

A BILL FOR AN ACT

To further amend section 251 of title 77 of the Trust Territory Code, as amended by Public Law No. 1-83, to provide a new definition of the term "Gross Revenue," and for other purposes.

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

1 Section 1. Section 251 of title 77 of the Trust Territory Code,
2 as amended by Public Law No. 1-83, is hereby further amended to read
3 as follows:

4 "Section 251. Definitions. Wherever used in this Chapter,
5 unless the subject matter, context, or sense otherwise
6 requires:

7 (1) 'Employer' includes any individual, corporation,
8 association, joint stock company, bank, insurance company,
9 credit union, cooperative, or other equity or group
10 employing any person, and also includes the Trust
11 Territory, Federated States of Micronesia, state and
12 local governments and their agencies, charged with the
13 disbursement of public monies as salaries or wages.

14 'Employer' also includes the United States Government and
15 instrumentalities thereof.

16 (2) 'Employee' means any individual who, under the
17 usual common law rules applicable in determining the employer-
18 employee relationship, has the status of an employee.

19 (3) 'Wages' or 'Salaries' means and includes
20 commissions, fees, compensation, emoluments, bonuses, and
21 every and all other kinds of compensation paid for, credited
22 or attributable to personal services performed by an individual,
23 which services have been performed by such person as an
24 employee. Wages and salaries shall not include the
25 following:

1 (a) Wages and salaries received from the United
2 States by members of the Military or Naval Forces of the
3 United States or the Armed Forces of the United States.

4 (b) Reasonable per diem and travel allowances
5 to the extent that they do not exceed any comparable Trust
6 Territory Government rates.

7 (c) Rental value of a home furnished to any
8 employee or a reasonable rental allowance paid to any
9 employee (to the extent such allowance is used by the
10 employee to rent or provide a home).

11 (d) Any payment on account of sickness or
12 accident disability, or any payment of medical or hospitali-
13 zation expenses, made by an employer to or on behalf of
14 an employee; PROVIDED, however, that normal wages or
15 salaries paid to an employee for a period of time during
16 which he is excused from work because of sickness shall
17 not be excluded from wages and salaries under this
18 Subsection.

19 (e) Any payment made to or on behalf of an
20 employee or to his beneficiary from a trust or annuity.

21 (f) Remuneration paid in any medium other than
22 cash to an employee for service not in the ordinary course
23 of the employer's trade or business or for domestic
24 service in a private home of an employer.

25 (g) Remuneration paid for casual or intermittent

1 labor not performed in the ordinary course of the employer's
2 trade or business and for not more than one week in each
3 calendar month.

4 (h) Any payment in the form of a scholarship,
5 fellowship, or stipend made to any employee while he is
6 a full-time, bona fide student at an educational institu-
7 tion within the Trust Territory.

8 (i) Wages and salaries received by a minister of
9 the gospel or clergyman from a religious group or organization.

10 (j) Wages and salaries received by an employee
11 for services performed or rendered in the capacity of a
12 domestic or household employee for a private individual or
13 family.

14 (k) Wages and salaries received by a non-Trust
15 Territory citizen employee for services performed or rendered
16 within the Trust Territory for a total of not more than
17 ninety days or less during any one calendar year.

18 (4) 'Director' means the Director of the Department of Finance.

19 (5) 'Month' means calendar month.

20 (6) 'Year' means calendar year.

21 (7) 'Gross Revenue' means the gross receipts, cash or
22 accrued, of the taxpayer received as compensation for personal
23 services not in the form of salaries or wages as defined in
24 77 TTC Section 251 (3), as amended, and the gross receipts
25 of the taxpayer derived from trade, business, commerce or

1 sales and the value proceeding or accruing from the sale of
2 tangible personal property, or service, or both, and all
3 receipts, actual or accrued by reason of the capital of
4 the business engaged in, including interest; ~~discounts~~
5 rentals, royalties, fees, or other emoluments however
6 designated and without any deductions on account of the
7 cost of property sold, the cost of materials used, labor
8 cost, taxes royalties, or interest ~~or discount~~ paid or any
9 other expenses whatsoever. Gross revenue shall not
10 include the following:

- 11 (a) refunds/ and rebates ~~and returns~~;
- 12 (b) monies held in a fiduciary capacity;
- 13 (c) income in the form of wages and salaries
14 which are taxed under other provisions of this Chapter;
- 15 (d) sale payments received for the sale of a
16 commercial aircraft, to the extent that such sale payments
17 in any quarter shall equal the rental payments made to
18 the buyer by the seller of such aircraft for its rental by
19 seller; ~~or~~
- 20 (e) rental payments received for the rental of a
21 commercial aircraft, to the extent that such rental payments
22 in any quarter shall equal the sale payments made to the
23 lessor by lessee of such aircraft for its purchase by the
24 lessor/; or
- 25 (f) cash discounts allowed and taken on

1 sales, the proceeds of sale of goods, wares, or
2 merchandise returned by customers when the sale price is
3 refunded either in cash or by credit; or the sale price
4 of any article accepted as part of payment of any new
5 article sold, if the full sale price of a new article is
6 included in 'gross revenue.'

7 (8) 'Business' means any profession, trade, manufacture
8 or other undertaking carried on for pecuniary profit and
9 includes all activities whether personal, professional or
10 incorporated, carried on within the Federated States of
11 Micronesia for economic benefit either direct or indirect,
12 and excludes casual sales, as determined by the Director;
13 however, one who qualifies as an employee under this
14 Section shall not be considered as a business. Copra
15 production by unincorporated copra producers collectively
16 or severally shall not be included as a business under
17 this definition.

18 (9) 'Military or Naval Forces of the United States' and
19 'Armed Forces of the United States' means all regular and
20 reserve components of the uniformed services which are
21 subject to the jurisdiction of the Secretary of the Army,
22 Navy or Air Force, and also includes the Coast Guard.

23 (10) 'Commercial aircraft' means any aircraft capable
24 of any intended for use in commercial aviation.

25 (11) 'Purchase payments' means payments on the actual

1 selling price, including any interest, carrying charges
2 or other charges associated with a sale. As used herein,
3 the word 'sale' implies a transfer of ownership of that
4 which is sold, in exchange for the purchase payments
5 or promise thereof.

6 (12) 'Rental payments' means any payments made in
7 exchange for use or rental, and includes interest, carrying
8 charges or other charges associated with use or rental."

9 Section 2. This act shall become law upon approval by the
10 President of the Federated States of Micronesia or upon its becoming
11 law without such approval.

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13 Date: 5/18/81

Introduced by: Elias H. Thomas
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