January 17, 2013

The Honorable Isaac V. Figir  
Speaker  
17th FSM Congress  
Palikir, Pohnpei FM 96941

Dear Speaker Figir:

I am pleased to transmit the following Congressional Act, which I signed to become Public Law No. 17-73:

Congressional Act No. 17-73, entitled: "AN ACT TO FURTHER AMEND SECTION 352 OF TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAW NO. 16-52, TO IMPROVE THE PROCEDURE FOR CORPORATE INCOME TAX PAYMENT, AND FOR OTHER PURPOSES."

The Act introduces needed improvement in the registration of major corporations. In particular, the frequency of tax payments is reduced from three to two, resulting in administrative convenience on the part of major corporations that are required to file tax returns and pay the correct amount of tax due with less paper works that normally with preparing the returns.

I thank Congress for its expenditures action on this matter.

With warm personal regards, I remain,

Sincerely,

Manny Mori  
President

Enclosures:

Xc: Chief Justice, FSM Supreme Court  
Secretary, Department of Justice  
Director, Office of SBOC  
Legislative Council, CFSM  
Library, CFSM  
PIO, FSM
January 10, 2013

His Excellency Manny Mori
President
Federated States of Micronesia
Palikir, Pohnpei FM 96941

Dear President Mori:

I have the honor to transmit herewith Congressional Act No. 17-73, "AN ACT TO FURTHER AMEND SECTION 352 OF TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAW NO. 16-52, TO IMPROVE THE PROCEDURE FOR CORPORATE INCOME TAX PAYMENT, AND FOR OTHER PURPOSES.", which was passed by the Seventeenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2013, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana Ramon Ioanis
Chief Clerk, Congress of the Federated States of Micronesia

Enclosures
An Act

TO FURTHER AMEND SECTION 352 OF TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA, AS AMENDED BY PUBLIC LAW NO. 16-52, TO IMPROVE THE PROCEDURE FOR CORPORATE INCOME TAX PAYMENT, AND FOR OTHER PURPOSES.

INTRODUCED BY SENATOR: FLORENCIO S. HARPER (BY REQUEST)
DATE: MAY 24, 2012

REFERRED TO: COMMITTEES ON WAYS AND MEANS & RESOURCES AND DEVELOPMENT
WITHDRAWN – NOVEMBER 26, 2012
FIRST READING: NOVEMBER 26, 2012
SECOND READING: JANUARY 9, 2013

Liwiana Ramon Ioanis
Chief Clerk, FSM Congress
ACT NO. 17-73
(CONGRESSIONAL BILL NO. 17-146)

We hereby certify that on January 9 the foregoing act passed Second and Final Reading of the Seventeenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2013, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

Isaac V. Figir
Speaker
Congress of the
Federated States of Micronesia

Liwiana Ramon Ioanis
Chief Clerk
Congress of the
Federated States of Micronesia
AN ACT

To further amend section 352 of title 54 of the Code of the Federated States of Micronesia, as amended by Public Law No. 16-52, to improve the procedure for corporate income tax payment, and for other purposes.

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

1 Section 1. Section 352 of title 54 of the Code of the Federated States of Micronesia, as amended by Public Law No. 16-52, is hereby further amended to read as follows:

4 "Section 352. Payment of tax due. Taxes shall be paid as follows:

6 (1) A major corporation shall, pay fifty percent (50%) of the tax it paid for the income of the previous fiscal year, if any, hereinafter referred to as "Tax Deposit", to the FSM by the end of the eighth (8th) month of the current fiscal year.

8 (2) A major corporation which pays an amount less than the Tax Deposit shall pay interest on the delinquent tax balance of one-half of one percent (0.5%) for each full month until the full amount is paid.

10 (3) A major corporation that does not have a previous fiscal year to determine its Tax Deposit either because it is newly formed or is redomicating into the FSM, be exempt from the payment of Tax Deposit and any filing requirements pertaining to the Tax Deposit.

13 (4) A major corporation shall complete and submit to
the Department of Finance and Administration an annual
statement declaring the taxable income with permitted
deductions and exemptions, hereinafter referred to as
"Tax Return", by the last business day of the sixth
month period following the last day of the major
corporation's fiscal year. The annual statement shall
be accompanied by one of the following:

(a) Any additional tax payment, after the
subtraction of the Tax Deposit, due as shown on the Tax
Return of the major corporation shall be paid by the
last business day of the sixth month period following
the last day of the major corporation’s fiscal year.

(b) If the major corporation pays, including the
Tax Deposit by the end of the eighth (8th) month during
the fiscal year, as per sub-section A above, an amount
less than the tax due as shown on the annual tax return
by the last business day of the six month period
following the last day of the corporation’s fiscal year,
it shall pay interest on the delinquent tax balance of
one half of one percent (0.5%) for each full month until
the full amount is paid.

(5) Should the Tax Deposit paid by the major
corporation exceed the total annual income tax amount
shown on the Tax Return resulting in overpayment of tax,
then the major corporation shall be entitled to their
rights conferred under section 332, chapter 3 of title 54 of the Code of the Federated States of Micronesia. The major corporation shall apply to the Department of Finance and Administration for either of the following tax treatment options provided under Section 332 by indicating their choice in the Tax Return form:

(a) To have the overpaid tax amount refunded in full, in which case, the Department of Finance and Administration shall credit the major corporation's bank account within a two (2) month period from the last business day of the sixth month period following the last day of the major corporation's fiscal year;

(b) To have the overpaid tax amount credited to any tax payments by the major corporation to the Federated States of Micronesia."
Section 2. This act shall become law upon approval by the
President of the Federated States of Micronesia or upon its
becoming law without such approval.

January 17, 2013

Manny Mori
President
Federated States of Micronesia