxes, fees, and charges~~  
9           ~~shall be deposited in the General Fund of the Federated~~  
10          ~~States of Micronesia for appropriation by the Congress~~  
11          ~~of the Federated States of Micronesia.~~

12          ~~(2) Such rules and regulations shall wherever~~  
13          ~~practicable require payment in full of all taxes, fees,~~  
14          ~~and charges immediately upon assessment, and in the case~~  
15          ~~of import taxes, no later than 15 days after the~~  
16          ~~departure of the vessel or planes on which the products~~  
17          ~~subject to import taxes arrived and before any~~  
18          ~~merchandise is released by the carrier or his agent to~~  
19          ~~the importer and, in the case of export taxes, before~~  
20          ~~any merchandise is loaded on any vessel or aircraft.]~~

21          When this Chapter applies in respect of a revenue law,  
22          any term not defined in this Chapter has the meaning  
23          that it has for the purposes of the revenue law."

---

1 Section 4. Section 804 of chapter 8 of Title 54 of the Code  
2 of the Federated States of Micronesia is hereby repealed in its  
3 entirety.

4 Section 5. Section 805 of chapter 8 of Title 54 of the Code  
5 of the Federated States of Micronesia, as amended by Public Laws  
6 Nos. 7-41, 9-139, 10-68, 13-21, 13-60 and 15-24 is hereby repealed  
7 in its entirety.

8 Section 6. Title 54 of the Code of the Federated States of  
9 Micronesia is hereby amended by adding a new subchapter II of  
10 chapter 8 to be entitled "Tax Returns".

11 Section 7. Title 54 of the Code of the Federated States of  
12 Micronesia is hereby amended by adding a new section 811 to  
13 subchapter II of chapter 8 to be read as follows:

14 "Section 811. Extension of Time to File a Tax Return.

15 (1) A taxpayer required to file a tax return may  
16 apply, at any time and in writing, to the CEO for an  
17 extension of time to file the return.

18 (2) The CEO may, upon satisfaction that there is  
19 reasonable cause (as defined in regulations issued from  
20 time to time by the Authority), grant an application  
21 under subsection (1) and must serve notice of the  
22 decision on the applicant.

23 (3) An extension of time granted under this section  
24 does not change the date for payment of tax due as  
25 specified in the revenue law under which the return has

---

1           been made, but shall extend the date from which  
2           penalties shall be payable with respect to the late  
3           filing of a return."

4           Section 8. Title 54 of the Code of the Federated States of  
5 Micronesia is hereby amended by adding a new section 812 to  
6 subchapter II of chapter 8 to read as follows:

7           "Section 812. Tax Return Duly Made.  
8           A tax return purporting to be filed by or on behalf of a  
9           taxpayer is treated as having been filed by the taxpayer  
10          or with the taxpayer's authority unless the contrary is  
11          proved."

12          Section 9. Title 54 of the Code of the Federated States of  
13 Micronesia is hereby amended by adding a new subchapter III to be  
14 entitled "Tax Decisions".

15          Section 10. Title 54 of the Code of the Federated States of  
16 Micronesia is hereby amended by adding a new section 821 to  
17 subchapter III of chapter 8 to read as follows:

18          "Section 821. Self-assessments.  
19          For the purposes of this Chapter-  
20                 (a) a self-assessment taxpayer who has filed a  
21                 self-assessment return is treated as having made an  
22                 assessment of the amount of tax payable for the tax  
23                 period to which the return relates being that amount as  
24                 set out in the return; and

---

1           (b) a self-assessment return furnished by a self-  
2           assessment taxpayer is treated as a notice of the  
3           assessment served by the CEO on the taxpayer on the date  
4           the return was filed."

5           Section 11. Title 54 of the Code of the Federated States of  
6 Micronesia is hereby amended by adding a new section 822 to  
7 subchapter III of chapter 8 to read as follows:

8           "Section 822. Assessment of Person who Fails to File a  
9           Tax Return.

10          (1) If a taxpayer liable for tax on an assessment  
11          basis under a revenue law fails to file a tax return for  
12          a tax period as required under the revenue law, the CEO  
13          may, at any time, make an assessment of the tax payable  
14          by the taxpayer.

15          (2) The CEO must serve a taxpayer assessed under  
16          subsection (1) with notice of the assessment as soon as  
17          is practicable after making the assessment. The notice  
18          must state-

19                 (a) the amount of tax payable;

20                 (b) the amount of interest or penalty (if any)  
21                 payable in respect of the tax payable;

22                 (c) the tax period in respect of which the  
23                 assessment relates;

24                 (d) the date of issue of the notice; and

---

1                   (e) the due date for payment of the tax payable  
2                   under the notice."

3           Section 12. Title 54 of the Code of the Federated States of  
4 Micronesia is hereby amended by adding a new section 823 to  
5 subchapter III of chapter 8 to read as follows:

6           "Section 823. Advanced Tax Assessments.

7           (1) If, in any tax period -

8                   (a) a taxpayer liable for tax on an assessment  
9                   basis under a revenue law ceases to carry on a trade,  
10                   business, profession, vocation, or employment; or

11                   (b) the CEO has reasonable grounds to believe  
12                   that a taxpayer liable for tax on an assessment basis  
13                   under a revenue law may leave, or has left, FSM without  
14                   filing a return as required under the revenue law for  
15                   the tax period, the CEO may make an assessment of the  
16                   tax payable for the tax period and the tax is payable on  
17                   the date set out in the notice of assessment served on  
18                   the taxpayer.

19                   (2) The CEO must serve a taxpayer assessed under  
20                   subsection (1) with notice, in writing, of the  
21                   assessment as soon as is practicable after making the  
22                   assessment, and such notice must set out the matters  
23                   specified in section 822(2).

24                   (3) An assessment made under subsection (1) can be  
25                   amended under section 824 so that the taxpayer is

---

1           assessed in respect of the whole of the tax period to  
2           which the assessment under subsection (1) relates.”

3           Section 13. Title 54 of the Code of the Federated States of  
4 Micronesia is hereby amended by adding a new section 824 to  
5 subchapter III of chapter 8 to read as follows:

6           “Section 824. Amendment of Tax Assessments.

7           (1) Subject to this section, the CEO may amend a tax  
8           assessment by making such alterations or additions to  
9           the assessment as the CEO considers necessary to ensure  
10           that a taxpayer is liable for the correct amount of tax  
11           payable in respect of the tax period to which the  
12           assessment relates.

13           (2) A self-assessment taxpayer can apply to the  
14           CEO within the time specified in subsection (3) (b) for  
15           the CEO to make an amendment in accordance with  
16           subsection (1) to a self-assessment and the CEO shall  
17           serve the taxpayer with notice of the decision on the  
18           application as soon as is practicable after the making  
19           of the assessment.

20           (3) The amendment of a tax assessment under  
21           subsection (1) may be made-

22                   (a) in the case of fraud or willful neglect,  
23           within six years of the date the CEO served notice of  
24           the assessment on the taxpayer or within one year after

---

1           the fraud or willful neglect is discovered, whichever is  
2           the later; or

3                   (b) in any other case, within six years of the  
4           date the CEO served notice of the assessment on the  
5           taxpayer.

6           (4) As soon as practicable after making an amended  
7           assessment under this section, the CEO must serve the  
8           taxpayer with notice of the amended assessment.

9           (5) Subject to subsection (6), if a notice of  
10          assessment (referred to as the "original assessment")  
11          has been amended under subsection (1), the CEO may  
12          further amend the original assessment within the later  
13          of-

14                   (a) six years after the CEO served notice of the  
15          original assessment on the taxpayer; or

16                   (b) one year after the CEO served notice of the  
17          amended assessment on the taxpayer.

18          (6) If subsection (5)(b) applies, the CEO is limited  
19          to amending the alterations and additions made  
20          in the amended assessment to the original assessment.

21          (7) An amended assessment is treated in all respects  
22          as a tax assessment for the purposes of this Chapter  
23          (other than subsection (1) or (2)) and the revenue law  
24          under which the original assessment has been made.

25          (8) The making of an amended assessment does not

---

1           preclude the liability for any interest and penalty in  
2           relation to the tax assessed under amended assessment  
3           arising from the date that tax was due under the  
4           original assessment."

5           Section 14. Title 54 of the Code of the Federated States of  
6 Micronesia is hereby amended by adding a new section 825 to  
7 subchapter III of chapter 8 to read as follows:

8           "Section 825. Validity of Tax Decisions.

9           The validity of a tax decision, a notice of a tax  
10          decision, or any other document purporting to be made or  
11          executed under a revenue law-

12                 (a) cannot be quashed or deemed to be void or  
13                 voidable for want of form; or

14                 (b) is not affected by reason of any immaterial  
15                 mistake, defect, or omission therein, if it is, in  
16                 substance and effect, in conformity with the law under  
17                 which it has been made, issued, or executed and the  
18                 person assessed, or intended to be assessed or affected  
19                 by the decision or document, is designated in it  
20                 according to common understanding."

21          Section 15. Title 54 of the Code of the Federated States of  
22 Micronesia is hereby amended by adding a new section 826 to  
23 subchapter III of chapter 8 to read as follows:

24          "Section 826. Correctness of Tax Decisions.

25                 (1) Except in proceedings under Subchapter IV-

---

1           (a) no tax decision can be disputed in any Court  
2           or in any other proceedings on any ground whatsoever;

3           (b) the production of the original notice of a  
4           tax assessment or a document under the hand of the CEO  
5           purporting to be a copy of a notice of such assessment  
6           is conclusive evidence of the making of the assessment  
7           and that the amount and particulars of the assessment  
8           are correct; and

9           (c) in the case of a self-assessment taxpayer,  
10          the production of the original self-assessment return or  
11          a document under the hand of the CEO purporting to be a  
12          copy of such return is conclusive evidence of the  
13          contents of the return.

14          (2) A Court must, in all proceedings, take  
15          judicial notice of the signature of the CEO in either  
16          the original or copy of a notice of a tax decision."

17          Section 16. Title 54 of the Code of the Federated States of  
18          Micronesia is hereby amended by adding a new section 827 to  
19          subchapter III of chapter 8 to read as follows:

20          "Section 827. Rectification of Mistakes.

21          If the CEO is satisfied that an order made or document  
22          issued by the CEO under a tax law contains a mistake  
23          that is apparent on the face of the record or document  
24          and the mistake does not involve a dispute as to the  
25          interpretation of the law or facts of the case, the CEO

---

1           may, for the purposes of rectifying the mistake, amend  
2           the order or document any time before the expiry of six  
3           years from the date of making or issuing the order or  
4           document."

5           Section 17. Title 54 of the Code of the Code of the Federated  
6 States of Micronesia is hereby amended by adding a new subchapter  
7 IV of chapter 8 to be entitled "Objections and Appeals".

8           Section 18. Title 54 of the Code of the Federated States of  
9 Micronesia is hereby amended by adding a new section 831 to  
10 subchapter IV of chapter 8 to read as follows:

11           "Section 831. Objection to Tax Decision.

12           (1) A person dissatisfied with a tax decision must  
13           lodge an objection to the decision with the CEO within  
14           30 days of service of the notice of the decision.

15           (2) If the CEO has amended an assessment under  
16           section 824, the taxpayer has no further right of  
17           objection that the taxpayer would have had if the  
18           amendment had not been made, except to the extent that  
19           by reason of the amendment a fresh liability is imposed  
20           on the taxpayer or an existing liability is increased.

21           (3) An objection must substantially comply with the  
22           prescribed form and state fully and in detail the  
23           grounds upon which the person objecting relies to  
24           support the objection.

25           (4) A person may apply, in writing, to the CEO for an

---

1           extension of time to lodge an objection and the CEO may,  
2           if satisfied there is reasonable cause, grant an  
3           application under this section and must serve notice of  
4           the decision on the applicant as soon as is practicable  
5           after making the decision.

6           (5) Subject to subsection (6), the CEO must consider  
7           the objection and either allow the objection in whole or  
8           part, or disallow it, and the CEO's decision is referred  
9           to as an "objection decision".

10          (6) The CEO is not required to consider an objection  
11          unless and until the person objecting has complied with  
12          all the requirements under this Chapter or the revenue  
13          law to which the objection relates in relation to the  
14          making of tax returns and payment of tax.

15          (7) The CEO must serve notice of the objection  
16          decision on the person objecting as soon as practicable  
17          after making the decision."

18          Section 19. Title 54 of the Code of the Federated States of  
19          Micronesia is hereby amended by adding a new section 832 to  
20          subchapter IV of chapter 8 to read as follows:

21          "Section 832. Judicial Review

22                 (1) A person dissatisfied with an objection decision  
23                 may institute an action for review in a Court of  
24                 competent jurisdiction in FSM. Such action is commenced

---

---

1           by filing a petition, within sixty days after service  
2           of notice of the objection decision, setting forth-

3                   (a) assignments of errors alleged to have been  
4           committed by the CEO in making the objection decision;

5                   (b) the facts relied upon to sustain such  
6           assignments of errors; and

7                   (c) a prayer for appropriate relief.

8           (2) The CEO is the defendant is proceedings under  
9           subsection (1).

10           (3) The payment of the amount of tax in dispute, in  
11           whole or part, after the filing of a petition under  
12           subsection (1) does not deprive the Court of  
13           jurisdiction.

14           (4) When the decision of the Court or an appeal there  
15           from becomes final, the CEO must, upon presentment of a  
16           certified copy of the decree, make such adjustments as  
17           are necessary to correct, amend, or abate the  
18           assessment, and determine whether an additional amount  
19           of tax is to be assessed.

20           (5) This section shall not condition or limit the  
21           right of a taxpayer to seek immediate judicial review of  
22           any action taken or to be taken under Subchapter VI  
23           hereof."

---

1 Section 20. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 833 to  
3 subchapter IV of chapter 8 to read as follows:

4 "Section 833. General Provisions Relating to Objections  
5 and Appeals.

6 (1) In any proceeding under this Division-

7 (a) in the case of a tax assessment, the burden  
8 is on the taxpayer to prove that the assessment is  
9 excessive; or

10 (b) in the case of a tax decision (other than a  
11 tax assessment), the burden is on the person objecting  
12 to the decision to prove that the decision should not  
13 have been made or should have been made differently.

14 (2) In an action for review by a Court under section  
15 832, the person bringing the action is limited to the  
16 grounds stated in the person's objection to the CEO.

17 (3) To the extent necessary for the making of a  
18 decision and when presented, the reviewing Court shall  
19 decide all relevant questions of law and fact, interpret  
20 constitutional and statutory provisions, and determine  
21 the meaning or applicability of the terms of any action  
22 taken by the CEO.

23 (4) The reviewing Court shall-

24 (a) compel any action of the CEO unlawfully  
25 withheld or unreasonably delayed;

---

1                   (b) hold unlawful and set aside any actions and  
2                   decisions of the CEO found to be-

3                   (i) arbitrary, capricious, an abuse of  
4                   discretion, or otherwise not in accordance with law;

5                   (ii) contrary to constitutional right, power,  
6                   privilege, or immunity;

7                   (iii) in excess of statutory jurisdiction,  
8                   authority, or limitations, or a denial of legal rights;

9                   (iv) without substantial compliance with the  
10                  procedures required by law; or

11                  (v) unwarranted by the facts.

12                  (5) Subject to subsection (6), the tax due under a  
13                  tax assessment is payable notwithstanding that an  
14                  objection has been lodged or an action for judicial  
15                  review under section 832 has been instituted by the  
16                  taxpayer in respect of the assessment.

17                  (6) The CEO may, upon application in writing by a  
18                  taxpayer, agree to stay recovery of tax in dispute under  
19                  a tax assessment up to a maximum of 50% of the disputed  
20                  tax, but only if the taxpayer has paid the entire amount  
21                  of tax due under the assessment that is not in dispute."

22                  Section 21. Title 54 of the Code of the Federated States of  
23                  Micronesia is hereby amended by adding a new subchapter V of  
24                  chapter 8 to be entitled "Recovery of Unpaid Tax".

---

1 Section 22. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 841 to  
3 subchapter V of chapter 8 to read as follows:

4 "Section 841. Payment of Tax.

5 (1) A taxpayer must pay tax in the prescribed manner.

6 (2) Any unpaid tax may be sued for and recovered in  
7 any Court of competent jurisdiction by the CEO suing in  
8 his or her official capacity as collection agent for the  
9 National or State Government, as the case may be.

10 (3) In any suit under subsection (2), the production  
11 of a certificate signed by the CEO stating the name and  
12 address of the taxpayer and the amount of tax due is  
13 sufficient evidence that the amount of tax is due by the  
14 taxpayer and sufficient authority for the Court to give  
15 judgment with full costs of suit against the taxpayer."

16 Section 23. Title 54 of the Code of the Federated States of  
17 Micronesia is hereby amended by adding a new section 842 to  
18 subchapter V of chapter 8 to read as follows:

19 "Section 842. Extension of Time to Pay Tax.

20 (1) A taxpayer may apply, in writing, to the CEO for  
21 an extension of time to pay tax due under a revenue law.

22 (2) If an application has been made under this  
23 section, the CEO may, having regard to the circumstances  
24 of the case-

25 (a) grant the taxpayer an extension of time

---

1           for payment of the tax due; or

2                   (b) require the taxpayer to pay the tax due in  
3           such installments as the CEO may determine, and the CEO  
4           must serve the taxpayer with written notice of the  
5           decision.

6           (3) If a taxpayer permitted to pay tax by installments  
7           defaults in the payment of an installment, the whole  
8           balance of the tax outstanding, at the time of default,  
9           is immediately payable.

10           (4) The grant of an extension of time or permission  
11           to pay tax due by installments does not preclude the  
12           liability for late payment interest arising from the  
13           original date the tax was due for payment."

14           Section 24. Title 54 of the Code of the Federated States of  
15 Micronesia is hereby amended by adding a new section 842 to  
16 subchapter V of chapter 8 to read as follows:

17           "Section 843. Trustees, Liquidators, and Executors.

18                   (1) In this section, "trustee" means-

19                           (a) a liquidator of a company being wound up;

20                           (b) a receiver for debenture holders who has  
21           taken possession of any assets of a company;

22                           (c) a trustee in bankruptcy;

23                           (d) a mortgagee in possession;

24                           (e) an executor of a deceased estate; or

---

1           (f) any other person holding a similar office or  
2           acting in a similar capacity; and  
3           "taxpayer", in relation to a trustee, means the person  
4           whose assets are in the possession or control of the  
5           trustee, including if the trustee is an executor, the  
6           estate of the deceased person.

7           (2) A trustee must, within 14 days after becoming a  
8           trustee in respect of, or assuming the control of assets  
9           of a taxpayer in the capacity as trustee, give written  
10          notice thereof to the CEO.

11          (3) The CEO must notify the trustee, in writing, of  
12          the amount of any tax that is payable by the taxpayer  
13          and such notice must be served on the trustee within one  
14          month of the CEO being served with a notice under  
15          subsection (2).

16          (4) Subject to subsection (5), a trustee-

17               (a) must not, without the leave of the CEO,  
18               dispose of any asset of the taxpayer until a notice has  
19               been served on the trustee under subsection (3);

20               (b) must set aside, out of the assets available  
21               for the payment of tax due by the taxpayer, assets to  
22               the value of the amount notified under subsection  
23               (3), or the whole of the assets if their value is less  
24               than the amount notified; and

---

1           (c) is, to the extent of the value of the assets  
2           required to be set aside, liable for the tax due by the  
3           taxpayer.

4           (5) A trustee may pay the expenses properly incurred  
5           by the trustee in the capacity as such, including the  
6           trustee's remuneration, in priority to the amount  
7           notified under subsection (3).

8           (6) If two or more persons are trustees in respect of  
9           a taxpayer, the obligations and liabilities under this  
10           section apply jointly and severally to the trustees but  
11           may be discharged by any of them.

12           (7) The amount that a trustee is liable for  
13           under subsection (4) (c) is treated as if it were tax  
14           payable by the trustee as taxpayer for the purposes of  
15           this subchapter, subchapter VI, and section 871."

16           Section 25. Title 54 of the Code of the Federated States of  
17 Micronesia is hereby amended by adding a new section 844 to  
18 subchapter V of chapter 8 to read as follows:

19           "Section 844. Recovery of Unpaid Tax from Third Party.

20           (1) In this Section, "payer" means a person who-

21           (a) owes or may subsequently owe money to a  
22           taxpayer;

23           (b) holds or may subsequently hold money, for or  
24           on account of, a taxpayer;

---

1           (c) holds money on account of some other person  
2           for payment to a taxpayer; or

3           (d) has authority from some other person to pay  
4           money to a taxpayer.

5           (2) This section applies if a taxpayer is liable to  
6           pay tax and the tax has not been paid by the taxpayer by  
7           the due date for payment. This remedy shall be in  
8           addition to any right of levy and execution set forth in  
9           subchapter VI.

10          (3) If this section applies, the CEO may, by notice in  
11          writing, require a payer in respect of the taxpayer to  
12          pay the amount specified in the notice to the CEO, being  
13          an amount that does not exceed the amount of tax that  
14          has not been paid.

15          (4) A payer must pay the amount specified in a notice  
16          under subsection (3) by the date specified in the  
17          notice, being a date that is not before the date that  
18          the amount owed to the taxpayer becomes due to the  
19          taxpayer or held on the taxpayer's behalf.

20          (5) If a notice served under subsection (3) requires a  
21          payer to deduct amounts from wages or salaries, the  
22          amount required to be deducted by the payer from each  
23          payment must not exceed twenty percent of the amount of  
24          each payment of wages or salaries.

---

1           (6) If a person served with a notice under subsection  
2           (3) is unable to comply with the notice by reason of  
3           lack of moneys owing to, or held for, the taxpayer, the  
4           person must notify the CEO, in writing, setting out the  
5           reasons for the person's inability to comply.

6           (7) If a notice is served on the CEO under subsection  
7           (6), the CEO may, by notice in writing-

8                   (a) accept the notification and cancel or amend  
9                   the notice issued under subsection (3); or

10                   (b) reject the notification.

11           (8) The CEO must, by notice in writing to the  
12           payer, revoke or amend a notice served under subsection  
13           (3) if the taxpayer has paid the whole or part of the  
14           tax due or has made an arrangement satisfactory to the  
15           CEO for payment of the tax.

16           (9) A copy of a notice served on a payer under this  
17           section must be served on the taxpayer.

18           (10) An amount deducted from a payment by a payer  
19           pursuant to a notice served on a payer under this  
20           section is held by the payer in trust for the Authority.

21           (11) A payer making a payment under this section is  
22           treated as acting under the authority of the taxpayer  
23           and of all other persons concerned and is hereby  
24           indemnified in respect of the payment.

---

1           (12) The CEO must apply any amount paid by a payer  
2           under this section to the tax owing by the taxpayer.

3           (13) A payer who, without reasonable cause, fails to  
4           comply with a notice under this section is personally  
5           liable for the amount specified in the notice.

6           (14) The amounts referred to in subsections (10) and  
7           (13) are treated as if they were tax payable by the payer  
8           as taxpayer for the purposes of this Subchapter,  
9           Subchapter VI, and sections 871."

10           Section 26. Title 54 of the Code of the Federated States of  
11           Micronesia is hereby amended by adding a new section 845 to  
12           subchapter V of chapter 8 to read as follows:

13           "Section 845. Seizure of Goods.

14           (1) In addition to any other right of levy and  
15           execution set forth in Subchapter VI hereunder and the  
16           powers of forfeiture under subchapter IV of Chapter 2,  
17           the CEO or a revenue officer authorized by the CEO in  
18           writing for the purposes of this section may seize any  
19           goods if the VAT that is payable in respect of the  
20           supply or import of those goods has not been paid or the  
21           CEO or authorized officer has reasonable grounds to  
22           believe that such VAT will not be paid.

23           (2) Any goods seized under this section must be stored  
24           in a place approved by the CEO or authorized officer for  
25           the storage of seized goods.

---

1           (3) If goods have been seized under subsection (1), the  
2           CEO or authorized officer must, as soon as is  
3           practicable after the seizure, serve on the owner of the  
4           goods or the person who had custody or control of the  
5           goods immediately before the seizure, a notice in  
6           writing-

7                   (a) identifying the goods;

8                   (b) stating that the goods have been seized under  
9           this section and the reason for seizure; and

10                   (c) setting out the terms of subsections (6),  
11           (7), and (8).

12           (4) The CEO or authorized officer is not required to  
13           serve a notice under subsection (3) if, after making  
14           reasonable enquiries, the CEO or authorized officer does  
15           not have sufficient information to identify the person  
16           on whom the notice should be served.

17           (5) If subsection (4) applies, the CEO or authorized  
18           officer may serve a notice under subsection (3) on any  
19           person claiming the goods, provided the person has given  
20           the CEO or authorized officer sufficient information to  
21           enable the notice to be served.

22           (6) The CEO or authorized officer may authorize any  
23           goods seized under subsection (1) to be delivered to the  
24           person on whom a notice under subsection (3) has been  
25           served if that person has paid, or makes an arrangement

---

1 satisfactory to the CEO or authorized officer for  
2 payment of, the VAT that is payable in respect of the  
3 supply or import of the goods.

4 (7) Except if subsection (6) applies, the CEO or  
5 authorized officer must detain the goods seized under  
6 subsection (1)-

7 (a) in the case of perishable goods, for such  
8 period as the CEO or authorized officer considers  
9 reasonable having regard to the condition of the goods;  
10 or

11 (b) in any other case, for ten days after seizure  
12 of the goods.

13 (8) If the detention period in subsection (7) has  
14 expired, the CEO or authorized officer may sell the  
15 goods by public auction or, in the case of perishable  
16 goods, may sell the goods in such manner as the CEO or  
17 authorized officer determines, and apply the proceeds of  
18 sale as follows-

19 (a) first towards the cost of taking, keeping,  
20 and selling the goods seized;

21 (b) then towards payment of any VAT that is  
22 payable in respect of the supply or import of the goods;  
23 and

24 (c) then towards payment of any other tax due by  
25 the person whose goods have been seized; and

---

1           (d) the remainder of the proceeds, if any, must be  
2           paid to the person whose goods have been seized.

3           (9) If the proceeds of disposal are less than the sum  
4           of the cost of taking, keeping, and selling the goods  
5           seized and the VAT due, the CEO or authorized officer  
6           may proceed under this Chapter to recover the excess.

7           (10) The costs of taking, keeping, and selling the  
8           seized goods is treated as if they were tax payable by  
9           the person whose goods have been seized as taxpayer for  
10          the purposes of this Subchapter and section 871."

11          Section 27. Title 54 of the Code of the Federated States of  
12          Micronesia is hereby amended by adding a new section 846 to  
13          subchapter V of chapter 8 to read as follows:

14                 "Section 846. CEO May Require Security.  
15                 The CEO may, for the purposes of securing payment of any  
16                 tax that is or will become due, require a taxpayer to  
17                 give security in such amount and in such manner as the  
18                 CEO thinks fit."

19          Section 28. Title 54 of the Code of the Federated States of  
20          Micronesia is hereby amended by adding a new section 847 to  
21          subchapter V of chapter 8 to read as follows:

22                 "Section 847. Taxpayer Leaving FSM.  
23                 (1) If the CEO has reasonable grounds to believe that  
24                 a taxpayer may leave FSM before the due date for payment  
25                 of any tax and the taxpayer has not made an arrangement

---

1 satisfactory to the CEO for payment of the tax, the tax  
2 is due on such date as specified by the CEO by notice in  
3 writing to the taxpayer.

4 (2) If the CEO has reasonable grounds to believe that  
5 a taxpayer may leave FSM without paying tax due, the CEO  
6 may issue a certificate containing those grounds and the  
7 particulars of the tax due to the FSM Department of  
8 Justice and requesting the prevention of the taxpayer  
9 from leaving the FSM until the taxpayer-

10 (a)makes payment of the tax due in full; or

11 (b)makes an arrangement satisfactory to the CEO for  
12 payment of the tax due.

13 (3) The CEO must serve a copy of a certificate issued  
14 under subsection (2) on the taxpayer named in the  
15 certificate if it is practicable to do so.

16 (4) Payment of the tax specified in the certificate to  
17 a customs or immigration officer or the production of a  
18 certificate signed by the CEO stating that the tax has  
19 been paid or satisfactory arrangements for payment have  
20 been made is sufficient authority for allowing the  
21 taxpayer to leave FSM."

22 Section 29. Title 54 of the Code of the Federated States of  
23 Micronesia is hereby amended by adding a new section 848 to  
24 subchapter V of chapter 8 to read as follows:

25 "Section 848. Temporary Closure of Business.

---

1       (1) If a taxpayer fails to pay VAT or tax withheld  
2       from wages and salaries on or before the due date, the  
3       CEO or revenue officer authorized by the CEO, in  
4       writing, for the purposes of this section may notify the  
5       taxpayer in writing of the intention to close down part  
6       or the whole of the taxpayer's business unless the  
7       taxpayer pays the tax due within seven days of the date  
8       of the notice.

9       (2) If a taxpayer fails to comply with a notice under  
10       subsection (1), the CEO or authorized officer may issue  
11       an order to close down part or the whole of the business  
12       of that person for a period not exceeding 14 days.

13       (3) The CEO or authorized officer may, at any time,  
14       enter any premises described in an order issued under  
15       subsection (2) for the purposes of executing the order  
16       and shall require a police officer to be present while  
17       the order is being executed.

18       (4) The CEO or authorized officer shall affix, in a  
19       conspicuous place on the front of the premises of the  
20       business or part of the business which has been closed  
21       under an order issued under subsection (2), a notice in  
22       the following words "CLOSED TEMPORARILY FOR NOT  
23       COMPLYING WITH TAX OBLIGATIONS BY ORDER OF THE CEO OF  
24       THE FSM UNIFIED REVENUE AUTHORITY UNDER SECTION 848 OF  
25       THE REVENUE ADMINISTRATION ACT".

---

1           (5) If the tax due is paid in full within the period  
2           of closure, or a satisfactory arrangement is reached  
3           with the CEO with respect to payment of the tax, the  
4           order issued under subsection (2) ceases to have effect  
5           and the CEO must immediately arrange for removal of the  
6           notice referred to in subsection (4)."

7           Section 29. Title 54 of the Code of the Federated States of  
8 Micronesia is hereby further amended by adding a new subchapter VI  
9 to chapter 8 to be entitled "Levy and Execution"

10          Section 30. Title 54 of the Code of the Federated States of  
11 Micronesia is hereby amended by adding a new section 851 to  
12 subchapter VI of chapter 8 to read as follows:

13           "Section 851. Tax as Lien on Property.

14           (1) If any taxpayer neglects or refuses to pay, or  
15           withhold and pay, or collect and pay any tax that is due  
16           after assessment or demand for payment as provided in  
17           this Title, the amount of the tax shall be a lien in  
18           favor of the Authority on all the property of that  
19           taxpayer as allowed hereunder.

20           (2) The lien imposed by subsection (1) of this section  
21           shall arise at the time that the assessment or demand  
22           has been made as provided in this Chapter, and shall  
23           continue until the liability for payment of the amount  
24           assessed or demanded is satisfied or extinguished.

---

1           (3) As against any mortgagee, pledgee, purchaser,  
2           judgment creditor, lienor or other encumbrance for  
3           value, the lien imposed by subsection (1) shall not be  
4           considered to have arisen or have any effect whatever  
5           unless notice of the lien has been filed. Against all  
6           subsequently arising interests, the lien shall have  
7           priority.

8           (4) The notice of lien must be filed in the Supreme  
9           Court of the State in which the property is located and  
10          a copy thereof sent by certified or registered mail to  
11          the taxpayer not less than 45 days after the assessment  
12          or demand for payment as provided in this title. The  
13          notice of lien:

14               (a) Shall identify the taxpayer whose liability  
15               for taxes is sought to be enforced, the type or nature  
16               of the tax, the amount of the tax due on the date that  
17               the notice is filed plus any penalty or interest that  
18               may be chargeable, the date or approximate date on which  
19               the tax became due, and the date on which the assessment  
20               or demand for payment was delivered or mailed; and

21               (b) Shall state (i) that the Authority claims a  
22               lien for the entire amount of tax asserted to be due,  
23               including applicable interest and penalties, and  
24               including any additional amounts that may become due  
25               after the notice is filed, and (ii) that the lien may

---

1           result in levy and sale of the property if the amounts  
2           asserted to be due are not paid in full.

3           (5) Notwithstanding any other provision of this  
4           chapter, the following described property shall be  
5           exempt from the taking of liens and subsequent  
6           attachment and execution as imposed under this Chapter:

7                   (a) Personal and household goods. All necessary  
8                   household furniture, cooking and eating utensils, and  
9                   all necessary wearing apparel, bedding, and provisions  
10                  for household use sufficient for four months;

11                   (b) Necessities for trade or occupation. All  
12                   tools, implements, utensils, work animals and  
13                   vehicles that are not used for personal  
14                   transportation, including travel from residence  
15                   to place of employment and return thereto, and  
16                   equipment necessary to enable the person against  
17                   whom the attachment or execution is issued to  
18                   carry on his usual occupation; and

19                   (c) Certain Interests in land. All interests in  
20                   land, exclusive of leasehold interests, except where  
21                   such interests can be shown to have been acquired to  
22                   avoid attachment or execution with respect to the cause  
23                   of action to which the attachment or execution is  
24                   ordered, or where attachment or execution against such  
25                   interest in land is specifically permitted under a real

---

1 property mortgage statute or real property deed of trust  
2 statute for the State in which the interest is located.”

3 Section 31. Title 54 of the Code of the Federated States of  
4 Micronesia is hereby amended by adding a new section 852 to  
5 subchapter VI of chapter 8 to read as follows:

6 “Section 852. Warrant for collection of tax;  
7 issuance; effect; levy and sale.

8 (1) If, within thirty (30) day’s time following filing  
9 of the notice of lien pursuant to section 851, the  
10 delinquent taxpayer fails or refuses to pay all sums  
11 secured by the same, or to enter into other arrangements  
12 for the payment of the same, as provided in this Title,  
13 the Authority may issue a tax warrant for the  
14 enforcement of such lien and for the collection of any  
15 tax secured by the lien. Upon issuing the tax warrant,  
16 any property of the delinquent taxpayer, except as  
17 provided in section 851(5), may be levied and converted  
18 to money in accordance with this chapter.

19 (2) A levy shall be executed by taking possession of  
20 the taxpayer’s property pursuant to authority contained  
21 in the tax warrant or by serving the warrant upon the  
22 taxpayer, upon any other person in possession of  
23 property of the taxpayer, or upon any person or  
24 depository, including any officer or employee of any  
25 governmental entity, subdivision or agency, who owes or

---

1           who will owe money to the taxpayer, who is holding funds  
2           of the taxpayer, and ordering him to reveal the extent  
3           thereof and surrender it to the state forthwith or agree  
4           to surrender it or the proceeds therefrom in the future,  
5           but, in any case, on the terms and conditions stated in  
6           the tax warrant.

7           (3) The tax warrant shall be directed to and executed  
8           by the Department of Justice of the Federated States of  
9           Micronesia, or, to the extent required by State law, by  
10          the Attorney General of the State in which the property  
11          may be located. Except as provided otherwise by this  
12          Title, the tax warrant shall be levied and the sale or  
13          other disposal made in the same manner and with the same  
14          effect as a levy and sale under a writ of execution.

15          (4) A tax warrant shall:

16               (a) bear on its face a statement of the authority  
17               for its issuance and service, compel compliance with its  
18               terms, and shall be attested to, under oath, by the CEO;

19               (b) identify the taxpayer whose liability for  
20               taxes is sought to be enforced, the amount thereof, and  
21               the date or approximate date on which the tax became  
22               due;

23               (c) state that the Authority claims a lien for  
24               the entire amount of tax asserted to be due, including  
25               applicable interest and penalties;

---

1           (d) order the person on whom it is served to  
2           reveal all property in his possession, custody or  
3           control that belongs to the taxpayer and the extent of  
4           his own interest therein; and to reveal the amount and  
5           kind of property of the taxpayer that, to the best of  
6           his knowledge, is in the possession, custody or control  
7           of others;

8           (e) order the person on whom it is served to  
9           surrender the property forthwith, but may allow him to  
10          agree, in writing, to surrender the property or the  
11          proceeds therefrom on a certain date in the future when  
12          the taxpayer's right to it would otherwise mature; and

13          (f) state on its face the penalties for willful  
14          failure by any person upon whom it is served to comply  
15          with its terms.

16          (5) Whenever any property upon which levy has been  
17          made by virtue of a tax warrant is not sufficient to  
18          satisfy the claim for which levy is made, the CEO,  
19          thereafter, and as often as may be necessary, may  
20          proceed to levy in like manner upon any other property  
21          of the taxpayer against whom the claim exists, until the  
22          amount due from the taxpayer is fully paid.

23          Section 32. Title 54 of the Code of the Federated States of  
24          Micronesia is hereby amended by adding a new section 853 to  
25          subchapter VI of chapter 8 to read as follows:

---

1           "Section 853. Surrender of property subject to levy;  
2           penalty and notice.

3           (1) Upon receipt of a tax warrant issued pursuant to  
4           section 852, any person in possession or control of  
5           property subject to levy under a tax warrant shall  
6           immediately surrender the property or discharge the  
7           obligation to the CEO; but not that part of the property  
8           that is already the subject of a bona fide attachment,  
9           execution, levy or other similar process.

10          (2) Any person who receives a tax warrant and  
11          wrongfully fails or refuses to comply therewith shall be  
12          liable in his own person and estate to the Authority in  
13          a sum equal to the value of the property not so  
14          surrendered or paid over, but not exceeding the amount  
15          of the taxes for the collection of which such levy has  
16          been made, together with penalties and interest on such  
17          sum from the date of such levy, plus the costs of  
18          executing the warrant.

19          (3) As soon as practicable after the levy, the CEO  
20          shall notify the taxpayer of the amount and kind of  
21          property seized and of the total amount demanded in  
22          payment of tax."

23           Section 33. Title 54 of the Code of the Federated States of  
24   Micronesia is hereby amended by adding a new section 854 to  
25   subchapter VI of chapter 8 to read as follows:

---

1            "Section 854. Notice of sale; redemption.

2            (1) As soon as practicable after the levy and seizure  
3            of the property pursuant to section 852, the CEO shall  
4            decide on a date, time and place for the sale of any  
5            property, excepting cash or liquid deposits, which may  
6            be immediately applied pursuant to section 856, and  
7            shall make a diligent inquiry as to the identity and  
8            whereabouts of the owner of the property and persons  
9            having an interest therein, and shall notify the owner  
10           and such persons of the time and place for the sale.

11           (2) Notice of the sale must be given to the delinquent  
12           taxpayer, in writing, at least thirty (30) days before  
13           the date set for the sale. Such notice shall contain a  
14           description of the property to be sold, a statement of  
15           the amount due, including interest, penalties and costs,  
16           the name of the delinquent taxpayer, and a statement  
17           that, unless the amount due plus interest, penalties and  
18           costs are paid on or before the time fixed in the notice  
19           for the sale, the property, or so much of it as is  
20           necessary, will be sold in accordance with law and the  
21           notice.

22           (3) No sale of imperishable property shall be held  
23           until after the expiration of thirty (30) days from the  
24           date of the levy thereon, provided that perishable  
25           property may be sold immediately after seizure without

---

1           notice of the sale. The CEO shall make special efforts  
2           pursuant to rules and regulations to give notice of the  
3           sale to persons with a particular interest in special  
4           property, and, apart from the requirements stated above,  
5           shall advertise the sale in a manner appropriate to the  
6           kind of property to be sold.

7           (4) If any property of the taxpayer subject to levy  
8           cannot be reasonably divided so as to enable the CEO to  
9           sell a part thereof to raise the whole amount of the tax  
10          and expenses, the whole of the taxpayer's interest in  
11          the property shall be sold.

12          (5) The levy and sale shall not be made, or the levy  
13          and sale shall be terminated and released if the  
14          taxpayer pays the entire amount due, furnishes security,  
15          or makes other arrangements for payment that are  
16          acceptable to the CEO as provided in this title. Upon  
17          making such payment or arrangements the CEO shall  
18          restore the property to the taxpayer, and all further  
19          proceedings in connection with the levy and sale of the  
20          property shall cease from the time of the payment or  
21          signing of an agreement with the Authority."

22           Section 34. Title 54 of the Code of the Federated States of  
23 Micronesia is hereby amended by adding a new section 855 to  
24 subchapter VI of chapter 8 to read as follows:

25           "Section 855. Sale; delivery of bill of sale;

---

1           disposition of unsold portion.

2           (1) Except as provided in subsection (4) of this  
3           section, the Authority shall sell the property,  
4           excluding cash and liquid deposits, at a public auction  
5           and in accordance with the notice of sale, and shall  
6           deliver to the purchaser a bill of sale for the property  
7           sold.

8           (2) Except as provided in subsection (4) of this  
9           section, payment must be in full, in cash or its  
10          equivalent, and made immediately after the acceptance of  
11          a bid for the property.

12          (3) The unsold portion of any property seized may be  
13          left at the place of sale at the risk and cost of the  
14          delinquent taxpayer.

15          (4) The foregoing notwithstanding, stocks, bonds,  
16          certificates of deposit, promissory notes or other  
17          securities which have a specific value or prevailing  
18          market price may be sold by the Authority at a private  
19          sale at a price not lower than the specific price or  
20          prevailing market price, or may otherwise be liquidated  
21          to their cash value in accordance with the regulations  
22          promulgated by the CEO. No such liquidation may occur  
23          sooner than the date scheduled for the sale as stated in  
24          the notice."

---

1 Section 35. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 856 to  
3 subchapter VI of chapter 8 to read as follows:

4 "Section 856. Proceeds of levy and sale.

5 (1) Money realized by levy or sale under this act  
6 shall be first applied against the expenses of the  
7 proceedings;

8 (2) The amount remaining, if any, then shall be  
9 applied to the liability for the tax, interest and  
10 penalties for which the levy was pursued;

11 (3) Except as provided in subsection (4) of this  
12 section, the balance, if any, shall be returned to the  
13 taxpayer or the person legally entitled thereto and a  
14 receipt obtained;

15 (4) If, before the sale, any person having an interest  
16 in or lien upon the property files with the Authority  
17 notice of his interest or lien, the Authority shall  
18 withhold any excess, pending a determination of the  
19 rights of the respective parties to it by a court of  
20 competent jurisdiction."

21 Section 36. Title 54 of the Code of the Federated States of  
22 Micronesia is hereby further amended by adding a new subchapter VII  
23 to chapter 8 to be entitled "Record Keeping and Information  
24 Collection"

---

1 Section 37. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 861 to  
3 subchapter VII of chapter 8 to read as follows:

4 "Section 861. Accounts and Records.

5 (1) Every taxpayer must, for the purposes of a revenue  
6 law, maintain in FSM such accounts, documents, and  
7 records (including in electronic form) as may be  
8 required under the revenue law and such accounts,  
9 documents, and records must be retained by the taxpayer  
10 for six years after the end of the tax period to which  
11 they relate.

12 (2) If any accounts, documents, or records referred to  
13 subsection (1) are not in English, the CEO may, by  
14 notice in writing, require the person keeping the  
15 accounts, documents, or records to provide, at the  
16 person's expense, a translation into English by a  
17 translator approved by the CEO."

18 Section 38. Title 54 of the Code of the Federated States of  
19 Micronesia is hereby amended by adding a new section 862 to  
20 subchapter VII of chapter 8 to read as follows:

21 "Section 862. Power to Enter and Search.

22 (1) For the purposes of administering a revenue law,  
23 the CEO or a revenue officer authorized by the CEO, in  
24 writing, for the purposes of this section-

---

1           (a) must have, upon presentation of a warrant  
2           issued by a court of competent jurisdiction, full and  
3           free access to any premises, place, property, book,  
4           record, or data storage device;

5           (b) may, upon presentation of a warrant issued by  
6           a court of competent jurisdiction, make an extract or  
7           copy of any accounts, documents, books, or records  
8           (including in electronic form) to which access is  
9           obtained under paragraph (a);

10          (c) may, upon presentation of a warrant issued by  
11          a court of competent jurisdiction, seize any accounts,  
12          documents, books, or records that, in the opinion of the  
13          CEO or authorized officer, affords evidence that may be  
14          material in determining the tax liability of a taxpayer;

15          (d) may retain any accounts, documents, books, or  
16          records seized under paragraph (c) for as long as they  
17          may be required for determining a taxpayer's tax  
18          liability or for any proceeding under a revenue law; and

19          (e) may, if a hard copy or copy on data storage  
20          media of information stored on a data storage device is  
21          not provided, seize and retain the device for as long as  
22          is necessary to copy the information required.

23          (2) A revenue officer is not entitled to enter  
24          or remain on any premises or place if, upon request by  
25          the owner or lawful occupier, the officer is unable to

---

1           produce the CEO's written authorization permitting the  
2           officer to exercise powers under subsection (1).

3           (3) The CEO or authorized officer may require a  
4           police officer to be present for the purposes of  
5           exercising powers under this section.

6           (4) Upon presentation by the CEO or authorized  
7           officer of a warrant issued by a court of competent  
8           jurisdiction, the owner or lawful occupier of the  
9           premises or place to which an exercise of power under  
10          subsection (1) relates must provide all reasonable  
11          facilities and assistance to the CEO or authorized  
12          officer.

13          (5) A person whose accounts, documents, books, or  
14          records have been seized under subsection (1) may  
15          examine them and make copies, at the person's expense,  
16          during office hours.

17          (6) A person whose data storage device has been  
18          seized under subsection (1) may have access to the  
19          device during office hours on such terms and conditions  
20          as the CEO or authorized officer may specify.

21          (7) The CEO or authorized officer must sign for all  
22          accounts, documents, books, records, or data storage  
23          devices removed and retained under this section and  
24          return them to the owner within 14 days of the

---

1 conclusion of the investigation to which they relate and  
2 all related proceedings.

3 (8) This section has effect notwithstanding-

4 (a) any law relating to privilege or the public  
5 interest with respect to the giving of information or  
6 the production of any property, accounts, documents,  
7 books, or records (including in electronic form); or

8 (b) any contractual duty of confidentiality."

9 Section 39. Title 54 of the Code of the Federated States of  
10 Micronesia is hereby amended by adding a new section 863 to  
11 subchapter VII of chapter 8 to read as follows:

12 "Section 863. Administrative Summons.

13 (1) The CEO may, for the purposes of administering  
14 any revenue law, by notice in writing, require any  
15 person-

16 (a) to furnish such information as the CEO may  
17 require;

18 (b) to attend and give evidence concerning that  
19 person's or any other person's tax affairs; or

20 (c) to produce all accounts, books, documents,  
21 and records (including in electronic form) in the  
22 person's custody or under the person's control relating  
23 to that person's or any other person's tax affairs.

24 (2) If a notice served under subsection (1) requires

---

1           the production of accounts, books, documents, or records  
2           (including in electronic form), it is sufficient if such  
3           accounts, books, documents, or records are described in  
4           the notice with reasonable certainty.

5           (3) A notice issued under this section must be served  
6           personally upon the person to whom it is directed or  
7           left at the person's last known usual place of business  
8           or abode and the certificate of service signed by the  
9           person serving the notice is conclusive evidence of the  
10          facts stated therein.

11          (4) The CEO may require the information or evidence  
12          referred to in subsection (1) to be given on oath,  
13          verbally or in writing, and, for that purpose, the CEO  
14          may administer the oath.

15          (5) This section has effect notwithstanding-

16                 (a) any law relating to privilege or the public  
17                 interest with respect to the giving of information or  
18                 the production of any property, accounts, documents,  
19                 books, or records (including in electronic form); or

20                 (b) any contractual duty of confidentiality."

21           Section 40. Title 54 of the Code of the Federated States of  
22 Micronesia is hereby amended by adding a new section 864 to  
23 subchapter VII of chapter 8 to read as follows:

24           "Section 864. Audit of Taxpayer's Tax Affairs.

---

1           (1) The CEO may select any taxpayer for an audit of  
2           the taxpayer's tax affairs for the purpose of a revenue  
3           law having regard to-

4                   (a) the taxpayer's history of compliance or non-  
5           compliance with the revenue law or any other revenue  
6           law;

7                   (b) the amount of tax payable by the taxpayer;

8                   (c) the class of business conducted by the  
9           taxpayer; or

10                   (d) any other matter that the CEO considers  
11           relevant to ensuring the collection of tax due.

12           (2) The fact that a taxpayer has been audited in  
13           relation to a tax period does not preclude the  
14           taxpayer from being audited again in the relation to the  
15           next and following tax periods if there are reasonable  
16           grounds for the audits, particularly having regard to  
17           the matters referred to in subsection (1).

18           (3) An audit of a taxpayer's tax affairs may be  
19           conducted for the purposes of more than one revenue  
20           law."

21           Section 41. Title 54 of the Code of the Federated States of  
22           Micronesia is hereby amended by adding a new section 865 to  
23           subchapter VII of chapter 8 to read as follows:

24                   "Section 865. Issue of Taxpayer Identification  
25                   Numbers.

---

1           (1) The CEO may, for the purposes of identification  
2           and cross-checking, require a taxpayer to apply for a  
3           Taxpayer Identification Number.

4           (2) An application for a Taxpayer Identification  
5           Number must be-

6                   (a) in the prescribed form;

7                   (b) accompanied by documentary evidence of the  
8           person's identity as prescribed; and

9                   (c) lodged in the prescribed manner.

10           (3) If a person has applied for a Taxpayer  
11           Identification Number under subsection (1) and the CEO  
12           is satisfied that the applicant's identity has been  
13           established, the CEO must issue a Taxpayer  
14           Identification Number to the applicant by written  
15           notice.

16           (4) The CEO must refuse an application under this  
17           section-

18                   (a) if the CEO is not satisfied as to the  
19           applicant's true identity;

20                   (b) if the applicant has already been issued with  
21           a Taxpayer Identification Number that is still in force;

22           or

23                   (c) for any other reason the CEO considers  
24           appropriate.

25           (5) The CEO must serve the applicant with written

---

1           notice of the decision to refuse an application under  
2           this section within fourteen days after making the  
3           decision.

4           (6) The CEO may, without an application being made,  
5           issue a Taxpayer Identification Number to any person  
6           liable for tax under a revenue law."

7           Section 42. Title 54 of the Code of the Federated States of  
8           Micronesia is hereby amended by adding a new section 866 to  
9           subchapter VII of chapter 8 to read as follows:

10           "Section 866. Cancellation of Taxpayer Identification  
11           Number.

12           (1) A person who ceases to be a taxpayer must apply  
13           to the CEO, in the prescribed form, for cancellation of  
14           the person's Taxpayer Identification Number within  
15           thirty (30) days of the date on which the person ceased  
16           to be a taxpayer.

17           (2) The CEO must, by notice in writing, cancel a  
18           Taxpayer Identification Number-

19                   (a) if the person has ceased to be a taxpayer;

20                   (b) if a Taxpayer Identification Number has been  
21           issued to the person under an identity that is not the  
22           person's true identity;

23                   (c) if the person has already been issued with a  
24           Taxpayer Identification Number that is still in force;

25           or

---

1                   (d) for any other reason the CEO considers  
2                   appropriate.

3                   (3) The CEO may, at any time, by notice in writing,  
4                   cancel the Taxpayer Identification Number issued to a  
5                   person and issue the person with a new Taxpayer  
6                   Identification Number."

7           Section 43. Title 54 of the Code of the Federated States of  
8 Micronesia is hereby amended by adding a new section 867 to  
9 subchapter VII of chapter 8 to read as follows:

10                   "Section 867. Quotation of Taxpayer Identification  
11                   Number.

12                   The CEO may require a taxpayer to state the taxpayer's  
13                   Taxpayer Identification Number in any tax return,  
14                   notice, or other document used for the purposes of any  
15                   revenue law."

16           Section 44. Title 54 of the Code of the Federated States of  
17 Micronesia is hereby further amended by adding a new subchapter  
18 VIII to chapter 8 to be entitled "Representatives"

19           Section 45. Title 54 of the Code of the Federated States  
20 of Micronesia is hereby amended by adding a new section  
21 871 to subchapter VIII of chapter 8 to read as follows:

22                   "Section 871. Liabilities and Obligations of  
23                   Representatives.

24                   (1) Every representative of a taxpayer is responsible  
25                   for performing any duties or obligations imposed by a

---

1 revenue law on the taxpayer, including the payment of  
2 tax.

3 (2) A representative making a payment of tax on behalf  
4 of a taxpayer is treated as acting under the authority  
5 of the taxpayer and is hereby indemnified in respect of  
6 the payment.

7 (3) Subject to subsection (4), any tax that, by virtue  
8 of subsection (1), is payable by a representative of a  
9 taxpayer is recoverable from the representative only to  
10 the extent of any assets of the taxpayer that are in the  
11 possession or under the control of the representative.

12 (4) Subject to subsection (5), a representative is  
13 personally liable for the payment of any tax due by the  
14 representative in that capacity if, while the amount  
15 remains unpaid, the representative disposes of or parts  
16 with any moneys or funds belonging to the taxpayer that  
17 are in the possession of the representative or which  
18 come to the representative after the tax is payable, if  
19 such tax was required by law to have been paid from or  
20 out of such moneys or funds.

21 (5) Nothing in subsection (3) prevents a  
22 representative paying an amount on behalf of a taxpayer  
23 that has priority over the revenue payable by the  
24 taxpayer.

---

1           (6) If there are two or more representatives of a  
2           taxpayer, the duties or obligations referred to in this  
3           section apply jointly and severally to the  
4           representatives but may be discharged by any of them.

5           (7) Nothing in this section relieves a taxpayer from  
6           performing any duties or obligations imposed on the  
7           taxpayer under a revenue law that the representative of  
8           the taxpayer has failed to perform.

9           (8) The amount that a representative is liable for  
10          under subsection (4) is treated as if it were tax  
11          payable by the representative for the purposes of  
12          Subchapters V and VI, and section 891."

13          Section 46. Title 54 of the Code of the Federated States of  
14          Micronesia is hereby amended by adding a new section 872 to  
15          subchapter VIII of chapter 8 to read as follows:

16          "Section 872. Liability for Tax Payable by a Company  
17          Left with Insufficient Assets.

18          (1) This section applies if an arrangement has been  
19          entered into with the intention of rendering a company  
20          unable to satisfy a current or future tax liability  
21          under a revenue law.

22          (2) Subject to subsection (3), if this section  
23          applies, every person who was a director or controlling  
24          shareholder of the company at the time the arrangement

---

1           was entered into is jointly and severally liable for the  
2           tax liability of the company.

3           (3) The amount that a person is liable for under  
4           subsection (2) is treated as if it were tax payable by  
5           the person for the purposes of Subchapters V and Vi, and  
6           section 891.

7           (4) A director of a company is not liable under this  
8           section for the tax liability of the company if the CEO  
9           is satisfied that the director derived no financial or  
10          other benefit from the arrangement and-

11          (a) the director has on becoming aware of the  
12          arrangement, formally recorded with the company his or  
13          her dissent and notified the CEO, in writing, of the  
14          arrangement; or

15          (b) the director satisfies the CEO that, at the  
16          time the arrangement was entered into-

17                  (i) the director was not involved in the  
18          executive management of the company; and

19                  (ii) the director had no knowledge of, and  
20          could not reasonably have been expected to know of the  
21          arrangement.

22          (5) For the purposes of this section, a controlling  
23          shareholder of a company is any person who beneficially  
24          holds, either alone or together with an associate or  
25          associates-

---

1                   (a) more than fifty per cent (50%) of the voting  
2                   rights in the company;

3                   (b) more than fifty per cent (50%) of the rights  
4                   to dividends; or

5                   (c) more than fifty per cent (50%) of the rights  
6                   to capital."

7           Section 47. Title 54 of the Code of the Federated States of  
8 Micronesia is hereby further amended by adding a new subchapter IX  
9 to chapter 8 to be entitled "Rulings"

10          Section 48. Title 54 of the Code of the Federated States of  
11 Micronesia is hereby amended by adding a new section 881 to  
12 subchapter IX of chapter 8 to read as follows:

13           "Section 881. Binding Public Rulings.

14           (1) The CEO may make a public ruling in accordance  
15           with section 882 setting out the CEO's interpretation on  
16           the application of a revenue law.

17           (2) A public ruling made in accordance with section  
18           882 is binding on the CEO until withdrawn.

19           (3) A public ruling is not binding on a taxpayer."

20          Section 49. Title 54 of the Code of the Federated States of  
21 Micronesia is hereby amended by adding a new section 882 to  
22 subchapter IX of chapter 8 to read as follows:

23           "Section 882. Making a Public Ruling.

24           (1) The CEO shall print and maintain a gazette or  
25           other publication of public rulings to be made available

---

1           free of charge to the public. The CEO shall make a  
2           public ruling by publishing a notice of the ruling in  
3           such gazette.

4           (2) A public ruling must state that it is a public  
5           ruling and have a number and subject heading by which it  
6           can be identified.

7           (3) A public ruling applies from the date specified in  
8           the ruling and if no date is specified, from the date of  
9           publication in the gazette identified in subsection  
10          (1)."

11          Section 50. Title 54 of the Code of the Federated States of  
12          Micronesia is hereby amended by adding a new section 883 to  
13          subchapter IX of chapter 8 to read as follows:

14          "Section 883. Withdrawal of a Public Ruling.

15          (1) The CEO may withdraw a public ruling, in whole or  
16          part, by publishing notice of the withdrawal in the  
17          gazette identified in section 882.

18          (2) If legislation is passed, or the CEO makes another  
19          public ruling, that is inconsistent with an existing  
20          public ruling, the existing ruling is treated as  
21          withdrawn to the extent of the inconsistency.

22          (3) The withdrawal of a public ruling, in whole or  
23          part, has effect-

24                  (a) if subsection (1) applies, from the date  
25          specified in the notice of withdrawal and if no date is

---

1 specified, from the date notice of the withdrawal is  
2 published in the gazette; or

3 (b) if subsection (2) applies, from the date of  
4 application of the inconsistent legislation or public  
5 ruling.

6 (4) A public ruling that has been withdrawn in whole  
7 or in part-

8 (a) continues to apply to a transaction commenced  
9 before the public ruling was withdrawn; and

10 (b) does not apply to a transaction commenced  
11 after the ruling was withdrawn to the extent that the  
12 ruling is withdrawn."

13 Section 51. Title 54 of the Code of the Federated States of  
14 Micronesia is hereby amended by adding a new section 884 to  
15 subchapter IX of chapter 8 to read as follows:

16 "Section 884. Binding Private Rulings.

17 (1) Subject to section 885, the CEO shall, upon  
18 application in writing by a taxpayer, issue to the  
19 taxpayer a private ruling setting out the CEO's position  
20 regarding the application of a revenue law to a  
21 transaction entered into, or proposed to be entered  
22 into, by the taxpayer.

23 (2) If the taxpayer has made a full and true  
24 disclosure of all aspects of the transaction relevant  
25 to the making of a private ruling and the transaction

---

1           has proceeded in all material respects as described in  
2           the taxpayer's application for the ruling, the ruling is  
3           binding on the CEO in relation to the taxpayer.

4           (3) A private ruling is not binding on the taxpayer to  
5           whom it is issued.

6           (4) If a private ruling is inconsistent with an  
7           existing public ruling, the private ruling has priority  
8           to the extent of the inconsistency."

9           Section 52. Title 54 of the Code of the Federated States of  
10          Micronesia is hereby amended by adding a new section 885 to  
11          subchapter IX of chapter 8 to read as follows:

12           "Section 885. Refusing an Application for a Private  
13           Ruling.

14           (1) The CEO may refuse an application for a private  
15           ruling if-

16                   (a) the CEO has already decided the matter that  
17                   is the subject of the application in a tax assessment;

18                   (b) The CEO is of the opinion that an existing  
19                   public ruling adequately covers the matter that is the  
20                   subject of the application;

21                   (c) the application relates to a matter that is  
22                   the subject of a tax audit or an objection;

23                   (d) the application is frivolous or vexatious;

24                   (e) the arrangement to which the application  
25                   relates has not been carried out and there are

---

1 reasonable grounds to believe that it will not be  
2 carried out;

3 (f) the applicant has not provided the CEO with  
4 sufficient information to make a private ruling; or

5 (g) in the opinion of the CEO, it would be  
6 unreasonable to comply with the application having  
7 regard to the resources needed to comply and any other  
8 matters the CEO considers relevant, such as disadvantage  
9 to other taxpayers.

10 (2) The CEO shall serve the applicant with a written  
11 notice of the refusal to make a private ruling."

12 Section 53. Title 54 of the Code of the Federated States of  
13 Micronesia is hereby amended by adding a new section 886 to  
14 subchapter IX of chapter 8 to read as follows:

15 "Section 886. Making a Private Ruling.

16 (1) The CEO must make a private ruling unless section  
17 885 applies.

18 (2) The CEO makes a private ruling by serving written  
19 notice of the ruling on the applicant.

20 (3) The CEO may make a private ruling on the basis of  
21 assumptions about a future event or other matter as  
22 considered appropriate.

23 (4) A private ruling must set out the matter ruled on  
24 identifying-

25 (a) the taxpayer;

- 
- 
- 1                   (b) the revenue law relevant to the ruling;  
2                   (c) the tax period to which the ruling applies;  
3                   (d) the arrangement to which the ruling relates;  
4                   and  
5                   (e) any assumptions on which the ruling is based.

6                   (5) A private ruling is made at the time the applicant  
7                   is served with notice of the ruling and remains in force  
8                   for the period specified in the ruling.

9                   (6) The making of a private ruling is not a tax  
10                   decision for the purposes of this Chapter."

11                   Section 54. Title 54 of the Code of the Federated States of  
12 Micronesia is hereby amended by adding a new section 887 to  
13 subchapter IX of chapter 8 to read as follows:

14                   "Section 887. Withdrawal of a Private Ruling.

15                   (1) The CEO may, for reasonable cause, withdraw a  
16                   private ruling, in whole or part, by written notice  
17                   served on the applicant.

18                   (2) If legislation is passed, or the CEO publishes a  
19                   public ruling, that is inconsistent with a private  
20                   ruling, the private ruling is treated as withdrawn to  
21                   the extent of the inconsistency.

22                   (3) The withdrawal of a private ruling, in whole or  
23                   part, has effect-

24                   (a) if subsection (1) applies, from the date  
25                   specified in the notice of withdrawal; or

---

1                   (b) if subsection (2) applies, from the date of  
2                   application of the inconsistent legislation or public  
3                   ruling.

4                   (4) A private ruling that has been withdrawn-

5                   (a) continues to apply to a transaction commenced  
6                   before the ruling was withdrawn; and

7                   (b) does not apply to a transaction commenced  
8                   after the ruling was withdrawn to the extent that the  
9                   ruling is withdrawn.

10                  (5) A decision to withdraw a private ruling is not a  
11                  tax decision for the purposes of this Chapter."

12                  Section 55. Title 54 of the Code of the Federated States of  
13 Micronesia is hereby amended by adding a new section 888 to  
14 subchapter IX of chapter 8 to read as follows:

15                  "Section 888. Publication of Private Rulings.  
16                  The CEO shall include in the gazette or other  
17                  publication referred to in section 882(1) an edited  
18                  version of a binding private ruling issued to a  
19                  taxpayer. The edited version must not disclose the  
20                  identity of the taxpayer."

21                  Section 56. Title 54 of the Code of the Federated States of  
22 Micronesia is hereby further amended by adding a new subchapter X  
23 to chapter 8 to be entitled "Interest and Administrative  
24 Penalties"

---

1 Section 57. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 891 to  
3 subchapter X of chapter 8 to read as follows:

4 "Section 891. Late Payment Interest.

5 (1) A person who fails to pay any tax due on or before  
6 the due date for payment is liable for late payment  
7 interest at the rate of six percent per annum on the  
8 amount unpaid calculated from the date the payment was  
9 due to the date the payment is made.

10 (2) Late payment interest paid by a person under  
11 subsection (1) must be refunded to the person to the  
12 extent that the principal amount to which the interest  
13 relates is found not to have been payable.

14 (3) Late payment interest payable by a person-

15 (a) in respect of tax withheld by the person  
16 under Chapter 1 or 3 of this Title from a payment made  
17 by the person; or

18 (b) in respect of an amount referred to in  
19 section 843(7), 844(14), or 871(8) payable by the  
20 person, is borne personally by the person and is not  
21 recoverable from any other person.

22 (4) Late payment interest payable under this section  
23 is simple interest.

---

1       (5) Late payment interest payable under this section  
2       is treated as tax payable by a taxpayer for the purposes  
3       of Subchapter V and sections 871.

4       (6) Late payment interest payable under this section  
5       is in addition to any penalty imposed under this  
6       Subchapter or any sanction imposed under Subchapter XI  
7       in respect of the same act or omission."

8       Section 58. Title 54 of the Code of the Federated States of  
9       Micronesia is hereby amended by adding a new section 892 to  
10      subchapter X of chapter 8 to read as follows:

11       "Section 892. Penalty for Failure to File a Tax Return  
12       or Lodge Other Document.

13       (1) A person who fails to file a tax return or lodge  
14       any other document as required under any revenue law is  
15       liable-

16               (a) in the case of a failure to file a tax return  
17       under which tax is payable, for a penalty of 1% of the  
18       amount of tax payable under the return for each month or  
19       part month that the return remains unfiled; or

20               (b) in any other case, for a penalty of \$10 for  
21       each day of default.

22       (2) A taxpayer served with a notice of assessment by  
23       the CEO under section 821 is liable for a penalty of 25  
24       percent of the tax assessed (taking into account any

---

1           subsequent amendment of the assessment) in addition to  
2           the penalty imposed under subsection (1)(a).

3           (3) For the purposes of subsection (1)(b), a person  
4           ceases to be in default at the time the document is  
5           received by the CEO."

6 Section 59. Title 54 of the Code of the Federated States of  
7 Micronesia is hereby amended by adding a new section 893 to  
8 subchapter X of chapter 8 to read as follows:

9           "Section 893. Penalty for Failure to Pay Tax By Due  
10           Date.

11           (1) A taxpayer who fails to pay tax when due is liable  
12           for a penalty equal to 10 percent of the amount of tax  
13           due for each month, or part of a month, that the tax  
14           remains unpaid subject to a maximum penalty of 100  
15           percent of the unpaid tax.

16           (2) The penalty imposed under subsection (1) is in  
17           addition to interest payable under section 891 for late  
18           payment of tax. The ceiling on the amount of penalty  
19           payable under subsection (1) does not apply to or take  
20           into account interest payable under section 891.

21           (3) The reference to "tax" in subsection (1) does not  
22           include penalty."

23 Section 60. Title 54 of the Code of the Federated States of  
24 Micronesia is hereby amended by adding a new section 894 to  
25 subchapter X of chapter 8 to read as follows:

---

1           "Section 894. Penalty for Failure to Maintain Proper  
2           Records.

3           A taxpayer who fails to maintain accounts, documents, or  
4           records as required under a revenue law is liable-

5                   (a) if the failure was knowingly or recklessly  
6           made, for a penalty equal to 50 percent of the amount of  
7           tax payable by the taxpayer for the tax period to which  
8           the failure relates; or

9                   (b) in any other case, for a penalty equal to ten  
10          percent of the amount of tax payable by the taxpayer for  
11          the tax period to which the failure relates."

12          Section 61. Title 54 of the Code of the Federated States of  
13          Micronesia is hereby amended by adding a new section 895 to  
14          subchapter X of chapter 8 to read as follows:

15          "Section 895. Penalty for Making False or Misleading  
16          Statement.

17          (1) This section applies to a person-

18                   (a) who makes a statement to a revenue officer  
19          that is false or misleading in a material particular or  
20          omits from a statement made to a revenue officer any  
21          matter or thing without which the statement is false or  
22          misleading in a material particular; and

23                   (b) the tax liability of any person computed on  
24          the basis of the statement is less than it would have  
25          been if the statement had not been false or misleading

---

1           (the difference being referred to as the "tax  
2           shortfall").

3           (2) Subject to subsection (3), a person to whom this  
4           section applies is liable-

5                   (a) if the statement or omission was made  
6                   knowingly or recklessly, for a penalty equal to 50  
7                   percent of the tax shortfall; or

8                   (b) in any other case, for a penalty equal to ten  
9                   percent of the tax shortfall.

10           (3) No penalty is payable under subsection (2) if-

11                   (a) the person who made the statement did not  
12                   know and could not reasonably be expected to know that  
13                   the statement was false or misleading in a material  
14                   particular; or

15                   (b) the tax shortfall arose as a result of a  
16                   self-assessment taxpayer taking a reasonably arguable  
17                   position on the application of a revenue law to the  
18                   taxpayer's circumstances in filing a self-assessment  
19                   return.

20           (4) Nothing in subsection (3) prevents the imposition  
21           of late payment interest under section 891 in respect of  
22           a tax shortfall if the tax is not paid by the due date.

23           (5) A reference in this section to a statement made to  
24           a revenue officer means a statement made in writing or  
25           orally to a revenue officer acting in the performance of

---

1 the officer's duties under a revenue law, and includes a  
2 statement made-

3 (a) in any application, certificate, declaration,  
4 notification, tax return, objection, or other document  
5 furnished or lodged under a revenue law;

6 (b) in any information required to be furnished  
7 under a revenue law;

8 (c) in any document furnished to a revenue  
9 officer;

10 (d) in answer to a question asked of a person by  
11 a revenue officer; or

12 (e) to another person with the knowledge or  
13 reasonable expectation that the statement would be  
14 passed on to a revenue officer."

15 Section 62. Title 54 of the Code of the Federated States of  
16 Micronesia is hereby amended by adding a new section 896 to  
17 subchapter X of chapter 8 to read as follows:

18 "Section 896. Collection of Penalty.

19 (1) A liability for penalty is calculated separately  
20 with respect to each section imposing penalty under this  
21 Subchapter.

22 (2) If a penalty has been paid under this Title and  
23 the CEO institutes a prosecution under Subchapter XI in  
24 respect of the same act or omission, the CEO must refund

---

---

1           the amount of the penalty paid, and no penalty is  
2           payable unless the prosecution is withdrawn.

3           (3) The CEO must-

4                   (a) make an assessment of penalty imposed under  
5           this Subchapter; and

6                   (b) serve a notice of the assessment on the  
7           person subject to the penalty, which notice must state  
8           the amount of penalty payable and the due date for  
9           payment.

10           (4) A person liable to pay a penalty may apply, in  
11           writing, to the CEO for remission of the penalty  
12           payable.

13           (5) The CEO may, upon application under subsection (4)  
14           or on the CEO's own motion, remit, in whole or in part,  
15           any penalty payable by a person."

16           Section 63. Title 54 of the Code of the Federated States of  
17 Micronesia is hereby further amended by adding a new subchapter XI  
18 to chapter 8 to be entitled "Taxation Offenses"

19           Section 64. Title 54 of the Code of the Federated States of  
20 Micronesia is hereby amended by adding a new section 901 to  
21 subchapter XI of chapter 8 to read as follows:

22           "Section 901. Offense for Failure to File Tax Return.

23                   (1) A taxpayer who, without reasonable excuse, fails  
24           to file a tax return by the due date is guilty of an  
25           offense.

---

1           (2) Penalty: A person convicted of an offense under  
2           this section shall be subject to a fine not exceeding  
3           \$500, or, if a natural person, imprisoned for not6 more  
4           than six months, or both."

5           Section 65. Title 54 of the Code of the Federated States of  
6 Micronesia is hereby amended by adding a new section 902 to  
7 subchapter XI of chapter 8 to read as follows:

8           "Section 902. Offense for Failure to Comply with  
9           Obligations under this Chapter.

10          (1) A person is guilty of an offense-

11           (a) who, without reasonable cause, fails to-

12                   (i) comply with section 843;

13                   (ii) comply with a notice served on the  
14           person under section 844;

15                   (iii) provide security as required under  
16           section 846;

17                   (iv) provide facilities and assistance as  
18           required by section 862(4); or

19                   (v) to comply with a notice under section  
20           863; or

21           (b) knowing that a certificate has been issued  
22           under section 847(2) leaves or attempts to leave FSM  
23           without paying the tax due or making an arrangement  
24           satisfactory to the CEO for payment.

---

1           (2) Penalty: A person convicted of an offense under  
2           this section shall be subject to a fine not exceeding  
3           \$500, or, if a natural person, imprisoned for not more  
4           than six months, or both.

5           Section 66. Title 54 of the Code of the Federated States of  
6 Micronesia is hereby amended by adding a new section 903 to  
7 subchapter XI of chapter 8 to read as follows:

8           "Section 903. Offense for Failure to Maintain Proper  
9           Records.

10           (1) A taxpayer who knowingly or recklessly fails to  
11           maintain accounts, documents, or records as required  
12           under a revenue law is guilty of an offense.

13           (2) Penalty: A taxpayer convicted of an offence under  
14           subsection (1) shall be subject to a fine not exceeding  
15           \$1,000, or, if a natural person, imprisoned for not more  
16           than one year, or both.

17           (3) A taxpayer convicted of an offense under  
18           subsection (1) is subject to the immediate revocation of  
19           any existing license to do business in FSM that has been  
20           issued to the taxpayer."

21           Section 67. Title 54 of the Code of the Federated States of  
22 Micronesia is hereby amended by adding a new section 904 to  
23 subchapter XI of chapter 8 to read as follows:

24           "Section 904. Offenses for Improper Use of Taxpayer  
25           Identification Number.

---

1           (1) A person who uses a false Taxpayer Identification  
2           Number on any tax return or document prescribed or used  
3           for the purposes of a revenue law is guilty of an  
4           offense.

5           (2) Penalty: A person convicted of an offense under  
6           subsection (1) shall be subject to a fine not exceeding  
7           \$1,000, or, if a natural person, imprisoned for not more  
8           than one year, or both.

9           (3) A person who uses the Taxpayer Identification  
10          Number of another person is treated as having used a  
11          false Taxpayer Identification Number, unless the  
12          Taxpayer Identification Number has been used with the  
13          permission of that other person on a document relating  
14          to the tax affairs of that other person.

15          (4) A person who fails to apply for cancellation of  
16          the person's Taxpayer identification Number as required  
17          under section 866 is guilty of an offense.

18          (5) Penalty: A person convicted of an offense under  
19          subsection (4) shall be subject to a fine not exceeding  
20          \$500."

21           Section 68. Title 54 of the Code of the Federated States of  
22   Micronesia is hereby amended by adding a new section 905 to  
23   subchapter XI of chapter 8 to read as follows:

24           "Section 905. Offense for Making False or Misleading  
25           Statement.

---

1           (1) A person is guilty of an offense if the person  
2           knowingly or recklessly-

3                   (a) makes a statement to a revenue officer that  
4           is false or misleading in a material particular; or

5                   (b) omits from a statement made to a revenue  
6           officer any matter or thing without which the statement  
7           is false or misleading in a material particular.

8           (2) Penalty: A person convicted of an offense under  
9           this section shall be subject to a fine not exceeding  
10          \$50,000, or, if a natural person, imprisoned for not  
11          more than one year, or both.

12          (3) Section 895(5) applies in determining whether a  
13          person has made a statement to a revenue officer."

14           Section 69. Title 54 of the Code of the Federated States of  
15 Micronesia is hereby amended by adding a new section 906 to  
16 subchapter XI of chapter 8 to read as follows:

17           "Section 906. Offense for Obstruction of Revenue  
18           Officer.

19                   (1) A person who obstructs a revenue officer in the  
20           performance of duties under any revenue law is guilty of  
21           an offense.

22                   (2) Penalty: A person convicted of an offense under  
23           this section shall be subject to a fine not exceeding  
24           \$1,000, or, if a natural person, imprisoned for not more  
25           than one year, or both."

---

1 Section 70. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 907 to  
3 subchapter XI of chapter 8 to read as follows:

4 "Section 907. Offense for Aiding or Abetting a Taxation  
5 Offense.

6 A person who aids, abets, assists, incites, or induces  
7 another person to commit an offense under a revenue law  
8 (referred to as the "principal offense") is guilty of  
9 an offense and is liable for the same penalty as imposed  
10 for the principal offense."

11 Section 71. Title 54 of the Code of the Federated States of  
12 Micronesia is hereby amended by adding a new section 908 to  
13 subchapter XI of chapter 8 to read as follows:

14 "Section 908. Offense Relating to Seized Goods or  
15 Temporarily Closed Premises.

16 (1) A person is guilty of an offence if the person-  
17 (a) takes any goods that have been seized under  
18 section 845 or that are the subject of a warrant under  
19 subchapter VI or that are in premises the subject of an  
20 order under section 848; or

21 (b) before or at or after any seizure of goods  
22 under section 845 or proceedings under subchapter VI,  
23 staves, breaks or destroys any goods, or documents  
24 relating to any goods, to prevent-

---

1                   (i) the seizure or the securing of the  
2           goods; or  
3                   (ii) the proof of an offence; or  
4                   (c) enters premises the subject of an order under  
5           section 848 without the permission of the CEO.

6           (2) Penalty: A person convicted of an offense under  
7           this section shall be subject to a fine not exceeding  
8           \$1,000, or, if a natural person, imprisoned for not more  
9           than one year, or both."

10           Section 72. Title 54 of the Code of the Federated States of  
11   Micronesia is hereby amended by adding a new section 909 to  
12   subchapter XI of chapter 8 to read as follows:

13           "Section 909. Offenses by Revenue Officers.

14           (1) A revenue officer who directly or indirectly asks  
15           for, or takes in connection with any of the officer's  
16           duties, any payment or reward whatsoever, whether  
17           pecuniary or otherwise, or promise or security for any  
18           such payment or reward, not being a payment or reward  
19           that the officer was lawfully entitled to receive is  
20           guilty of an offense.

21           (2) Penalty: A person convicted of an offense under  
22           subsection (1) shall be subject to a fine not exceeding  
23           \$50,000 or imprisoned for not more than one year, or  
24           both.

---

1           (3) A revenue officer who enters into or acquiesces in  
2           any agreement to-

3                   (a) do any act or thing;

4                   (b) abstain from doing any act or thing;

5                   (c) permit or connive in the doing of any act or  
6           thing; or

7                   (d) conceal any act or thing, whereby the  
8           National or a State Government is or may be defrauded of  
9           revenue, or that is contrary to the provisions of a  
10          revenue law or to the proper execution of the officer's  
11          duty is guilty of an offense.

12          (4) Penalty: A person convicted of an offense under  
13          subsection (3) shall be subject to a fine not exceeding  
14          \$50,000 or imprisoned for not more than one year, or  
15          both.

16          (5) A person who directly or indirectly offers or  
17          gives to a revenue officer any payment or reward  
18          whatsoever, whether pecuniary or otherwise, or any  
19          promise or security for any payment or reward, not being  
20          a payment or reward that the officer was lawfully  
21          entitled to receive, is guilty of an offense.

22          (6) Penalty: A person convicted of an offense under  
23          subsection (5) shall be subject to a fine not exceeding  
24          \$50,000, or, if a natural person, imprisoned for not  
25          more than one year, or both.

---

1           (7) A person who proposes or enters into any agreement  
2           with a revenue officer in order to induce the officer  
3           to-

4                   (a) do any act or thing;

5                   (b) abstain from doing any act or thing;

6                   (c) permit or connive in the doing of any act or  
7           thing; or

8                   (d) conceal any act or thing, whereby the  
9           National or a State Government is or may be defrauded of  
10           revenue, or that is contrary to the provisions of a  
11           revenue law or to the proper execution of the officer's  
12           duty is guilty of an offense.

13           (8) Penalty: A person convicted of an offense under  
14           subsection (7) shall be subject to a fine not exceeding  
15           \$50,000, or, if a natural person, imprisoned for not  
16           more than one year, or both.

17           (9) For the purposes of this section, a revenue  
18           officer includes any person employed or engaged by the  
19           Authority in any capacity and includes a director or  
20           former director of the Board, a member or former member  
21           of a committee of the Board, a person invited to a Board  
22           or committee meeting, or a former officer or employee of  
23           the Authority."

---

1 Section 73. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 910 to  
3 subchapter XI of chapter 8 to read as follows:

4 "Section 910. Offenses by Companies.

5 (1) If an offense under a revenue law is committed by  
6 a company, the offense is treated as having been  
7 committed by every person who, at the time the offense  
8 was committed, was-

9 (a) the chief executive officer, public officer,  
10 managing director, a director, company secretary, or  
11 other similar officer of the company; or

12 (b) acting or purporting to act in that capacity.

13 (2) Subsection (1) does not apply to a person if-

14 (a) the offense was committed without that  
15 person's consent or knowledge; and

16 (b) the person, having regard to the nature of  
17 the person's functions and all the circumstances, has  
18 exercised reasonable diligence to prevent the commission  
19 of the offense."

20 Section 74. Title 54 of the Code of the Federated States of  
21 Micronesia is hereby amended by adding a new section 911 to  
22 subchapter XI of chapter 8 to read as follows:

23 "Section 911. Failure to Comply with a Court Order.

24 (1) Upon conviction of a person of an offense under  
25 this subchapter, and the failure of the person to comply

---

1           with a court order, the person shall be subject to the  
2           provisions and penalties of Section 119 of Title 4 of  
3           this code."

4 Section 75. Title 54 of the Code of the Federated States of  
5 Micronesia is hereby further amended by adding a new subchapter XII  
6 to chapter 8 to be entitled "Forms and Notices"

7           Section 76. Title 54 of the Code of the Federated States  
8           of Micronesia is hereby amended by adding a new section  
9           921 to subchapter XII of chapter 8 to read as follows:

10          "Section 921. Forms and Notices; Authentication of  
11          Documents

12          (1) A form, notice, tax return, statement, table, or  
13          any other document prescribed or published by the CEO  
14          for the purposes of any revenue law may be in such form  
15          as the CEO determines for the efficient administration  
16          of the revenue laws.

17          (2) The CEO must make the documents referred to in  
18          subsection (1) available to the public at the offices  
19          of the Authority and at such other locations, or by mail  
20          or such other means, as the CEO may determine.

21          (3) A notice or other document issued, served, or  
22          given by the CEO under a revenue law is sufficiently  
23          authenticated if the name or title of the CEO, or  
24          authorized officer, is printed, stamped, or written on  
25          the document."

---

1 Section 77. Title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended by adding a new section 922 to  
3 subchapter XII of chapter 8 to read as follows:

4 "Section 922. Manner of Lodging Documents.  
5 Except as provided in section 924, a tax return,  
6 application, notice, or other document to be filed with  
7 the CEO under the revenue law must be delivered by  
8 personal delivery or registered post to an office of the  
9 Authority."

10 Section 78. Title 54 of the Code of the Federated States of  
11 Micronesia is hereby amended by adding a new section 922 to  
12 subchapter XII of chapter 8 to read as follows:

13 "Section 923. Service of Notices.  
14 (1) Subject to section 924 and except as otherwise  
15 provided in a revenue law, a notice or other document  
16 required to be served by the CEO on a person for the  
17 purposes of a revenue law is treated as properly served  
18 on the person if-  
19 (a) personally served on the person;  
20 (b) left at the person's usual or last known  
21 place of abode or business in FSM; or  
22 (c) sent by registered post to the person's usual  
23 or last known address in FSM.  
24 (2) If a notice or other document is served by  
25 registered post, service is, in the absence of proof to

---

1 the contrary, deemed to have been effected at the time  
2 at which the notice or other document would be delivered  
3 in the ordinary course of post, and in proving such  
4 service it is sufficient to prove that the envelope  
5 containing the notice or other document was properly  
6 addressed and was posted.

7 (3) If the person to whom a notice or other document  
8 has been sent by registered post is informed of the fact  
9 that there is a registered letter awaiting the person at  
10 a Post Office, and the person refuses or fails to take  
11 delivery of the letter, and the letter consists of the  
12 notice or other document, service of the notice or other  
13 document is deemed to have been effected.

14 (4) The validity of service of a notice under a  
15 revenue law cannot be challenged after the notice has  
16 been wholly or partly complied with.

17 (5) The reference to "person" in this section includes  
18 the representative of the person."

19 Section 79. Title 54 of the Code of the Federated States of  
20 Micronesia is hereby amended by adding a new section 924 to  
21 subchapter XII of chapter 8 to read as follows:

22 "Section 924. Electronic Returns and Notices.

23 (1) The CEO may establish and operate a procedure  
24 (referred to as the "electronic notice system") for  
25 electronic filing of tax returns or other documents to

---

1 the CEO and electronic service of notices and other  
2 documents by the CEO and, for this purpose, the CEO may  
3 provide written conditions for-

4 (a) the registration of taxpayers to participate  
5 in the electronic notice system (referred to as  
6 "registered users");

7 (b) the issuing and cancellation of  
8 authentication codes to registered users;

9 (c) the tax returns and other documents that may  
10 be transmitted through the electronic notice system,  
11 including the form and manner in which they are to be  
12 transmitted;

13 (d) the correction of errors in or amendments to  
14 electronic returns or other documents;

15 (e) the use of the electronic notice system,  
16 including the procedure applicable if there is a  
17 breakdown or interruption in the system;

18 (f) the use in any electronic transmission of  
19 symbols, codes, abbreviations, or other notations to  
20 represent any particulars or information required under  
21 a revenue law; and

22 (g) any other matters for the better provision of  
23 the electronic notice system.

24 (2) A registered user may, in accordance with the  
25 conditions set by the CEO under subsection (1), file a

---

1           tax return or other document to the computer account of  
2           the CEO.

3           (3) The CEO may, in accordance with the conditions set  
4           by the CEO under subsection (1), serve a notice or other  
5           document to the computer account of a registered user.

6           (4) If a tax return or other document of a registered  
7           user has been transmitted to the computer account of the  
8           CEO using the authentication code assigned to the  
9           registered user-

10           (a) either with or without the authority of the  
11           registered user; and

12           (b) before the registered user has applied to the  
13           CEO for cancellation of the authentication code,  
14           the return or other document is, for the purposes of the  
15           revenue law under which it has been filed, presumed to  
16           be filed by the registered user unless the registered  
17           user proves to the contrary.

18           (5) For the purposes of a revenue law, an electronic  
19           tax return, notice, or other document, or a copy  
20           thereof, shall not be ruled inadmissible in evidence  
21           merely on the basis that it was filed or served without  
22           the filing or delivery of any equivalent document or  
23           counterpart in paper form.

24           (6) If an electronic tax return, notice, or other  
25           document is admissible under subsection (5), it is

---

1 presumed that, until the contrary is proved, the  
2 contents of the electronic return, notice, or other  
3 document have been accurately transmitted.

4 (7) Section 825 shall apply to-

5 (a) an electronic tax assessment served by the  
6 CEO on the basis that the reference in section 825(b) to  
7 a copy of a notice of a tax assessment includes a  
8 certificate under the hand of the CEO identifying the  
9 tax assessment, and stating the authentication code of  
10 the registered user and the device involved in the  
11 production and transmission of the electronic tax  
12 assessment; and

13 (b) an electronic tax return furnished by a  
14 registered user on the basis that the reference in  
15 section 825(c) to a copy of a tax return includes a  
16 certificate under the hand of the CEO identifying the  
17 tax return, and stating the authentication code of the  
18 registered user and the device (if known) involved in  
19 the production and transmission of the electronic tax  
20 return.

21 (8) A person furnishing an electronic tax return or  
22 other document on behalf of another person must not  
23 divulge or disclose the contents of the return or  
24 document, or a copy thereof, without the prior written  
25 consent of the CEO.

---

1           (9) A person who fails to comply with subsection (8)  
2           is guilty of an offense.

3           (10) Penalty: A person convicted of an offense under  
4           subsection (8) shall be subject to a fine not exceeding  
5           \$500 or imprisoned for not more than six months, or  
6           both."

7       Section 80. Title 54 of the Code of the Federated States of  
8       Micronesia is hereby amended by adding a new section 925 to  
9       subchapter XII of chapter 8 to read as follows:

10           "Section 925. Due Date for Documents and Tax Payments.

11           If the due date for-

12                   (a) filing a tax return, application, notice, or  
13           other document;

14                   (b) the payment of tax; o

15                   (c) taking any other action under a revenue law,  
16           is a Saturday, Sunday, or public holiday, the due date  
17           is the next following business day."

18       Section 81. Title 54 of the Code of the Federated States of  
19       Micronesia is hereby further amended by adding a new subchapter  
20       XIII to chapter 8 to be entitled "Final Provisions"

21       Section 82. Title 54 of the Code of the Federated States of  
22       Micronesia is hereby amended by adding a new section 931 to  
23       subchapter XIII of chapter 8 to read as follows:

24           "Section 931. Regulations.

---

1           (1) The Secretary shall, subject to approval of the  
2           President, prescribe and have printed reasonable  
3           regulations for the enforcement of this Chapter and such  
4           regulations shall have force and effect of law if they  
5           are not in conflict with the express provisions of this  
6           Chapter or other laws of the FSM.

7           (2) The regulations shall also provide for matters  
8           prescribed under the Chapter to be made by regulation.”

9           Section 83. Title 54 of the Code of the Federated States of  
10          Micronesia is hereby amended by adding a new section 932 to  
11          subchapter XIII of chapter 8 to read as follows:

12          “Section 932. Transitional.

13               (1) Subject to this section, this Chapter applies to  
14               any act or omission occurring, or any taxation  
15               assessment made, before this Chapter came into force.

16               (2) Any appeal or prosecution commenced before this  
17               Chapter came into force shall be continued and disposed  
18               of as if this Chapter had not come into force.

19               (3) If the period for any application, appeal, or  
20               prosecution had expired before this Chapter came into  
21               force, nothing in this Chapter shall be construed as  
22               enabling the application, appeal, or prosecution to be  
23               made under this Chapter by reason only of the fact that  
24               a longer period is specified in this Chapter.

---

---

1           (4) Any tax liability that arose before this Chapter  
2           came into force may be recovered under this Chapter, but  
3           without prejudice to any action already taken for the  
4           recovery of the tax."

5           Section 84. Effective Date. This Act shall become law upon  
6 approval by the President of the Federated States of Micronesia or  
7 upon its becoming law without such approval.

8

9 Date: 3/26/10

Introduced by: /s/ Joe N. Suka

Joe N. Suka  
(by request)

10

11

12