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A BILL AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, (Annotated), as amended, by repealing sections 801, 802, 803, 804 and 805, and inserting new sections 801, 802, and 803 designating sections 801, 802 and 803 as subchapter I, 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 2019, 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 amended by  
3 designating sections 801, 802 and 803 of the chapter as subchapter  
4 I entitled "General Provisions".

5           Section 2. Section 801 of chapter 8 of title 54 of the Code  
6 of the Federated States of Micronesia, (Annotated), as amended, is  
7 hereby repealed in its entirety and a new section 801 inserted to  
8 read as follows:

9                   "Section 801. Short title.

10                   This chapter may be cited as the Revenue Administration  
11                   Act of 2019."

12           Section 3. Section 802 of chapter 8 of title 54 of the Code  
13 of the Federated States of Micronesia, (Annotated), as amended, is  
14 hereby repealed in its entirety and a new section 802 inserted to  
15 read as follows:

16                   "Section 802. Definitions.

17                   Wherever used in this chapter, unless the

1 subject matter, context, or sense otherwise  
2 requires:

3 (1) 'Arrangement' means any contract, agreement,  
4 plan, or understanding whether expressed or implied and  
5 whether or not enforceable in legal proceedings.

6 (2) 'Associate' has the meaning in section 515 of  
7 this title.

8 (3) 'Authority' means the FSM Unified Revenue  
9 Authority established under section 711 of this title.

10 (4) 'Board' means the Board of Directors of the  
11 Authority appointed under chapter 7 of this title.

12 (5) 'CEO' means the Chief Executive Officer appointed  
13 under chapter 7 of this title.

14 (6) 'FSM' means the Federated States of Micronesia.

15 (7) 'Installment of tax' means an installment of tax  
16 payable under chapter 5 of this title.

17 (8) 'Late payment interest' means late payment  
18 interest imposed under section 891 of this title.

19 (9) 'Net profit tax' means net profit tax imposed  
20 under chapter 5 of this title.

21 (10) 'Objection decision' means the decision referred  
22 to in section 831(5) of this title.

23 (11) 'Person' means an individual, company,  
24 corporation, partnership, unincorporated association or  
25 other business entity, trust, estate, government,

1 political subdivision of a government, or public  
2 international organization.

3 (12) 'Prescribed' means prescribed by the Secretary in  
4 regulations.

5 (13) 'President' means the President of the FSM.

6 (14) 'Presumptive tax' means the presumptive tax  
7 imposed under chapter 5 of this title.

8 (15) 'Private ruling' means a ruling made under  
9 sections 884, 885, 886, 887 and 888 of this title.

10 (16) 'Public ruling' means a ruling made under  
11 sections 881, 882, and 883 of this title.

12 (17) 'Representative' means:

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

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

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

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

24 (e) in the case of an unincorporated association  
25 or other business entity (other than a

1           company, corporation, or partnership), any individual  
2           responsible for accounting for the receipt or payment of  
3           moneys or funds on behalf of the association;

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

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

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

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

25                   (18) 'Revenue law' means:

1 (a) any chapter under this title;

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

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

8 (19) 'Revenue officer' means the CEO and any officer  
9 of the Authority appointed under section 732 of chapter  
10 7 of this title.

11 (20) 'Secretary' means the Secretary of the FSM  
12 Department of Finance and Administration.

13 (21) 'Self-assessment' means a self-assessment of net  
14 profits tax, presumptive tax, or VAT.

15 (22) 'Self-assessment return' means a tax return  
16 required to be furnished by a self-assessment taxpayer.

17 (23) 'Self-assessment taxpayer' means a person liable  
18 for net profit tax, presumptive tax, or VAT.

19 (24) 'State' means a State of the FSM.

20 (25) 'Tax' means any tax, duty, or penalty  
21 imposed under a revenue law, and includes an installment  
22 of tax and withholding tax.

23 (26) 'Tax assessment' means:

24 (a) an assessment of wages and salaries tax  
25 under section 152 of this title;

1 (b) a self-assessment;

2 (c) an assessment under subchapter III of this  
3 chapter, including an amended assessment; and

4 (d) an assessment of penalty under section 896  
5 of this title.

6 (27) 'Tax decision' means:

7 (a) a tax assessment; or

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

14 (28) 'Tax period' means:

15 (a) in the case of tax imposed on wages  
16 and salaries payable by the employer by withholding  
17 under section 132 of this title or payable by the  
18 employee under section 138 of this title, the  
19 quarter;

20 (b) in the case of the net profits tax or  
21 presumptive tax, the tax year;

22 (c) in the case of installments of net profit  
23 tax, the period to which the installment relates;

24 (d) in the case of tax withheld from a payment  
25 under chapter 5 of this title, the period to which the

1           withholding relates;

2                   (e) in the case of VAT, the VAT period; or

3                   (f) in any other case, the period for which the  
4 tax or duty is reported.

5           (29) 'Tax return' means a return required to be filed  
6 under a revenue law.

7           (30) 'Tax warrant' means a warrant issued under  
8 section 852 of this title.

9           (31) 'Taxpayer' means a person liable for any tax or  
10 duty imposed under a revenue law and includes:

11                   (a) an employer liable to withhold tax from a  
12 payment of wages and salaries under section 132 of this  
13 title; and

14                   (b) a person liable to withhold tax from a  
15 payment under chapter 5 of this title.

16           (32) 'Taxpayer Identification Number' means a Taxpayer  
17 Identification Number issued under section 865 of this  
18 title.

19           (33) 'VAT' means valued added tax imposed under a  
20 revenue Law.

21           (34) 'Wages and salaries tax' means the tax imposed  
22 under section 121 of this title.

23           (35) 'Withholding tax' means the amount that a payer  
24 is required to withhold from a payment as tax."

25           Section 4. Section 803 of chapter 8 of title 54 of the Code

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1 of the Federated States of Micronesia, (Annotated), as amended, is  
2 hereby repealed in its entirety and a new section 803 inserted to  
3 read as follows:

4           “Section 803. References to terms used in other laws.  
5           When this chapter applies in respect of a revenue law,  
6           any term not defined in this chapter has the meaning  
7           that it has for the purposes of the revenue law.”

8           Section 5. Section 804 of chapter 8 of title 54 of the Code  
9 of the Federated States of Micronesia, (Annotated), as amended, is  
10 hereby repealed in its entirety.

11          Section 6. Section 805 of chapter 8 of title 54 of the Code  
12 of the Federated States of Micronesia, as amended by Public Laws  
13 No. 18-107, is hereby repealed in its entirety.

14          Section 7. Title 54 of the Code of the Federated States of  
15 Micronesia, (Annotated), as amended, is hereby amended by adding a  
16 new subchapter II to chapter 8 to be entitled “Tax Returns”.

17          Section 8. Title 54 of the Code of the Federated States of  
18 Micronesia, (Annotated), as amended, is hereby amended by adding a  
19 new section 811 to subchapter II of chapter 8 to read as follows:

20           “Section 811. Extension of time to file a tax return.

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

24           (2) The CEO may, upon satisfaction that there is  
25           reasonable cause (as defined in regulations issued from

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1           time to time by the Authority), grant an application  
2           under subsection (1) of this section and must serve  
3           notice of the decision on the applicant.

4           (3) An extension of time granted under this section  
5           does not change the date for payment of tax due as  
6           specified in the revenue law under which the return has  
7           been made, but shall extend the date from which  
8           penalties shall be payable with respect to the late  
9           filing of a return."

10          Section 9. Title 54 of the Code of the Federated States of  
11 Micronesia, (Annotated), as amended, is hereby amended by adding a  
12 new section 812 to subchapter II of chapter 8 to read as follows:

13           "Section 812. Tax return duly made.

14           A tax return purporting to be filed by or on behalf of a  
15 taxpayer is treated as having been filed by the taxpayer  
16 or with the taxpayer's authority unless the contrary is  
17 proved."

18          Section 10. Title 54 of the Code of the Federated States of  
19 Micronesia, (Annotated), as amended, is hereby amended by adding a  
20 new subchapter III to chapter 8 to be entitled "Tax Decisions".

21          Section 11. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby amended by adding a  
23 new section 821 to subchapter III of chapter 8 to read as follows:

24           "Section 821. Self-assessments.

25           (1) For the purposes of this chapter:

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1                   (a) a self-assessment taxpayer who has filed a  
2 self-assessment return is treated as having made an  
3 assessment of the amount of tax payable for the tax  
4 period to which the return relates being that amount as  
5 set out in the return; and

6                   (b) a self-assessment return furnished by a  
7 self-assessment taxpayer is treated as a notice of the  
8 assessment served by the CEO on the taxpayer on the date  
9 the return was filed.

10                   (2) Reserved."

11           Section 12. Title 54 of the Code of the Federated States of  
12 Micronesia, (Annotated), as amended, is hereby amended by adding a  
13 new section 822 to subchapter III of chapter 8 to read as follows:

14                   "Section 822. Assessment of person who fails to file a  
15 tax return.

16                   (1) If a taxpayer liable for tax on an assessment  
17 basis under a revenue law fails to file a tax return for  
18 a tax period as required under the revenue law, the CEO  
19 may, at any time, make an assessment of the tax payable  
20 by the taxpayer.

21                   (2) The CEO must serve a taxpayer assessed under  
22 subsection (1) of this section with notice of the  
23 assessment as soon as is practicable after making the  
24 assessment. The notice must state:

25                   (a) the amount of tax payable;

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

3 (c) the tax period in respect of which the  
4 assessment relates;

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

6 (e) the due date for payment of the tax payable  
7 under the notice."

8 Section 13. Title 54 of the Code of the Federated States of  
9 Micronesia, (Annotated), as amended, is hereby amended by adding a  
10 new section 823 to subchapter III of chapter 8 to read as follows:

11 "Section 823. Advanced tax assessments.

12 (1) The CEO may make an assessment of the tax payable  
13 for the tax period and the tax is payable on the date  
14 set out in the notice of assessment served on the  
15 taxpayer if, in any tax period:

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

19 (b) the CEO has reasonable grounds to believe  
20 that a taxpayer liable for tax on an assessment basis  
21 under a revenue law may leave, or has left, the FSM  
22 without filing a return as required under the revenue  
23 law for the tax period.

24 (2) The CEO must serve a taxpayer assessed under  
25 subsection (1) of this section with notice, in writing,

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1 of the assessment as soon as is practicable after making  
2 the assessment, and such notice must set out the matters  
3 specified in section 822(2) of this title.

4 (3) An assessment made under subsection (1) of this  
5 section can be amended under section 824 of this title  
6 so that the taxpayer is assessed in respect of the whole  
7 of the tax period to which the assessment under  
8 subsection (1) of this section relates.”

9 Section 14. Title 54 of the Code of the Federated States of  
10 Micronesia, (Annotated), as amended, is hereby amended by adding a  
11 new section 824 to subchapter III of chapter 8 to read as follows:

12 “Section 824. Amendment of tax assessments.

13 (1) Subject to this section, the CEO may amend a tax  
14 assessment by making such alterations or additions to  
15 the assessment as the CEO considers necessary to ensure  
16 that a taxpayer is liable for the correct amount of tax  
17 payable in respect of the tax period to which the  
18 assessment relates.

19 (2) A self-assessment taxpayer can apply to the CEO  
20 within the time specified in subsection (3)(b) of this  
21 section for the CEO to make an amendment in accordance  
22 with subsection (1) of this section to a self-assessment  
23 and the CEO shall serve the taxpayer with notice of the  
24 decision on the application as soon as is practicable  
25 after the making of the assessment.

1           (3) The amendment of a tax assessment under  
2 subsection (1) of this section may be made:

3           (a) in the case of fraud or willful neglect,  
4 within six years of the date the CEO served notice of  
5 the assessment on the taxpayer or within one year after  
6 the fraud or willful neglect is discovered, whichever is  
7 the later; or

8           (b) in any other case, within six years of the  
9 date the CEO served notice of the assessment on the  
10 taxpayer.

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

14          (5) Subject to subsection (6) of this section, if a  
15 notice of assessment (referred to as the 'original  
16 assessment') has been amended under subsection (1) of  
17 this section, the CEO may further amend the original  
18 assessment within the later of:

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

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

23          (6) If subsection (5)(b) of this section applies, the  
24 CEO is limited to amending the alterations and additions  
25 made in the amended assessment to the original

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1 assessment.

2 (7) An amended assessment is treated in all respects  
3 as a tax assessment for the purposes of this chapter  
4 (other than subsection (1) or (2) of this section) and  
5 the revenue law under which the original assessment has  
6 been made.

7 (8) The making of an amended assessment does not  
8 preclude the liability for any interest and penalty in  
9 relation to the tax assessed under amended assessment  
10 arising from the date that tax was due under the  
11 original assessment."

12 Section 15. Title 54 of the Code of the Federated States of  
13 Micronesia, (Annotated), as amended, is hereby amended by adding a  
14 new section 825 to subchapter III of chapter 8 to read as follows:

15 "Section 825. Validity of tax decisions.

16 (1) The validity of a tax decision, a notice of a tax  
17 decision, or any other document purporting to be made or  
18 executed under a revenue law, if it is, in substance and  
19 effect, in conformity with the law under which it has  
20 been made, issued, or executed and the person assessed,  
21 or intended to be assessed or affected by the decision  
22 or document, is designated in it according to common  
23 understanding:

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

1                   (b) is not affected by reason of any immaterial  
2                   mistake, defect, or omission therein.

3                   (2) Reserved.”

4                   Section 16. Title 54 of the Code of the Federated States of  
5 Micronesia, (Annotated), as amended, is hereby amended by adding a  
6 new section 826 to subchapter III of chapter 8 to read as follows:

7                   “Section 826. Correctness of tax decisions.

8                   (1) Except in proceedings under subchapter IV of this  
9                   chapter:

10                   (a) no tax decision can be disputed in any court  
11                   or in any other proceedings on any ground whatsoever;

12                   (b) the production of the original notice of a  
13                   tax assessment or a document under the hand of the CEO  
14                   purporting to be a copy of a notice of such assessment  
15                   is conclusive evidence of the making of the assessment  
16                   and that the amount and particulars of the assessment  
17                   are correct; and

18                   (c) in the case of a self-assessment taxpayer,  
19                   the production of the original self-assessment return or  
20                   a document under the hand of the CEO purporting to be a  
21                   copy of such return is conclusive evidence of the  
22                   contents of the return.

23                   (2) A court must, in all proceedings, take judicial  
24                   notice of the signature of the CEO in either the  
25                   original or copy of a notice of a tax decision.”

1           Section 17. Title 54 of the Code of the Federated States of  
2 Micronesia, (Annotated), as amended, is hereby amended by adding a  
3 new section 827 to subchapter III of chapter 8 to read as follows:

4           "Section 827. Rectification of mistakes.

5           If the CEO is satisfied that an order made or document  
6 issued by the CEO under a revenue law contains a mistake  
7 that is apparent on the face of the record or document  
8 and the mistake does not involve a dispute as to the  
9 interpretation of the law or facts of the case, the CEO  
10 may, for the purposes of rectifying the mistake, amend  
11 the order or document any time before the expiry of six  
12 years from the date of making or issuing the order or  
13 document."

14          Section 18. Title 54 of the Code of the Federated States of  
15 Micronesia, (Annotated), as amended, is hereby amended by adding a  
16 new subchapter IV to chapter 8 to be entitled "Objections and  
17 Appeals".

18          Section 19. Title 54 of the Code of the Federated States of  
19 Micronesia, (Annotated), as amended, is hereby amended by adding a  
20 new section 831 to subchapter IV of chapter 8 to read as follows:

21          "Section 831. Objection to tax decision.

22                 (1) A person dissatisfied with a tax decision must  
23 lodge an objection to the decision with the CEO within  
24 30 days of service of the notice of the decision.

25                 (2) If the CEO has amended an assessment under

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1 section 824 of this title, the taxpayer has no further  
2 right of objection that the taxpayer would have had if  
3 the amendment had not been made, except to the extent  
4 that by reason of the amendment a fresh liability is  
5 imposed on the taxpayer or an existing liability is  
6 increased.

7 (3) An objection must substantially comply with the  
8 prescribed form and state fully and in detail the  
9 grounds upon which the person objecting relies to  
10 support the objection.

11 (4) A person may apply, in writing, to the CEO for an  
12 extension of time to lodge an objection and the CEO may,  
13 if satisfied there is reasonable cause, grant an  
14 application under this section and must serve notice of  
15 the decision on the applicant as soon as is practicable  
16 after making the decision.

17 (5) Subject to subsection (6) of this section, the  
18 CEO must consider the objection and either allow the  
19 objection in whole or part, or disallow it, and the  
20 CEO's decision is referred to as an 'objection  
21 decision'.

22 (6) The CEO is not required to consider an objection  
23 unless and until the person objecting has complied with  
24 all the requirements under this chapter or the revenue  
25 law to which the objection relates in relation to the

1 making of tax returns and payment of tax.

2 (7) The CEO must serve notice of the objection  
3 decision on the person objecting as soon as practicable  
4 after making the decision."

5 Section 20. Title 54 of the Code of the Federated States of  
6 Micronesia, (Annotated), as amended, is hereby amended by adding a  
7 new section 832 to subchapter IV of chapter 8 to read as follows:

8 "Section 832. Judicial review.

9 (1) A person dissatisfied with an objection decision  
10 may institute an action for review in a court of  
11 competent jurisdiction in the FSM. Such action is  
12 commenced by filing a petition, within sixty days after  
13 service of notice of the objection decision, setting  
14 forth:

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

17 (b) the facts relied upon to sustain such  
18 assignments of errors; and

19 (c) a prayer for appropriate relief.

20 (2) The CEO is the defendant in proceedings under  
21 subsection (1) of this section.

22 (3) The payment of the amount of tax in dispute, in  
23 whole or part, after the filing of a petition under  
24 subsection (1) of this section does not deprive the  
25 court of jurisdiction.

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1           (4) When the decision of the court or an appeal there  
2           from becomes final, the CEO must, upon presentment of a  
3           certified copy of the decree, make such adjustments to  
4           comply with the decree as are necessary to correct,  
5           amend, or abate the assessment, and determine whether an  
6           additional amount of tax is to be assessed.

7           (5) This section shall not condition or limit the  
8           right of a taxpayer to seek immediate judicial review of  
9           any action taken or to be taken under subchapter VI of  
10          this chapter."

11          Section 21. Title 54 of the Code of the Federated States of  
12          Micronesia, (Annotated), as amended, is hereby amended by adding a  
13          new section 833 to subchapter IV of chapter 8 to read as follows:

14          "Section 833. General provisions relating to objections  
15          and appeals.

16          (1) In any proceeding under this chapter:

17                  (a) in the case of a tax assessment, the burden  
18                  is on the taxpayer to prove that the assessment is  
19                  excessive; or

20                  (b) in the case of a tax decision (other than a  
21                  tax assessment), the burden is on the person objecting  
22                  to the decision to prove that the decision should not  
23                  have been made or should have been made differently.

24          (2) In an action for review by a court under section  
25          832 of this title, the person bringing the action is

1           limited to the grounds stated in the person's objection  
2           to the CEO.

3           (3) To the extent necessary for the making of a  
4           decision and when presented, the reviewing court shall  
5           decide all relevant questions of law and fact, interpret  
6           constitutional and statutory provisions, and determine  
7           the meaning or applicability of the terms of any action  
8           taken by the CEO.

9           (4) The reviewing court shall:

10                  (a) compel any action of the CEO unlawfully  
11                  withheld or unreasonably delayed; and

12                  (b) hold unlawful and set aside any actions and  
13                  decisions of the CEO found to be:

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

16                          (ii) contrary to constitutional right,  
17                          power, privilege, or immunity;

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

20                          (iv) without substantial compliance with the  
21                          procedures required by law; or

22                          (v) unwarranted by the facts.

23           (5) Subject to subsection (6) of this section, the  
24           tax due under a tax assessment is payable  
25           notwithstanding that an objection has been lodged or an

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1           action for judicial review under section 832 of this  
2           title has been instituted by the taxpayer in respect of  
3           the assessment.

4           (6) The CEO may, upon application in writing by a  
5           taxpayer, agree to stay recovery of a tax in dispute  
6           under a tax assessment up to a maximum of fifty percent  
7           (50%) of the disputed tax, but only if the taxpayer has  
8           paid the entire amount of tax due under the assessment  
9           that is not in dispute."

10          Section 22. Title 54 of the Code of the Federated States of  
11          Micronesia, (Annotated), as amended, is hereby amended by adding a  
12          new subchapter V to chapter 8 to be entitled "Recovery of Unpaid  
13          Tax".

14          Section 23. Title 54 of the Code of the Federated States of  
15          Micronesia, (Annotated), as amended, is hereby amended by adding a  
16          new section 841 to subchapter V of chapter 8 to read as follows:

17                 "Section 841. Payment of tax.

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

19                 (2) Any unpaid tax may be sued for and recovered in  
20                 any court of competent jurisdiction by the CEO suing in  
21                 his or her official capacity as collection agent for the  
22                 National or State Governments, as the case may be.

23                 (3) In any suit under subsection (2) of this section,  
24                 the production of a certificate signed by the CEO  
25                 stating the name and address of the taxpayer and the

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1 amount of tax due is sufficient evidence that the amount  
2 of tax is due by the taxpayer and sufficient authority  
3 for the court to give judgment with full costs of suit  
4 against the taxpayer.”

5 Section 24. Title 54 of the Code of the Federated States of  
6 Micronesia, (Annotated), as amended, is hereby amended by adding a  
7 new section 842 to subchapter V of chapter 8 to read as follows:

8 “Section 842. Extension of time to pay tax.

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

11 (2) If an application has been made under this  
12 section, the CEO may, having regard to the circumstances  
13 of the case:

14 (a) grant the taxpayer an extension of time for  
15 payment of the tax due; or

16 (b) require the taxpayer to pay the tax due in  
17 such installments as the CEO may determine, and the CEO  
18 must serve the taxpayer with written notice of the  
19 decision.

20 (3) If a taxpayer permitted to pay tax by  
21 installments defaults in the payment of an installment,  
22 the whole balance of the tax outstanding, at the time of  
23 default, is immediately payable.

24 (4) The grant of an extension of time or permission  
25 to pay tax due by installments does not preclude the

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1 liability for late payment interest arising from the  
2 original date the tax was due for payment."

3 Section 25. Title 54 of the Code of the Federated States of  
4 Micronesia, (Annotated), as amended, is hereby amended by adding a  
5 new section 843 to subchapter V of chapter 8 to read as follows:

6 "Section 843. Trustees, liquidators, and executors.

7 (1) In this section:

8 (a) "trustee" means:

9 (i) a liquidator of a company being wound  
10 up;

11 (ii) a receiver for debenture holders who  
12 has taken possession of any assets of a company;

13 (iii) a trustee in bankruptcy;

14 (iv) a mortgagee in possession;

15 (v) an executor of a deceased  
16 estate; or

17 (vi) any other person holding a  
18 similar office or acting in a similar capacity; and

19 (b) "taxpayer", in relation to a trustee, means  
20 the person whose assets are in the possession or control  
21 of the trustee, including if the trustee is an executor,  
22 the estate of the deceased person.

23 (2) A trustee must, within 14 days after becoming a  
24 trustee in respect of, or assuming the control of assets  
25 of a taxpayer in the capacity as trustee, give written

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1 notice thereof to the CEO.

2 (3) The CEO must notify the trustee, in writing, of  
3 the amount of any tax that is payable by the taxpayer  
4 and such notice must be served on the trustee within one  
5 month of the CEO being served with a notice under  
6 subsection (2) of this section.

7 (4) Subject to subsection (5) of this section, a  
8 trustee:

9 (a) must not, without the leave of the CEO,  
10 dispose of any asset of the taxpayer until a notice has  
11 been served on the trustee under subsection (3) of this  
12 section;

13 (b) must set aside, out of the assets available  
14 for the payment of tax due by the taxpayer, assets to  
15 the value of the amount notified under subsection (3) of  
16 this section, or the whole of the assets if their value  
17 is less than the amount notified; and

18 (c) is, to the extent of the value of the assets  
19 required to be set aside, liable for the tax due by the  
20 taxpayer.

21 (5) A trustee may pay the expenses properly incurred  
22 by the trustee in the capacity as such, including the  
23 trustee's remuneration, in priority to the amount  
24 notified under subsection (3) of this section.

25 (6) If two or more persons are trustees in respect of

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1 a taxpayer, the obligations and liabilities under this  
2 section apply jointly and severally to the trustees but  
3 may be discharged by any of them.

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

9 Section 26. Title 54 of the Code of the Federated States of  
10 Micronesia, (Annotated), as amended, is hereby amended by adding a  
11 new section 844 to subchapter V of chapter 8 to read as follows:

12 "Section 844. Recovery of unpaid tax from third party.

13 (1) In this section, "payer" means a person who:

14 (a) owes or may subsequently owe money to a  
15 taxpayer;

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

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

20 (d) has authority from some other person to pay  
21 money to a taxpayer.

22 (2) This section applies if a taxpayer is liable to  
23 pay tax and the tax has not been paid by the taxpayer by  
24 the due date for payment. This remedy shall be in  
25 addition to any right of levy and execution set forth in

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1           subchapter VI of this chapter.

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

7           (4) A payer must pay the amount specified in a notice  
8           under subsection (3) of this section by the date  
9           specified in the notice, being a date that is not before  
10          the date that the amount owed to the taxpayer becomes  
11          due to the taxpayer or held on the taxpayer's behalf.

12          (5) If a notice served under subsection (3) of this  
13          section requires a payer to deduct amounts from wages or  
14          salaries, the amount required to be deducted by the  
15          payer from each payment must not exceed twenty percent  
16          of the amount of each payment of wages or salaries.

17          (6) If a person served with a notice under subsection  
18          (3) of this section is unable to comply with the notice  
19          by reason of lack of moneys owing to, or held for, the  
20          taxpayer, the person must notify the CEO, in writing,  
21          setting out the reasons for the person's inability to  
22          comply.

23          (7) If a notice is served on the CEO under subsection  
24          (6) of this section, the CEO may, by notice in writing:

25                 (a) accept the notification and cancel or amend

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1 the notice issued under subsection (3) of this section;  
2 or

3 (b) reject the notification.

4 (8) The CEO must, by notice in writing to the payer,  
5 revoke or amend a notice served under subsection (3) of  
6 this section if the taxpayer has paid the whole or part  
7 of the tax due or has made an arrangement satisfactory  
8 to the CEO for payment of the tax.

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

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

14 (11) A payer making a payment under this section is  
15 treated as acting under the authority of the taxpayer  
16 and of all other persons concerned and is hereby  
17 indemnified in respect of the payment.

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

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

23 (14) The amounts referred to in subsections (10) and  
24 (13) of this section are treated as if they were tax  
25 payable by the payer as taxpayer for the purposes of

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1           this subchapter, subchapter VI of this chapter, and  
2           section 871 of this title.”

3           Section 27. Title 54 of the Code of the Federated States of  
4 Micronesia, (Annotated), as amended, is hereby amended by adding a  
5 new section 845 to subchapter V of chapter 8 to read as follows:

6           “Section 845. Seizure of goods.

7           (1) In addition to any other right of levy and  
8 execution set forth in subchapter VI of this chapter and  
9 the powers of forfeiture under subchapter IV of chapter  
10 2 of this title, the CEO or a revenue officer authorized  
11 by the CEO in writing for the purposes of this section  
12 may seize any goods if the VAT that is payable in  
13 respect of the supply or the import duty in respect of  
14 the import of those goods has not been paid or the CEO  
15 or authorized officer has reasonable grounds to believe  
16 that such VAT or import duty will not be paid.

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

20           (3) If goods have been seized under subsection (1) of  
21 this section, the CEO or authorized officer must, as  
22 soon as is practicable after the seizure, serve on the  
23 owner of the goods or the person who had custody or  
24 control of the goods immediately before the seizure, a  
25 notice in writing:

1 (a) identifying the goods;

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

4 (c) setting out the terms of subsections (6),  
5 (7), and (8) of this section.

6 (4) The CEO or authorized officer is not required to  
7 serve a notice under subsection (3) of this section if,  
8 after making reasonable enquiries, the CEO or authorized  
9 officer does not have sufficient information to identify  
10 the person on whom the notice should be served.

11 (5) If subsection (4) of this section applies, the  
12 CEO or authorized officer may serve a notice under  
13 subsection (3) of this section on any person claiming  
14 the goods, provided the person has given the CEO or  
15 authorized officer sufficient information to enable the  
16 notice to be served.

17 (6) The CEO or authorized officer may authorize any  
18 goods seized under subsection (1) of this section to be  
19 delivered to the person on whom a notice under  
20 subsection (3) of this section has been served if that  
21 person has paid, or makes an arrangement satisfactory to  
22 the CEO or authorized officer for payment of, the VAT  
23 that is payable in respect of the supply or import duty  
24 in respect of the import of the goods.

25 (7) Except if subsection (6) of this section applies,

1 the CEO or authorized officer must detain the goods  
2 seized under subsection (1) of this section:

3 (a) in the case of perishable goods, for such  
4 period as the CEO or authorized officer considers  
5 reasonable having regard to the condition of the goods;  
6 or

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

9 (8) If the detention period in subsection (7) of this  
10 section has expired, the CEO or authorized officer may  
11 sell the goods by public auction or, in the case of  
12 perishable goods, may sell the goods in such manner as  
13 the CEO or authorized officer determines, and apply the  
14 proceeds of sale as follows:

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

17 (b) then towards payment of any VAT that is  
18 payable in respect of the supply or import duty in  
19 respect of the import of the goods;

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

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

24 (9) If the proceeds of disposal are less than the sum  
25 of the cost of taking, keeping, and selling the goods

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1 seized and the VAT or import duty due, the CEO or  
2 authorized officer may proceed under this chapter to  
3 recover the excess.

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

9 Section 28. Title 54 of the Code of the Federated States of  
10 Micronesia, (Annotated), as amended, is hereby amended by adding a  
11 new section 846 to subchapter V of chapter 8 to read as follows:

12 "Section 846. CEO may require security.

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

17 Section 29. Title 54 of the Code of the Federated States of  
18 Micronesia, (Annotated), as amended, is hereby amended by adding a  
19 new section 847 to subchapter V of chapter 8 to read as follows:

20 "Section 847. Taxpayer leaving the FSM.

21 (1) If the CEO has reasonable grounds to believe that  
22 a taxpayer may leave the FSM before the due date for  
23 payment of any tax and the taxpayer has not made an  
24 arrangement satisfactory to the CEO for payment of the  
25 tax, the tax is due on such date as specified by the CEO

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1 by notice in writing to the taxpayer.

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

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

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

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

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

20 Section 30. Title 54 of the Code of the Federated States of  
21 Micronesia, (Annotated), as amended, is hereby amended by adding a  
22 new section 848 to subchapter V of chapter 8 to read as follows:

23 "Section 848. Temporary closure of business.

24 (1) If a taxpayer fails to pay VAT or tax withheld  
25 from wages and salaries on or before the due date, the

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1 CEO or a revenue officer authorized by the CEO, in  
2 writing, for the purposes of this section may notify the  
3 taxpayer in writing of the intention to close down part  
4 or the whole of the taxpayer's business unless the  
5 taxpayer pays the tax due within seven days of the date  
6 of the notice.

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

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

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

25 (5) If the tax due is paid in full within the period

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

7 Section 31. Title 54 of the Code of the Federated States of  
8 Micronesia, (Annotated), as amended, is hereby further amended by  
9 adding a new subchapter VI to chapter 8 to be entitled "Levy and  
10 Execution".

11 Section 32. Title 54 of the Code of the Federated States of  
12 Micronesia, (Annotated), as amended, is hereby amended by adding a  
13 new section 851 to subchapter VI of chapter 8 to read as follows:

14 "Section 851. Tax as lien on property.

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

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

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1 extinguished.

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

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

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

22 (b) shall state:

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

1 additional amounts that may become due after the notice  
2 is filed; and

3 (ii) that the lien may result in the levy  
4 and sale of the property if the amounts asserted to be  
5 due are not paid in full.

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

10 (a) *personal and household goods*. All necessary  
11 household furniture, cooking and eating utensils, and  
12 all necessary wearing apparel, bedding, and provisions  
13 for household use sufficient for four months;

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

21 (c) *certain interests in land*. All interests in  
22 land, exclusive of leasehold interests, except where  
23 such interests can be shown to have been acquired to  
24 avoid attachment or execution with respect to the cause  
25 of action to which the attachment or execution is

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1           ordered, or where attachment or execution against such  
2           interest in land is specifically permitted under a real  
3           property mortgage statute or real property deed of trust  
4           statute for the State in which the interest is located.”

5           Section 33. Title 54 of the Code of the Federated States of  
6 Micronesia, (Annotated), as amended, is hereby amended by adding a  
7 new section 852 to subchapter VI of chapter 8 to read as follows:

8           “Section 852. Warrant for collection of tax;  
9           issuance; effect; levy and sale.”

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

22           (2) A levy shall be executed by taking possession of  
23 the taxpayer’s property pursuant to authority contained  
24 in the tax warrant or by serving the warrant upon the  
25 taxpayer, upon any other person in possession of

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1 property of the taxpayer, or upon any person or  
2 depository, including any officer or employee of any  
3 governmental entity, subdivision or agency, who owes or  
4 who will owe money to the taxpayer, who is holding funds  
5 of the taxpayer, and ordering him to reveal the extent  
6 thereof and surrender it to the state forthwith or agree  
7 to surrender it or the proceeds therefrom in the future,  
8 but, in any case, on the terms and conditions stated in  
9 the tax warrant.

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

18 (4) A tax warrant shall:

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

23 (b) identify the taxpayer whose liability for  
24 taxes is sought to be enforced, the amount thereof, and  
25 the date or approximate date on which the tax became

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1           due;

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

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

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

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

20                   (5) Whenever any property upon which levy has been  
21          made by virtue of a tax warrant is not sufficient to  
22          satisfy the claim for which levy is made, the CEO,  
23          thereafter, and as often as may be necessary, may  
24          proceed to levy in like manner upon any other property  
25          of the taxpayer against whom the claim exists, until the

1 amount due from the taxpayer is fully paid.

2 Section 34. Title 54 of the Code of the Federated States of  
3 Micronesia, (Annotated), as amended, is hereby amended by adding a  
4 new section 853 to subchapter VI of chapter 8 to read as follows:

5 "Section 853. Surrender of property subject to levy;  
6 penalty and notice.

7 (1) Upon receipt of a tax warrant issued pursuant to  
8 section 852 of this title, any person in possession or  
9 control of property subject to levy under a tax warrant  
10 shall immediately surrender the property or discharge  
11 the obligation to the CEO; PROVIDED, HOWEVER, that the  
12 property or part of the property, that is already the  
13 subject of a bona fide attachment, execution, levy or  
14 other similar process need not be surrendered.

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

24 (3) As soon as practicable after the levy, the CEO  
25 shall notify the taxpayer of the amount and kind of

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1           property seized and of the total amount demanded in  
2           payment of tax.”

3           Section 35. Title 54 of the Code of the Federated States of  
4 Micronesia, (Annotated), as amended, is hereby amended by adding a  
5 new section 854 to subchapter VI of chapter 8 to read as follows:

6           “Section 854. Notice of sale; redemption.

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

17           (2) Notice of the sale must be given to the  
18 delinquent taxpayer, in writing, at least thirty (30)  
19 days before the date set for the sale. Such notice  
20 shall contain a description of the property to be sold,  
21 a statement of the amount due, including interest,  
22 penalties and costs, the name of the delinquent  
23 taxpayer, and a statement that, unless the amount due  
24 plus interest, penalties and costs are paid on or before  
25 the time fixed in the notice for the sale, the property,

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1 or so much of it as is necessary, will be sold in  
2 accordance with law and the notice.

3 (3) No sale of imperishable property shall be held  
4 until after the expiration of thirty (30) days from the  
5 date of the levy thereon; PROVIDED, HOWEVER, that  
6 perishable property may be sold immediately after  
7 seizure without notice of the sale. The CEO shall make  
8 special efforts pursuant to rules and regulations to  
9 give notice of the sale to persons with a particular  
10 interest in special property, and, apart from the  
11 requirements stated above, shall advertise the sale in a  
12 manner appropriate to the kind of property to be sold.

13 (4) If any property of the taxpayer subject to levy  
14 cannot be reasonably divided so as to enable the CEO to  
15 sell a part thereof to raise the whole amount of the tax  
16 and expenses, the whole of the taxpayer's interest in  
17 the property shall be sold.

18 (5) The levy and sale shall not be made, or the levy  
19 and sale shall be terminated and released if the  
20 taxpayer pays the entire amount due, furnishes security,  
21 or makes other arrangements for payment that are  
22 acceptable to the CEO as provided in this title. Upon  
23 making such payment or arrangements the CEO shall  
24 restore the property to the taxpayer, and all further  
25 proceedings in connection with the levy and sale of the

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1           property shall cease from the time of the payment or  
2           signing of an agreement with the Authority."

3 Section 36. Title 54 of the Code of the Federated States of  
4 Micronesia, (Annotated), as amended, is hereby amended by adding a  
5 new section 855 to subchapter VI of chapter 8 to read as follows:

6           "Section 855. Sale; delivery of bill of sale;  
7           disposition of unsold portion.

8           (1) Except as provided in subsection (4) of this  
9           section, the Authority shall sell the property,  
10          excluding cash and liquid deposits, at a public auction  
11          and in accordance with the notice of sale, and shall  
12          deliver to the purchaser a bill of sale for the property  
13          sold.

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

18          (3) The unsold portion of any property seized may be  
19          left at the place of sale at the risk and cost of the  
20          delinquent taxpayer.

21          (4) The foregoing notwithstanding, stocks, bonds,  
22          certificates of deposit, promissory notes or other  
23          securities which have a specific value or prevailing  
24          market price may be sold by the Authority at a private  
25          sale at a price not lower than the specific price or

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1           prevailing market price, or may otherwise be liquidated  
2           to their cash value in accordance with the regulations  
3           promulgated by the CEO. No such liquidation may occur  
4           sooner than the date scheduled for the sale as stated in  
5           the notice.”

6           Section 37. Title 54 of the Code of the Federated States of  
7   Micronesia, (Annotated), as amended, is hereby amended by adding a  
8   new section 856 to subchapter VI of chapter 8 to read as follows:

9           “Section 856. Proceeds of levy and sale.

10           (1) Money realized by levy or sale under this title  
11           shall be first applied against the expenses of the  
12           proceedings;

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

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

20           (4) If, before the sale, any person having an  
21           interest in or lien upon the property files with the  
22           Authority notice of his interest or lien, the Authority  
23           shall withhold any excess, pending a determination of  
24           the rights of the respective parties to it by a Court of  
25           competent jurisdiction.”

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1           Section 38. Title 54 of the Code of the Federated States of  
2 Micronesia, (Annotated), as amended, is hereby further amended by  
3 adding a new subchapter VII to chapter 8 to be entitled "Record  
4 Keeping and Information Collection".

5           Section 39. Title 54 of the Code of the Federated States of  
6 Micronesia, (Annotated), as amended, is hereby amended by adding a  
7 new section 861 to subchapter VII of chapter 8 to read as follows:

8           "Section 861. Accounts and records.

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

16           (2) If any accounts, documents, or records referred  
17 to in subsection (1) of this section are not in English,  
18 the CEO may, by notice in writing, require the person  
19 keeping the accounts, documents, or records to provide,  
20 at the person's expense, a translation into English by a  
21 translator approved by the CEO."

22           Section 40. Title 54 of the Code of the Federated States of  
23 Micronesia, (Annotated), as amended, is hereby amended by adding a  
24 new section 862 to subchapter VII of chapter 8 to read as follows:

25           "Section 862. Power to enter and search.

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1           (1) For the purposes of administering a revenue law,  
2           the CEO or a revenue officer authorized by the CEO, in  
3           writing, for the purposes of this section:

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

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

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

19                  (d) may retain any accounts, documents, books,  
20                  or records seized under paragraph (c) of this subsection  
21                  for as long as they may be required for determining a  
22                  taxpayer's tax liability or for any proceeding under a  
23                  revenue law; and

24                  (e) may, if a hard copy or copy on data storage  
25                  media of information stored on a data storage device is

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1 not provided, seize and retain the device for as long as  
2 is necessary to copy the information required.

3 (2) A revenue officer is not entitled to enter or  
4 remain on any premises or place if, upon request by the  
5 owner or lawful occupier, the officer is unable to  
6 produce the CEO's written authorization permitting the  
7 officer to exercise powers under subsection (1) of this  
8 section.

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

12 (4) Upon presentation by the CEO or authorized  
13 officer of a warrant issued by a court of competent  
14 jurisdiction, the owner or lawful occupier of the  
15 premises or place to which an exercise of power under  
16 subsection (1) of this section relates must provide all  
17 reasonable facilities and assistance to the CEO or  
18 authorized officer.

19 (5) A person whose accounts, documents, books, or  
20 records have been seized under subsection (1) of this  
21 section may examine them and make copies, at the  
22 person's expense, during office hours.

23 (6) A person whose data storage device has been  
24 seized under subsection (1) of this section may have  
25 access to the device during office hours on such terms

1           and conditions as the CEO or authorized officer may  
2           specify.

3           (7) The CEO or authorized officer must sign for all  
4           accounts, documents, books, records, or data storage  
5           devices removed and retained under this section and  
6           return them to the owner within 14 days of the  
7           conclusion of the investigation to which they relate and  
8           all related proceedings.

9           (8) This section has effect notwithstanding:

10           (a) any law relating to privilege or the public  
11           interest with respect to the giving of information or  
12           the production of any property, accounts, documents,  
13           books, or records (including in electronic form); or

14           (b) any contractual duty of confidentiality.”

15           Section 41. Title 54 of the Code of the Federated States of  
16           Micronesia, (Annotated), as amended, is hereby amended by adding a  
17           new section 863 to subchapter VII of chapter 8 to read as follows:

18           “Section 863. Administrative summons.

19           (1) The CEO may, for the purposes of administering  
20           any revenue law, by notice in writing, require any  
21           person:

22           (a) to furnish such information as the CEO may  
23           require;

24           (b) to attend and give evidence concerning that  
25           person’s or any other person’s tax affairs; or

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1           (c) to produce all accounts, books, documents,  
2           and records (including in electronic form) in the  
3           person's custody or under the person's control relating  
4           to that person's or any other person's tax affairs.

5           (2) If a notice served under subsection (1) of this  
6           section requires the production of accounts, books,  
7           documents, or records (including in electronic form), it  
8           is sufficient if such accounts, books, documents, or  
9           records are described in the notice with reasonable  
10          certainty.

11          (3) A notice issued under this section must be served  
12          personally upon the person to whom it is directed or  
13          left at the person's last known usual place of business  
14          or abode and the certificate of service signed by the  
15          person serving the notice is conclusive evidence of the  
16          facts stated therein.

17          (4) The CEO may require the information or evidence  
18          referred to in subsection (1) of this section to be  
19          given under oath, verbally or in writing, and, for that  
20          purpose, the CEO may administer the oath.

21          (5) This section has effect notwithstanding:

22                 (a) any law relating to privilege or the public  
23                 interest with respect to the giving of information or  
24                 the production of any property, accounts, documents,  
25                 books, or records (including in electronic form); or

1 (b) any contractual duty of confidentiality.”

2 Section 42. Title 54 of the Code of the Federated States of  
3 Micronesia, (Annotated), as amended, is hereby amended by adding a  
4 new section 864 to subchapter VII of chapter 8 to read as follows:

5 “Section 864. Audit of taxpayer’s tax affairs.

6 (1) The CEO may select any taxpayer for an audit of  
7 the taxpayer’s tax affairs for the purpose of a revenue  
8 law having regard to:

9 (a) the taxpayer’s history of compliance or non-  
10 compliance with the revenue law or any other revenue  
11 law;

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

13 (c) the class of business conducted by the  
14 taxpayer; or

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

17 (2) The fact that a taxpayer has been audited in  
18 relation to a tax period does not preclude the taxpayer  
19 from being audited again in the relation to the next and  
20 following tax periods if there are reasonable grounds  
21 for the audits, particularly having regard to the  
22 matters referred to in subsection (1) of this section.

23 (3) An audit of a taxpayer’s tax affairs may be  
24 conducted for the purposes of more than one revenue  
25 law.”

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1           Section 43. Title 54 of the Code of the Federated States of  
2 Micronesia, (Annotated), as amended, is hereby amended by adding a  
3 new section 865 to subchapter VII of chapter 8 to read as follows:

4           "Section 865. Issue of Taxpayer Identification  
5 Numbers.

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

9           (2) An application for a Taxpayer Identification  
10 Number 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  
16 Identification Number under subsection (1) of this  
17 section and the CEO is satisfied that the applicant's  
18 identity has been established, the CEO must issue a  
19 Taxpayer Identification Number to the applicant by  
20 written notice.

21           (4) The CEO must refuse an application under this  
22 section:

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

25                   (b) if the applicant has already been issued

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1 with a Taxpayer Identification Number that is still in  
2 force; or

3 (c) for any other reason the CEO considers  
4 appropriate.

5 (5) The CEO must serve the applicant with written  
6 notice of the decision to refuse an application under  
7 this section within fourteen days after making the  
8 decision.

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

12 Section 44. Title 54 of the Code of the Federated States of  
13 Micronesia, (Annotated), as amended, is hereby amended by adding a  
14 new section 866 to subchapter VII of chapter 8 to read as follows:

15 "Section 866. Cancellation of Taxpayer Identification  
16 Number.

17 (1) A person who ceases to be a taxpayer must apply  
18 to the CEO, in the prescribed form, for cancellation of  
19 the person's Taxpayer Identification Number within  
20 thirty (30) days of the date on which the person ceased  
21 to be a taxpayer.

22 (2) The CEO must, by notice in writing, cancel a  
23 Taxpayer Identification Number:

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

25 (b) if a Taxpayer Identification Number has been

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1 issued to the person under an identity that is not the  
2 person's true identity;

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

6 (d) for any other reason the CEO considers  
7 appropriate.

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

12 Section 45. Title 54 of the Code of the Federated States of  
13 Micronesia, (Annotated), as amended, is hereby amended by adding a  
14 new section 867 to subchapter VII of chapter 8 to read as follows:

15 "Section 867. Quotation of Taxpayer Identification  
16 Number.

17 The CEO may require a taxpayer to state the taxpayer's  
18 Taxpayer Identification Number in any tax return,  
19 notice, or other document used for the purposes of any  
20 revenue law."

21 Section 46. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby further amended by  
23 adding a new subchapter VIII to chapter 8 to be entitled  
24 "Representatives".

25 Section 47. Title 54 of the Code of the Federated States of

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1 Micronesia, (Annotated), as amended, is hereby amended by adding a  
2 new section 871 to subchapter VIII of chapter 8 to read as  
3 follows:

4           “Section 871. Liabilities and obligations of  
5           representatives.

6           (1) Every representative of a taxpayer is responsible  
7           for performing any duties or obligations imposed by a  
8           revenue law on the taxpayer, including the payment of  
9           tax.

10          (2) A representative making a payment of tax on  
11          behalf of a taxpayer is treated as acting under the  
12          authority of the taxpayer and is hereby indemnified in  
13          respect of the payment.

14          (3) Subject to subsection (4) of this section, any  
15          tax that, by virtue of subsection (1) of this section,  
16          is payable by a representative of a taxpayer is  
17          recoverable from the representative only to the extent  
18          of any assets of the taxpayer that are in the possession  
19          or under the control of the representative.

20          (4) Subject to subsection (5) of this section, a  
21          representative is personally liable for the payment of  
22          any tax due by the representative in that capacity if,  
23          while the amount remains unpaid, the representative  
24          disposes of or parts with any moneys or funds belonging  
25          to the taxpayer that are in the possession of the

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1           representative or which come to the representative after  
2           the tax is payable, if such tax was required by law to  
3           have been paid from or out of such moneys or funds.

4           (5) Nothing in subsection (3) of this section  
5           prevents a representative paying an amount on behalf of  
6           a taxpayer that has priority over the revenue payable by  
7           the taxpayer.

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

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

16          (8) The amount that a representative is liable for  
17          under subsection (4) of this section is treated as if it  
18          were tax payable by the representative for the purposes  
19          of subchapters V and VI of this chapter, and section 891  
20          of this title."

21          Section 48. Title 54 of the Code of the Federated States of  
22          Micronesia, (Annotated), as amended, is hereby amended by adding a  
23          new section 872 to subchapter VIII of chapter 8 to read as  
24          follows:

25          "Section 872. Liability for tax payable by a company

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1           left with insufficient assets.

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

6           (2) Subject to subsection (3) of this section, if  
7 this section applies, every person who was a director or  
8 controlling shareholder of the company at the time the  
9 arrangement was entered into is jointly and severally  
10 liable for the tax liability of the company.

11          (3) The amount that a person is liable for under  
12 subsection (2) of this section is treated as if it were  
13 tax payable by the person for the purposes of  
14 subchapters V and VI of this chapter, and section 891 of  
15 this title.

16          (4) A director of a company is not liable under this  
17 section for the tax liability of the company if the CEO  
18 is satisfied that the director derived no financial or  
19 other benefit from the arrangement and:

20                 (a) the director has, on becoming aware of the  
21 arrangement, formally recorded with the company his or  
22 her dissent and notified the CEO, in writing, of the  
23 arrangement; or

24                 (b) the director satisfies the CEO that, at the  
25 time the arrangement was entered into:

1 (i) the director was not involved in the  
2 executive management of the company; and

3 (ii) the director had no knowledge of, and  
4 could not reasonably have been expected to know of the  
5 arrangement.

6 (5) For the purposes of this section, a controlling  
7 shareholder of a company is any person who beneficially  
8 holds, either alone or together with an associate or  
9 associates:

10 (a) more than fifty percent (50%) of the voting  
11 rights in the company;

12 (b) more than fifty percent (50%) of the rights  
13 to dividends; or

14 (c) more than fifty percent (50%) of the rights  
15 to capital."

16 Section 49. Title 54 of the Code of the Federated States of  
17 Micronesia, (Annotated), as amended, is hereby further amended by  
18 adding a new subchapter IX to chapter 8 to be entitled "Rulings".

19 Section 50. Title 54 of the Code of the Federated States of  
20 Micronesia, (Annotated), as amended, is hereby amended by adding a  
21 new section 881 to subchapter IX of chapter 8 to read as follows:

22 "Section 881. Binding public rulings.

23 (1) The CEO may make a public ruling in accordance  
24 with section 882 of this title setting out the CEO's  
25 interpretation on the application of a revenue law.

1           (2) A public ruling made in accordance with section  
2           882 of this title is binding on the CEO until withdrawn.

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

4           Section 51. Title 54 of the Code of the Federated States of  
5 Micronesia, (Annotated), as amended, is hereby amended by adding a  
6 new section 882 to subchapter IX of chapter 8 to read as follows:

7           “Section 882. Making a public ruling.

8           (1) The CEO shall print and maintain a gazette or  
9           other publication of public rulings to be made available  
10          free of charge to the public. The CEO shall make a  
11          public ruling by publishing a notice of the ruling in  
12          such gazette.

13          (2) A public ruling must state that it is a public  
14          ruling and have a number and subject heading by which it  
15          can be identified.

16          (3) A public ruling applies from the date specified  
17          in the ruling and if no date is specified, from the date  
18          of publication in the gazette identified in subsection  
19          (1) of this section.”

20          Section 52. Title 54 of the Code of the Federated States of  
21 Micronesia, (Annotated), as amended, is hereby amended by adding a  
22 new section 883 to subchapter IX of chapter 8 to read as follows:

23          “Section 883. Withdrawal of a public ruling.

24          (1) The CEO may withdraw a public ruling, in whole or  
25          part, by publishing notice of the withdrawal in the

1            gazette identified in section 882 of this title.

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

6            (3) The withdrawal of a public ruling, in whole or  
7            part, has effect:

8                    (a) if subsection (1) of this section applies,  
9                    from the date specified in the notice of withdrawal and  
10                    if no date is specified, from the date notice of the  
11                    withdrawal is published in the gazette; or

12                    (b) if subsection (2) of this section applies,  
13                    from the date of application of the inconsistent  
14                    legislation or public ruling.

15            (4) A public ruling that has been withdrawn in whole  
16            or in part:

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

19                    (b) does not apply to a transaction commenced  
20                    after the ruling was withdrawn to the extent that the  
21                    ruling is withdrawn."

22            Section 53. Title 54 of the Code of the Federated States of  
23            Micronesia, (Annotated), as amended, is hereby amended by adding a  
24            new section 884 to subchapter IX of chapter 8 to read as follows:

25                    "Section 884. Binding private rulings.

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1           (1) Subject to section 885 of this title, the CEO  
2 shall, upon application in writing by a taxpayer, issue  
3 to the taxpayer a private ruling setting out the CEO's  
4 position regarding the application of a revenue law to a  
5 transaction entered into, or proposed to be entered  
6 into, by the taxpayer.

7           (2) If the taxpayer has made a full and true  
8 disclosure of all aspects of the transaction relevant to  
9 the making of a private ruling and the transaction has  
10 proceeded in all material respects as described in the  
11 taxpayer's application for the ruling, the ruling is  
12 binding on the CEO in relation to the taxpayer.

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

15           (4) If a private ruling is inconsistent with an  
16 existing public ruling, the private ruling has priority  
17 to the extent of the inconsistency."

18           Section 54. Title 54 of the Code of the Federated States of  
19 Micronesia, (Annotated), as amended, is hereby amended by adding a  
20 new section 885 to subchapter IX of chapter 8 to read as follows:

21           "Section 885. Refusing an application for a private  
22 ruling.

23           (1) The CEO may refuse an application for a private  
24 ruling if:

25           (a) the CEO has already decided the matter that

1 is the subject of the application in a tax assessment;

2 (b) the CEO is of the opinion that an existing  
3 public ruling adequately covers the matter that is the  
4 subject of the application;

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

7 (d) the application is frivolous or vexatious;

8 (e) the arrangement to which the application  
9 relates has not been carried out and there are  
10 reasonable grounds to believe that it will not be  
11 carried out;

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

14 (g) in the opinion of the CEO, it would be  
15 unreasonable to comply with the application having  
16 regard to the resources needed to comply and any other  
17 matters the CEO considers relevant, such as disadvantage  
18 to other taxpayers.

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

21 Section 55. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby amended by adding a  
23 new section 886 to subchapter IX of chapter 8 to read as follows:

24 "Section 886. Making a private ruling.

25 (1) The CEO must make a private ruling unless section

1           885 of this title applies.

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

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

7           (4) A private ruling must set out the matter ruled on  
8 identifying:

9                   (a) the taxpayer;

10                   (b) the revenue law relevant to the ruling;

11                   (c) the tax period to which the ruling applies;

12                   (d) the arrangement to which the ruling relates;

13           and

14                   (e) any assumptions on which the ruling is  
15 based.

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

19           (6) The making of a private ruling is not a tax  
20 decision for the purposes of this chapter."

21           Section 56. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby amended by adding a  
23 new section 887 to subchapter IX of chapter 8 to read as follows:

24           "Section 887. Withdrawal of a private ruling.

25           (1) The CEO may, for reasonable cause, withdraw a

1 private ruling, in whole or part, by written notice  
2 served on the applicant.

3 (2) If legislation is passed, or the CEO publishes a  
4 public ruling, that is inconsistent with a private  
5 ruling, the private ruling is treated as withdrawn to  
6 the extent of the inconsistency.

7 (3) The withdrawal of a private ruling, in whole or  
8 part, has effect:

9 (a) if subsection (1) of this section applies,  
10 from the date specified in the notice of withdrawal; or

11 (b) if subsection (2) of this section applies,  
12 from the date of application of the inconsistent  
13 legislation or public ruling.

14 (4) A private ruling that has been withdrawn:

15 (a) continues to apply to a transaction  
16 commenced before the ruling was withdrawn; and

17 (b) does not apply to a transaction commenced  
18 after the ruling was withdrawn to the extent that the  
19 ruling is withdrawn.

20 (5) A decision to withdraw a private ruling is not a  
21 tax decision for the purposes of this chapter."

22 Section 57. Title 54 of the Code of the Federated States of  
23 Micronesia, (Annotated), as amended, is hereby amended by adding a  
24 new section 888 to subchapter IX of chapter 8 to read as follows:

25 "Section 888. Publication of private rulings.

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1           The CEO shall include in the gazette or other  
2           publication referred to in section 882(1) of this title  
3           an edited version of a binding private ruling issued to  
4           a taxpayer. The edited version must not disclose the  
5           identity of the taxpayer."

6           Section 58. Title 54 of the Code of the Federated States of  
7           Micronesia, (Annotated), as amended, is hereby further amended by  
8           adding a new subchapter X to chapter 8 to be entitled "Interest  
9           and Administrative Penalties".

10          Section 59. Title 54 of the Code of the Federated States of  
11          Micronesia, (Annotated), as amended, is hereby amended by adding a  
12          new section 891 to subchapter X of chapter 8 to read as follows:

13                 "Section 891. Late payment interest.

14                     (1) A person who fails to pay any tax due on or  
15                     before the due date for payment is liable for late  
16                     payment interest at the rate of six percent per annum on  
17                     the amount unpaid calculated from the date the payment  
18                     was due to the date the payment is made.

19                     (2) Late payment interest paid by a person under  
20                     subsection (1) of this section must be refunded to the  
21                     person to the extent that the principal amount to which  
22                     the interest relates is found not to have been payable.

23                     (3) Late payment interest payable by a person is  
24                     borne personally by the person and is not recoverable  
25                     from any other person:

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1 (a) in respect of tax withheld by the person  
2 under chapter 1 or 5 of this title from a payment made  
3 by the person; or

4 (b) in respect of an amount referred to in  
5 sections 843(7), 844(14), or 871(8) of this title  
6 payable by the person.

7 (4) Late payment interest payable under this section  
8 is simple interest.

9 (5) Late payment interest payable under this section  
10 is treated as tax payable by a taxpayer for the purposes  
11 of subchapter V of this chapter and sections 871 of this  
12 title.

13 (6) Late payment interest payable under this section  
14 is in addition to any penalty imposed under this  
15 subchapter or any fine or imprisonment imposed under  
16 subchapter XI of this chapter in respect of the same act  
17 or omission."

18 Section 60. Title 54 of the Code of the Federated States of  
19 Micronesia, (Annotated), as amended, is hereby amended by adding a  
20 new section 892 to subchapter X of chapter 8 to read as follows:

21 "Section 892. Penalty for failure to file a tax return  
22 or lodge other document.

23 (1) A person who fails to file a tax return or lodge  
24 any other document as required under any revenue law is  
25 liable:

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1 (a) in the case of a failure to file a tax  
2 return under which tax is payable, for a penalty of one  
3 percent (1%) of the amount of tax payable under the  
4 return for each month or part of a month that the return  
5 remains unfiled; or

6 (b) in any other case, for a penalty of ten  
7 dollars (\$10) for each day of default.

8 (2) A taxpayer served with a notice of assessment by  
9 the CEO under section 822 of this title is liable for a  
10 penalty of twenty five percent (25%) of the tax assessed  
11 (taking into account any subsequent amendment of the  
12 assessment) in addition to the penalty imposed under  
13 subsection (1)(a) of this section.

14 (3) For the purposes of subsection (1)(b) of this  
15 section, a person ceases to be in default at the time  
16 the document is received by the CEO."

17 Section 61. Title 54 of the Code of the Federated States of  
18 Micronesia, (Annotated), as amended, is hereby amended by adding a  
19 new section 893 to subchapter X of chapter 8 to read as follows:

20 "Section 893. Penalty for failure to pay tax by due  
21 date.

22 (1) A taxpayer who fails to pay a tax when due is  
23 liable for a penalty equal to 10 percent of the amount  
24 of tax due for each month, or part of a month, that the  
25 tax remains unpaid subject to a maximum penalty of 100

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1           percent of the unpaid tax.

2           (2) The penalty imposed under subsection (1) of this  
3           section is in addition to interest payable under section  
4           891 of this title for late payment of tax. The ceiling  
5           on the amount of penalty payable under subsection (1) of  
6           this section does not apply to or take into account  
7           interest payable under section 891 of this title.

8           (3) The reference to "tax" in subsection (1) of this  
9           section does not include penalty."

10          Section 62. Title 54 of the Code of the Federated States of  
11          Micronesia, (Annotated), as amended, is hereby amended by adding a  
12          new section 894 to subchapter X of chapter 8 to read as follows:

13                 "Section 894. Penalty for failure to maintain proper  
14                 records.

15                 (1) A taxpayer who fails to maintain accounts,  
16                 documents, or records as required under a revenue law is  
17                 liable:

18                         (a) if the failure was knowingly or recklessly  
19                         made, for a penalty equal to 50 percent of the amount of  
20                         tax payable by the taxpayer for the tax period to which  
21                         the failure relates; or

22                         (b) in any other case, for a penalty equal to  
23                         ten percent of the amount of tax payable by the taxpayer  
24                         for the tax period to which the failure relates.

25                 (2) Reserved."

1           Section 63. Title 54 of the Code of the Federated States of  
2 Micronesia, (Annotated), as amended, is hereby amended by adding a  
3 new section 895 to subchapter X of chapter 8 to read as follows:

4           "Section 895. Penalty for making false or misleading  
5 statement.

6           (1) This section applies to a person:

7                   (a) who makes a statement to a revenue officer  
8 that is false or misleading in a material particular or  
9 omits from a statement made to a revenue officer any  
10 matter or thing without which the statement is false or  
11 misleading in a material particular; and

12                   (b) whose statement results in the tax liability  
13 of any person computed on the basis of the statement  
14 being less than it would have been if the statement had  
15 not been false or misleading (the difference being  
16 referred to as the "tax shortfall").

17           (2) Subject to subsection (3) of this section, a  
18 person to whom this section applies is liable:

19                   (a) if the statement or omission was made  
20 knowingly or recklessly, for a penalty equal to 50  
21 percent (50%) of the tax shortfall; or

22                   (b) in any other case, for a penalty equal to  
23 ten percent (10%) of the tax shortfall.

24           (3) No penalty is payable under subsection (2) of  
25 this section if:

1                   (a) the person who made the statement did not  
2 know and could not reasonably be expected to know that  
3 the statement was false or misleading in a material  
4 particular; or

5                   (b) the tax shortfall arose as a result of a  
6 self-assessment taxpayer taking a reasonably arguable  
7 position on the application of a revenue law to the  
8 taxpayer's circumstances in filing a self-assessment  
9 return.

10                  (4) Nothing in subsection (3) of this section  
11 prevents the imposition of late payment interest under  
12 section 891 of this title in respect of a tax shortfall  
13 if the tax is not paid by the due date.

14                  (5) A reference in this section to a statement made  
15 to a revenue officer means a statement made in writing  
16 or orally to a revenue officer acting in the performance  
17 of the officer's duties under a revenue law, and  
18 includes a statement made:

19                         (a) in any application, certificate,  
20 declaration, notification, tax return, objection, or  
21 other document furnished or lodged under a revenue law;

22                         (b) in any information required to be furnished  
23 under a revenue law;

24                         (c) in any document furnished to a revenue  
25 officer;

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

3                   (e) to another person with the knowledge or  
4                   reasonable expectation that the statement would be  
5                   passed on to a revenue officer.”

6           Section 64. Title 54 of the Code of the Federated States of  
7 Micronesia, (Annotated), as amended, is hereby amended by adding a  
8 new section 896 to subchapter X of chapter 8 to read as follows:

9                   “Section 896. Collection of penalty.

10                   (1) A liability for penalty is calculated separately  
11 with respect to each section imposing a penalty under  
12 this subchapter.

13                   (2) If a penalty has been paid under this title and  
14 the CEO institutes a prosecution under subchapter XI of  
15 this chapter in respect of the same act or omission, the  
16 CEO must refund the amount of the penalty paid, and no  
17 penalty is payable unless the prosecution is withdrawn.

18                   (3) The CEO must:

19                               (a) make an assessment of penalty imposed under  
20 this subchapter; and

21                               (b) serve a notice of the assessment on the  
22 person subject to the penalty, which notice must state  
23 the amount of penalty payable and the due date for  
24 payment.

25                   (4) A person liable to pay a penalty may apply, in

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1 writing, to the CEO for remission of the penalty  
2 payable.

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

6 Section 65. Title 54 of the Code of the Federated States of  
7 Micronesia, (Annotated), as amended, is hereby further amended by  
8 adding a new subchapter XI to chapter 8 to be entitled "Taxation  
9 Offenses".

10 Section 66. Title 54 of the Code of the Federated States of  
11 Micronesia, (Annotated), as amended, is hereby amended by adding a  
12 new section 901 to subchapter XI of chapter 8 to read as follows:

13 "Section 901. Offense for failure to file tax return.

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

17 (2) *Penalty.* A person convicted of an offense under  
18 this section shall be subject to a fine not exceeding  
19 five hundred dollars (\$500), or, if a natural person,  
20 imprisoned for not more than six months, or both."

21 Section 67. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby amended by adding a  
23 new section 902 to subchapter XI of chapter 8 to read as follows:

24 "Section 902. Offense for failure to comply with  
25 obligations under this chapter.

1 (1) A person is guilty of an offense:

2 (a) who, without reasonable cause, fails to:

3 (i) comply with section 843 of this title;

4 (ii) comply with a notice served on the  
5 person under section 844 of this title;

6 (iii) provide security as required under  
7 section 846 of this title;

8 (iv) provide facilities and assistance as  
9 required by section 862(4) of this title; or

10 (v) comply with a notice under section 863  
11 of this title; or

12 (b) who, knowing that a certificate has been  
13 issued under section 847(2) of this title, leaves or  
14 attempts to leave the FSM without paying the tax due or  
15 making an arrangement satisfactory to the CEO for  
16 payment.

17 (2) *Penalty.* A person convicted of an offense under  
18 this section shall be subject to a fine not exceeding  
19 five hundred dollars (\$500), or, if a natural person,  
20 imprisoned for not more than six months, or both.

21 Section 68. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby amended by adding a  
23 new section 903 to subchapter XI of chapter 8 to read as follows:

24 "Section 903. Offense for failure to maintain proper  
25 records.

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

4           (2) *Penalty.* A taxpayer convicted of an offence  
5 under subsection (1) of this section shall be subject to  
6 a fine not exceeding one thousand dollars (\$1,000), or,  
7 if a natural person, imprisoned for not more than one  
8 year, or both.

9           (3) A taxpayer convicted of an offense under  
10 subsection (1) of this section is subject to the  
11 immediate revocation of any existing license to do  
12 business in the FSM that has been issued to the  
13 taxpayer."

14       Section 69. Title 54 of the Code of the Federated States of  
15 Micronesia, (Annotated), as amended, is hereby amended by adding a  
16 new section 904 to subchapter XI of chapter 8 to read as follows:

17       "Section 904. Offenses for improper use of Taxpayer  
18 Identification Number.

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

23           (2) *Penalty.* A person convicted of an offense under  
24 subsection (1) of this section shall be subject to a  
25 fine not exceeding one thousand dollars (\$1,000), or, if

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1 a natural person, imprisoned for not more than one year,  
2 or both.

3 (3) A person who uses the Taxpayer Identification  
4 Number of another person is treated as having used a  
5 false Taxpayer Identification Number, unless the  
6 Taxpayer Identification Number has been used with the  
7 permission of that other person on a document relating  
8 to the tax affairs of that other person.

9 (4) A person who fails to apply for cancellation of  
10 the person's Taxpayer Identification Number as required  
11 under section 866 of this title is guilty of an offense.

12 (5) *Penalty.* A person convicted of an offense under  
13 subsection (4) of this section shall be subject to a  
14 fine not exceeding five hundred dollars (\$500)."

15 Section 70. Title 54 of the Code of the Federated States of  
16 Micronesia, (Annotated), as amended, is hereby amended by adding a  
17 new section 905 to subchapter XI of chapter 8 to read as follows:

18 "Section 905. Offense for making false or misleading  
19 statement.

20 (1) A person is guilty of an offense if the person  
21 knowingly or recklessly:

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

24 (b) omits from a statement made to a revenue  
25 officer any matter or thing without which the statement

1 is false or misleading in a material particular.

2 (2) *Penalty.* A person convicted of an offense under  
3 this section shall be subject to a fine not exceeding  
4 fifty thousand dollars (\$50,000), or, if a natural  
5 person, imprisoned for not more than one year, or both.

6 (3) Section 895(5) of this title applies in  
7 determining whether a person has made a statement to a  
8 revenue officer."

9 Section 71. Title 54 of the Code of the Federated States of  
10 Micronesia, (Annotated), as amended, is hereby amended by adding a  
11 new section 906 to subchapter XI of chapter 8 to read as follows:

12 "Section 906. Offense for obstruction of revenue  
13 officer.

14 (1) A person who obstructs a revenue officer in the  
15 performance of duties under any revenue law is guilty of  
16 an offense.

17 (2) *Penalty.* A person convicted of an offense under  
18 this section shall be subject to a fine not exceeding  
19 one thousand dollars (\$1,000), or, if a natural person,  
20 imprisoned for not more than one year, or both."

21 Section 72. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby amended by adding a  
23 new section 907 to subchapter XI of chapter 8 to read as follows:

24 "Section 907. Offense for aiding or abetting a taxation  
25 offense.

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1           A person who aids, abets, assists, incites, or induces  
2           another person to commit an offense under a revenue law  
3           (referred to as the "principal offense") is guilty of an  
4           offense and is liable for the same penalty as imposed  
5           for the principal offense."

6           Section 73. Title 54 of the Code of the Federated States of  
7   Micronesia, (Annotated), as amended, is hereby amended by adding a  
8   new section 908 to subchapter XI of chapter 8 to read as follows:

9           "Section 908. Offense relating to seized goods or  
10          temporarily closed premises.

11           (1) A person is guilty of an offence if the person:

12                   (a) takes any goods that have been seized under  
13                   section 845 of this title or that are the subject of a  
14                   warrant under subchapter VI of this chapter or that are  
15                   in premises the subject of an order under section 848 of  
16                   this title; or

17                   (b) before, or at, or after, any seizure of  
18                   goods under section 845 of this title or proceedings  
19                   under subchapter VI of this chapter, staves, breaks or  
20                   destroys any goods, or documents relating to any goods,  
21                   to prevent:

22                           (i) the seizure or the securing of the  
23                   goods; or

24                           (ii) the proof of an offence; or

25                   (c) enters premises the subject of an order

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1 under section 848 of this title without the permission  
2 of the CEO.

3 (2) *Penalty.* A person convicted of an offense under  
4 this section shall be subject to a fine not exceeding  
5 one thousand dollars (\$1,000), or, if a natural person,  
6 imprisoned for not more than one year, or both."

7 Section 74. Title 54 of the Code of the Federated States of  
8 Micronesia, (Annotated), as amended, is hereby amended by adding a  
9 new section 909 to subchapter XI of chapter 8 to read as follows:

10 "Section 909. Offenses by revenue officers.

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

18 (2) *Penalty.* A person convicted of an offense under  
19 subsection (1) of this section shall be subject to a  
20 fine not exceeding fifty thousand dollars (\$50,000), or  
21 imprisoned for not more than one year, or both.

22 (3) A revenue officer who enters into or acquiesces  
23 in any agreement to do any act or thing, abstain from  
24 doing any act or thing, permit or connive in the doing  
25 of any act or thing, or conceal any act or thing,

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1           whereby the National or a State Government is or may be  
2           defrauded of revenue, or that is contrary to the  
3           provisions of a revenue law or to the proper execution  
4           of the officer's duty is guilty of an offense.

5           (4) *Penalty.* A person convicted of an offense under  
6           subsection (3) of this section shall be subject to a  
7           fine not exceeding fifty thousand dollars (\$50,000), or  
8           imprisoned for not more than one year, or both.

9           (5) A person who directly or indirectly offers or  
10          gives to a revenue officer any payment or reward  
11          whatsoever, whether pecuniary or otherwise, or any  
12          promise or security for any payment or reward, not being  
13          a payment or reward that the officer was lawfully  
14          entitled to receive, is guilty of an offense.

15          (6) *Penalty.* A person convicted of an offense under  
16          subsection (5) of this section shall be subject to a  
17          fine not exceeding fifty thousand dollars (\$50,000), or,  
18          if a natural person, imprisoned for not more than one  
19          year, or both.

20          (7) A person who proposes or enters into any  
21          agreement with a revenue officer in order to induce the  
22          officer to do any act or thing, abstain from doing any  
23          act or thing, permit or connive in the doing of any act  
24          or thing, or conceal any act or thing, whereby the  
25          National or a State Government is or may be defrauded of

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1 revenue, or that is contrary to the provisions of a  
2 revenue law or to the proper execution of the officer's  
3 duty is guilty of an offense.

4 (8) *Penalty.* A person convicted of an offense under  
5 subsection (7) of this section shall be subject to a  
6 fine not exceeding fifty thousand dollars (\$50,000), or,  
7 if a natural person, imprisoned for not more than one  
8 year, or both.

9 (9) For the purposes of this section, a revenue  
10 officer includes any person employed or engaged by the  
11 Authority in any capacity and includes a director or  
12 former director of the Board, a member or former member  
13 of a committee of the Board, a person invited to a Board  
14 or committee meeting, or a former officer or employee of  
15 the Authority."

16 Section 75. Title 54 of the Code of the Federated States of  
17 Micronesia, (Annotated), as amended, is hereby amended by adding a  
18 new section 910 to subchapter XI of chapter 8 to read as follows:

19 "Section 910. Offenses by companies.

20 (1) If an offense under a revenue law is committed by  
21 a company, the offense is treated as having been  
22 committed by every person who, at the time the offense  
23 was committed, was:

24 (a) the chief executive officer, public officer,  
25 managing director, a director, company secretary, or

1 other similar officer of the company; or

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

4 (2) Subsection (1) of this section does not apply to  
5 a person if:

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

8 (b) the person, having regard to the nature of  
9 the person's functions and all the circumstances, has  
10 exercised reasonable diligence to prevent the commission  
11 of the offense."

12 Section 76. Title 54 of the Code of the Federated States of  
13 Micronesia, (Annotated), as amended, is hereby amended by adding a  
14 new section 911 to subchapter XI of chapter 8 to read as follows:

15 "Section 911. Failure to comply with a Court Order.  
16 Upon conviction of a person of an offense under this  
17 subchapter, and the failure of the person to comply with  
18 a court order, the person shall be subject to the  
19 provisions and penalties of section 119 of title 4 of  
20 this code."

21 Section 77. Title 54 of the Code of the Federated States of  
22 Micronesia, (Annotated), as amended, is hereby further amended by  
23 adding a new subchapter XII to chapter 8 to be entitled "Forms and  
24 Notices".

25 Section 78. Title 54 of the Code of the Federated States of

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1 Micronesia, (Annotated), as amended, is hereby amended by adding a  
2 new section 921 to subchapter XII of chapter 8 to read as follows:

3           “Section 921. Forms and notices; authentication of  
4           documents.”

5           (1) A form, notice, tax return, statement, table, or  
6           any other document prescribed or published by the CEO  
7           for the purposes of any revenue law may be in such form  
8           as the CEO determines for the efficient administration  
9           of the revenue laws.

10          (2) The CEO must make the documents referred to in  
11          subsection (1) of this section available to the public  
12          at the offices of the Authority and at such other  
13          locations, or by mail or such other means, as the CEO  
14          may determine.

15          (3) A notice or other document issued, served, or  
16          given by the CEO under a revenue law is sufficiently  
17          authenticated if the name or title of the CEO, or  
18          authorized officer, is printed, stamped, or written on  
19          the document.”

20          Section 79. Title 54 of the Code of the Federated States of  
21 Micronesia, (Annotated), as amended, is hereby amended by adding a  
22 new section 922 to subchapter XII of chapter 8 to read as follows:

23           “Section 922. Manner of lodging documents.”

24           Except as provided in section 924 of this title, a tax  
25           return, application, notice, or other document to be

1            filed with the CEO under the revenue law must be  
2            delivered by personal delivery or registered post to an  
3            office of the Authority.”

4            Section 80. Title 54 of the Code of the Federated States of  
5 Micronesia, (Annotated), as amended, is hereby amended by adding a  
6 new section 923 to subchapter XII of chapter 8 to read as follows:

7            “Section 923. Service of notices.

8            (1) Subject to section 924 of this title and except  
9 as otherwise provided in a revenue law, a notice or  
10 other document required to be served by the CEO on a  
11 person for the purposes of a revenue law is treated as  
12 properly served on the person if:

13                    (a) personally served on the person;

14                    (b) left at the person’s usual or last known  
15 place of abode or business in the FSM; or

16                    (c) sent by registered post to the person’s  
17 usual or last known address in the FSM.

18            (2) If a notice or other document is served by  
19 registered post, service is, in the absence of proof to  
20 the contrary, deemed to have been effected at the time  
21 at which the notice or other document would be delivered  
22 in the ordinary course of post, and in proving such  
23 service it is sufficient to prove that the envelope  
24 containing the notice or other document was properly  
25 addressed and was posted.

1           (3) If the person to whom a notice or other document  
2           has been sent by registered post is informed of the fact  
3           that there is a registered letter awaiting the person at  
4           a post office, and the person refuses or fails to take  
5           delivery of the letter, and the letter consists of the  
6           notice or other document, service of the notice or other  
7           document is deemed to have been effected.

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

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

13          Section 81. Title 54 of the Code of the Federated States of  
14          Micronesia, (Annotated), as amended, is hereby amended by adding a  
15          new section 924 to subchapter XII of chapter 8 to read as follows:

16          "Section 924. Electronic returns and notices.

17                 (1) The CEO may establish and operate a procedure  
18                 (referred to as the "electronic notice system") for  
19                 electronic filing of tax returns or other documents to  
20                 the CEO and electronic service of notices and other  
21                 documents by the CEO and, for this purpose, the CEO may  
22                 provide written conditions for:

23                         (a) the registration of taxpayers to participate  
24                         in the electronic notice system (referred to as  
25                         "registered users");

1                   (b) the issuing and cancellation of  
2 authentication codes to registered users;

3                   (c) the tax returns and other documents that may  
4 be transmitted through the electronic notice system,  
5 including the form and manner in which they are to be  
6 transmitted;

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

9                   (e) the use of the electronic notice system,  
10 including the procedure applicable if there is a  
11 breakdown or interruption in the system;

12                   (f) the use in any electronic transmission of  
13 symbols, codes, abbreviations, or other notations to  
14 represent any particulars or information required under  
15 a revenue law; and

16                   (g) any other matters for the better provision  
17 of the electronic notice system.

18                   (2) A registered user may, in accordance with the  
19 conditions set by the CEO under subsection (1) of this  
20 section, file a tax return or other document to the  
21 computer account of the CEO.

22                   (3) The CEO may, in accordance with the conditions  
23 set by the CEO under subsection (1) of this section,  
24 serve a notice or other document to the computer account  
25 of a registered user.

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1           (4) If a tax return or other document of a registered  
2 user has been transmitted to the computer account of the  
3 CEO using the authentication code assigned to the  
4 registered user either with or without the authority of  
5 the registered user, and before the registered user has  
6 applied to the CEO for cancellation of the  
7 authentication code, the return or other document is,  
8 for the purposes of the revenue law under which it has  
9 been filed, presumed to be filed by the registered user  
10 unless the registered user proves to the contrary.

11           (5) For the purposes of a revenue law, an electronic  
12 tax return, notice, or other document, or a copy  
13 thereof, shall not be ruled inadmissible in evidence  
14 merely on the basis that it was filed or served without  
15 the filing or delivery of any equivalent document or  
16 counterpart in paper form.

17           (6) If an electronic tax return, notice, or other  
18 document is admissible under subsection (5) of this  
19 section, it is presumed that, until the contrary is  
20 proved, the contents of the electronic return, notice,  
21 or other document have been accurately transmitted.

22           (7) Section 826 shall apply to:

23                 (a) an electronic tax assessment served by the  
24 CEO on the basis that the reference in section 826(1)(b)  
25 of this title to a copy of a notice of a tax assessment

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1 includes a certificate under the hand of the CEO  
2 identifying the tax assessment, and stating the  
3 authentication code of the registered user and the  
4 device involved in the production and transmission of  
5 the electronic tax assessment; and

6 (b) an electronic tax return furnished by a  
7 registered user on the basis that the reference in  
8 section 826(1)(c) of this title to a copy of a tax  
9 return includes a certificate under the hand of the CEO  
10 identifying the tax return, and stating the  
11 authentication code of the registered user and the  
12 device (if known) involved in the production and  
13 transmission of the electronic tax return.

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

19 (9) A person who fails to comply with subsection (8) of this  
20 section is guilty of an offense.

21 (10) *Penalty.* A person convicted of an offense under  
22 subsection (8) of this section shall be subject to a  
23 fine not exceeding five hundred dollars (\$500), or  
24 imprisoned for not more than six months, or both."

25 Section 82. Title 54 of the Code of the Federated States of

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1 Micronesia, (Annotated), as amended, is hereby amended by adding a  
2 new section 925 to subchapter XII of chapter 8 to read as follows:

3           “Section 925. Due date for documents and tax payments.

4           (1) If the due date for the following is a Saturday, Sunday, or  
5 public holiday, the due date is the next following business day:

6                   (a) filing a tax return, application, notice, or other  
7 document;

8                   (b) the payment of tax; or

9                   (c) taking any other action under a revenue law.

10           (2) Reserved.”

11           Section 83. Title 54 of the Code of the Federated States of  
12 Micronesia, (Annotated), as amended, is hereby further amended by  
13 adding a new subchapter XIII to chapter 8 to be entitled “Final  
14 Provisions”.

15           Section 84. Title 54 of the Code of the Federated States of  
16 Micronesia, (Annotated), as amended, is hereby amended by adding a  
17 new section 931 to subchapter XIII of chapter 8 to read as follows:

18           “Section 931. Regulations.

19           (1) The Secretary shall, subject to approval of the  
20 President, prescribe and have printed reasonable  
21 regulations for the enforcement of this chapter and such  
22 regulations shall have the force and effect of law if  
23 they are not in conflict with the express provisions of  
24 this chapter or other laws of the FSM.

25           (2) The regulations shall also provide for matters

1           prescribed under the chapter to be made by regulation.”

2           Section 85. Title 54 of the Code of the Federated States of  
3 Micronesia, (Annotated), as amended, is hereby amended by adding a  
4 new section 932 to subchapter XIII of chapter 8 to read as  
5 follows:

6           “Section 932. Transition.

7           (1) Subject to this section, this chapter applies to  
8 any act or omission occurring, or any taxation  
9 assessment made, before this chapter came into force.

10          (2) Any appeal or prosecution commenced before this  
11 chapter came into force shall be continued and disposed  
12 of as if this chapter had not come into force.

13          (3) If the period for any application, appeal, or  
14 prosecution had expired before this chapter came into  
15 force, nothing in this chapter shall be construed as  
16 enabling the application, appeal, or prosecution to be  
17 made under this chapter by reason only of the fact that  
18 a longer period is specified in this chapter.

19          (4) Any tax liability that arose before this chapter  
20 came into force may be recovered under this chapter, but  
21 without prejudice to any action already taken for the  
22 recovery of the tax.”

23          Section 86. Title 54 of the Code of the Federated States of  
24 Micronesia, (Annotated), as amended, is hereby amended by adding a  
25 new section 933 to subchapter XIII of chapter 8 to read as

1 follows:

2           "Section 933. Commencement of administration.  
3           Administration of this Act shall commence on the  
4           commencement of administration date of the Unified  
5           Revenue Authority act as determined by section 769 of  
6           this title."

7           Section 87. Title 54 of the Code of the Federated States of  
8           Micronesia, (Annotated), as amended, is hereby amended by adding a  
9           new section 934 to subchapter XIII of chapter 8 to read as  
10 follows:

11           "Section 934. If any of the four states of the  
12           Federated States of Micronesia have not passed into law  
13           value added tax legislation as of midnight April 19,  
14           2013, this act is null and void."

15           Section 88. This act shall become law upon approval by the  
16           President of the Federated States of Micronesia or upon its  
17           becoming law without such approval.

18

19 Date: 7/5/19

Introduced by: /s/ Isaac V. Figir  
Isaac V. Figir

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