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:

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:

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

(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.

(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.

(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 redomesticating into the FSM, be exempt from the payment of Tax Deposit and any filing requirements pertaining to the Tax Deposit.

(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 18, 2013

/s/ Manny Mori
Manny Mori
President
Federated States of Micronesia