
A BILL FOR AN ACT

To further amend section 352 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 17-73, to eliminate interim payment of corporate tax for Major Corporations, 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
2 Federated States of Micronesia (Annotated), as amended by Public
3 Law No. 17-73, is hereby further amended to read as follows:

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

6 ~~[(1) Each Major Corporation and Major FSM Branch~~
7 ~~shall, pay fifty percent (50%) of the tax it paid for~~
8 ~~the income of the previous fiscal year, if any,~~
9 ~~hereinafter referred to as "Tax Deposit", to the FSM by~~
10 ~~the end of the eighth (8th) month of the current fiscal~~
11 ~~year. This is unless the Major Corporation or Major FSM~~
12 ~~Branch, as the case may be, requests a reduction or~~
13 ~~waiver as the Tax Deposit is rendered unnecessary~~
14 ~~because the expected tax payable in the current fiscal~~
15 ~~year is less than the amount of the Tax Deposit.~~
16 ~~Reduction or waiver of the Tax Deposit is subject to~~
17 ~~approval by the Secretary; however, such approval must~~
18 ~~not be unreasonably withheld.~~

19 ~~(2) A Major Corporation or Major FSM Branch which~~
20 ~~pays an amount less than the Tax Deposit shall pay~~

1 ~~interest on the delinquent tax balance of one half of~~
2 ~~one percent (0.5%) for each full month until the full~~
3 ~~amount is paid unless approval is granted under~~
4 ~~subsection (1) of this section).~~

5 ~~(3) A Major Corporation that does not have a previous~~
6 ~~fiscal year to determine its Tax Deposit either because~~
7 ~~it is newly formed or is redomesticating into the~~
8 ~~Federated States of Micronesia or a Major FSM Branch~~
9 ~~that does not have previous fiscal year to determine its~~
10 ~~tax Deposit because it newly created a Permanent~~
11 ~~Establishment in the Federated States of Micronesia,~~
12 ~~shall be exempt from the payment of Tax Deposit and any~~
13 ~~filing requirements pertaining to the Tax Deposit.~~

14 ~~-(4)] A Major Corporation and Major FSM Branch shall~~
15 ~~complete and submit to the Department of Finance and~~
16 ~~Administration an annual statement declaring the taxable~~
17 ~~income with permitted deductions and exemptions,~~
18 ~~hereinafter referred to as "Tax Return", by the last~~
19 ~~business day of the sixth month period following the~~
20 ~~last day of the fiscal year of the Major Corporation or~~
21 ~~Major FSM Branch, [~~respectfully~~] respectively. The~~
22 ~~annual statement shall be accompanied by one of the~~
23 ~~following:~~

24 (a) Any additional tax payment, after the
25 subtraction [~~of the Tax Deposit~~], due as shown on the

1 Tax Return of the Major Corporation or Major FSM Branch,
2 as the case may be, shall be paid by the last business
3 day of the sixth month period following the last day of
4 the fiscal year of the Major Corporation or Major FSM
5 Branch, [~~respectfully~~] respectively.

6 (b) If the Major Corporation or Major FSM Branch
7 pays[~~, including the Tax Deposit by the end of the~~
8 ~~eighth (8th) month during the fiscal year, as per sub-~~
9 ~~section 1 above],~~ an amount less than the tax due as
10 shown on the annual tax return by the last business day
11 of the six month period following the last day of the
12 fiscal year of the Major Corporation or Major FSM
13 Branch, [~~respectfully~~] respectively, it shall pay
14 interest on the delinquent tax balance of one half of
15 one percent (0.5%) for each full month until the full
16 amount is paid.

17 [~~(5) Should the Tax Deposit paid by the Major~~
18 ~~Corporation or Major Branch exceed the total annual~~
19 ~~income tax amount shown on the Tax Return resulting in~~
20 ~~overpayment of tax, then the Major Corporation or Major~~
21 ~~FSM Branch, as the case may be shall be entitled to~~
22 ~~their rights conferred under section 332, chapter 3 of~~
23 ~~title 54 of the Code of the Federated States of~~
24 ~~Micronesia. A Major Corporation or Major FSM Branch~~
25 ~~shall apply to the Department of Finance and~~

1 ~~Administration for either of the following tax treatment~~
2 ~~options provided under Section 332 by indicating their~~
3 ~~choice in the Tax Return form:~~

4 ~~(a) To have the overpaid tax amount refunded in~~
5 ~~full, in which case, the Department of Finance and~~
6 ~~Administration shall credit the bank account of Major~~
7 ~~Corporation or Major FSM Branch, as the case may be,~~
8 ~~within a two (2) month period from the last business of~~
9 ~~the sixth month period following the last day of the~~
10 ~~fiscal year of Major Corporation or Major FSM Branch,~~
11 ~~respectfully;~~

12 ~~(b) To have the overpaid tax amount credited to~~
13 ~~any tax payments by the Major Corporation or the Major~~
14 ~~FSM Branch, as the case may be to the Federated States~~
15 ~~of Micronesia.]”~~

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

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20 Date: 1/14/19

Introduced by: /s/ Florencio S. Harper
Florencio S. Harper
(by request)