

A BILL FOR AN ACT

To insert new sections 806, 807, 808, 809, and 810 under chapter 8 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, in order to allow for the Secretary of Finance and Administration to issue Tax Identification Numbers to taxpayers; to allow for taxpayers to file tax returns and notices; to allow the Secretary of Finance and Administration to issue notices and assessments via electronic means; and to allow the Secretary of Finance and Administration to promulgate implementing regulations; and for other purposes.

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

1 Section 1. Title 54 of the Code of the Federated States of
2 Micronesia (Annotated), as amended, is hereby further amended by
3 inserting a new section 806 under chapter 8, to read as follows:

4 "Section 806. Issue of Taxpayer Identification
5 Numbers.

6 (1) The Secretary may, for the purposes of
7 identification and cross-checking, require a taxpayer to
8 apply for a Taxpayer Identification Number.

9 (2) An application for a Taxpayer Identification Number
10 must be:

11 (a) in the prescribed form;

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

14 (c) lodged in the prescribed manner.

15 (3) If a person has applied for a Taxpayer

1 Identification Number under subsection (1) of this section
2 and the Secretary is satisfied that the applicant's
3 identity has been established, the Secretary must issue a
4 Taxpayer Identification Number to the applicant by written
5 notice.

6 (4) The Secretary must refuse an application under this
7 section:

8 (a) if the Secretary is not satisfied as to the
9 applicant's true identity;

10 (b) if the applicant has already been issued with
11 a Taxpayer Identification Number that is still in force;
12 or

13 (c) for any other reason the Secretary considers
14 appropriate pursuant to regulation.

15 (5) The Secretary must serve the applicant with written
16 notice of the decision to refuse an application under this
17 section within 14 days after making the decision.

18 (6) The Secretary may, without an application being
19 made, issue a Taxpayer Identification Number to any person
20 liable for tax under a revenue law."

21 Section 2. Title 54 of the Code of the Federated States of
22 Micronesia (Annotated), as amended, is hereby further amended by
23 inserting a new section 807 under chapter 8, to read as follows:

24 "Section 807. Cancellation of Taxpayer Identification
25 Number.

1 (1) A person who ceases to be a taxpayer must apply to
2 the Secretary, in the prescribed form, for cancellation of
3 the person's Taxpayer Identification Number within 30 days
4 of the date on which the person ceased to be a taxpayer.

5 (2) The Secretary must, by notice in writing, cancel a
6 Taxpayer Identification Number:

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

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

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

13 (d) for any other reason the Secretary considers
14 appropriate.

15 (3) The Secretary may, at any time, by notice in
16 writing, cancel the Taxpayer Identification Number issued
17 to a person and issue the person with a new Taxpayer
18 Identification Number."

19 Section 3. Title 54 of the Code of the Federated States of
20 Micronesia (Annotated), as amended, is hereby amended by inserting a
21 new section 808 under chapter 8, to read as follows:

22 "Section 808. Quotation of Taxpayer Identification
23 Number.

24 The Secretary may require a taxpayer to state the
25 taxpayer's Taxpayer Identification Number in any tax

1 return, notice, or other document used for the purposes of
2 any revenue law."

3 Section 4. Title 54 of the Code of the Federated States of
4 Micronesia (Annotated), as amended, is hereby amended by inserting a
5 new section 809 under chapter 8, to read as follows:

6 "Section 809. Electronic returns and notices.

7 (1) The Secretary may establish and operate a procedure
8 (referred to as the "electronic notice system") for
9 electronic filing of tax returns or other documents to the
10 Secretary and electronic service of notices and other
11 documents by the Secretary and, for this purpose, the
12 Secretary may provide written conditions for:

13 (a) the registration of taxpayers to participate
14 in the electronic notice system (referred to as
15 "registered users");

16 (b) the issuing and cancellation of authentication
17 codes to registered users;

18 (c) the tax returns and other documents that may
19 be transmitted through the electronic notice system,
20 including the form and manner in which they are to be
21 transmitted;

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

24 (e) the use of the electronic notice system,
25 including the procedure applicable if there is a breakdown

1 or interruption in the system;

2 (f) the use in any electronic transmission of
3 symbols, codes, abbreviations, or other notations to
4 represent any particulars or information required under a
5 revenue law; and

6 (g) any other matters for the better provision of
7 the electronic notice system.

8 (2) A registered user may, in accordance with the
9 conditions set by the Secretary under subsection (1) of
10 this section, file a tax return or other document to the
11 computer account of the Secretary.

12 (3) The Secretary may, in accordance with the
13 conditions set by the Secretary under subsection (1) of
14 this section, serve a notice or other document to the
15 computer account of a registered user.

16 (4) If a tax return or other document of a registered
17 user has been transmitted to the computer account of the
18 Secretary using the authentication code assigned to the
19 registered user either with or without the authority of
20 the registered user, and before the registered user has
21 applied to the Secretary for cancellation of the
22 authentication code, the return or other document is, for
23 the purposes of the revenue law under which it has been
24 filed, presumed to be filed by the registered user unless
25 the registered user proves to the contrary.

1 (5) For the purposes of a revenue law, an electronic
2 tax return, notice, assessment, or other document, or a
3 copy thereof, shall not be ruled inadmissible in evidence
4 merely on the basis that it was filed or served without
5 the filing or delivery of any equivalent document or
6 counterpart in paper form.

7 (6) If an electronic tax return, notice, or other
8 document is admissible under subsection (5) of this
9 section, it is presumed that, until the contrary is
10 proved, the contents of the electronic return, notice, or
11 other document have been accurately transmitted.

12 (7) A person furnishing an electronic tax return or
13 other document on behalf of another person must not
14 divulge or disclose the contents of the return or
15 document, or a copy thereof, without the prior written
16 consent of the Secretary.

17 (8) A person who fails to comply with subsection (8) of this
18 section is guilty of an offense.

19 (9) *Penalty.* A person convicted of an offense under
20 subsection (7) of this section shall be subject to a fine
21 not exceeding \$500, or imprisoned for not more than six
22 months, or both."

23 Section 5. Title 54 of the Code of the Federated States of
24 Micronesia (Annotated), as amended, is hereby amended by inserting
25 a new section 810 under chapter 8, to read as follows:

