
A BILL FOR AN ACT

To amend section 222 of chapter 2 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, by inserting a subparagraph thereto, that creates a temporary exemption from duty with respect to all goods imported for the Integrated Coconut Processing Facility, Independent Power Plant and Coconut Supply Chain Management on Tonoas Island, Chuuk State, and for other purposes.

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

1 Section 1. Section 222 of title 54 of the Code of the
2 Federated States of Micronesia (Annotated), as amended, is
3 hereby amended to read as follows:

4 "Section 222. Exemptions.

5 (1) Damaged, pillaged or faulty goods. Upon
6 receipt of a written request within 28 days of the
7 goods release from Customs control, the Secretary may
8 authorize a refund of the whole or part of the duty
9 paid, where any of the following conditions exist:

10 (a) goods have been damaged, pillaged, lost or
11 destroyed during the voyage;

12 (b) goods have, while subject to the control
13 of Customs, been damaged, pillaged, lost or
14 destroyed; or

15 (c) the Commissioner is satisfied that, owing
16 to a fault or defect in any goods, the importer has
17 received a reduction or a refund, in whole or part,
18 of the price paid for the goods.

1 (2) Goods imported for subsequent export.

2 (a) Upon application to and approval by the
3 Secretary, import duty paid on the following goods
4 shall be refunded: goods imported for processing in
5 the FSM, not otherwise used in the FSM, and
6 subsequently exported from the FSM. For purposes of
7 this subsection, raw materials or ingredients which
8 are worked into or otherwise become part of a
9 different or more finished product are deemed
10 exported when that product is exported.

11 (b) Goods imported for processing are eligible
12 for the duty refund when the finished products which
13 the imported goods were processed into have been
14 loaded on an aircraft or vessel for direct removal
15 from the FSM and that aircraft or vessel has departed
16 from the port. After they have been so loaded, the
17 goods shall again be subject to import duty if they
18 are unloaded or used in the FSM. With respect to
19 importers primarily engaged in importing for
20 processing and subsequent export, the Secretary shall
21 provide for waiving, by regulation rather than
22 collecting and subsequently refunding, duties.

23 (c) Upon application to and approval by the
24 Secretary, import duty shall be waived on the
25 following goods: goods imported for transshipment

1 through the FSM, not to be used in the FSM, which are
2 securely stored 2 while in the FSM and which are
3 exported from the FSM within a reasonable time of
4 import to the FSM, as defined by regulation. Should
5 these goods not be exported within a reasonable time,
6 the importer will be subject to a penalty equal to
7 one-quarter of the import duty that would have been
8 due if the goods were to be used in the FSM. Should
9 these goods be removed from the secure storage
10 facility or used in the FSM, they will be subject to
11 the full import duty.

12 (d) The burden of proving that goods imported
13 are for subsequent export shall be upon the
14 importer/exporter as specified in regulations.

15 (3) Goods carried in per trip abroad. Each time an
16 individual person enters or returns to the FSM from a
17 foreign jurisdiction, he or she is entitled to bring
18 into the FSM the following goods duty free, provided
19 that such goods are for that person's own personal
20 use or consumption such person is permitted by
21 applicable State Law to possess, use, and consume
22 such goods:

23 (a) up to 200 cigarettes;

24 (b) up to one pound of tobacco or twenty
25 cigars;

1 (c) up to 52 fluid ounces or 1500 milliliters
2 of distilled alcoholic beverages; and

3 (d) up to two hundred dollars (\$200) worth of
4 goods other than tobacco products, beer and malt
5 beverages, distilled alcoholic beverages and wine.

6 (4) Visitors' personal effects. A visitor to the
7 FSM may import bona fide personal effects into the
8 FSM duty free, provided the goods are for the
9 visitors' own personal use and will be taken with the
10 visitor when he or she leaves the country.

11 (5) Returning goods. Goods produced or properly
12 entered in the FSM which are subsequently removed
13 from the FSM may be returned to the FSM duty free.
14 The burden shall be on the owner of the goods to
15 establish that the goods were either produced in the
16 FSM or previously and properly entered.

17 (6) Goods used in foreign aid projects. An
18 international organization, foreign contractor, or
19 other foreign entity may import goods into the FSM
20 duty free in connection with the performance of
21 services or other conduct of business in furtherance
22 of a foreign aid agreement entered into by the FSM,
23 the terms of which require that such import shall not
24 be subject to taxation by the FSM; provided that if
25 and when such goods are subsequently sold in the FSM,

1 import duty shall be due based on the sale amount.
2 They duty, together with penalties and interest shall
3 be the joint and several personal liability of the
4 importer and the purchaser and importer's property
5 hereinafter provided.

6 (7) Certain fishing vessels and equipment.
7 Fishing vessels basing in the Federated States of
8 Micronesia under a valid permit or license issued
9 pursuant to title 24 of the Code of the Federated
10 States of Micronesia shall not be subject to the
11 import duty on either the vessel or equipment
12 installed in the vessel. This exemption shall apply
13 to replacement parts and equipment imported by these
14 fishing vessels as well.

15 (8) Parcels which would generate a de minimis
16 duty. Parcels mailed or otherwise sent into the FSM,
17 which would otherwise generate a de minimis duty,
18 shall be exempt from import duty, provided that such
19 goods are for the recipient's own personal use or
20 consumption and not for resale or exchange. Parcels
21 with values up to the amount specified in subsection
22 (3)(d) of this section shall be exempt.

23 (9) Health education and welfare related goods
24 donated for humanitarian use. Upon application to
25 and approval by the Secretary, the import duty on

1 goods related to health, education or welfare donated
2 without cost for humanitarian purposes, and not for
3 resale, shall be waived or refunded; provide,
4 however, that if and when any of such goods are
5 subsequently sold in the FSM, import duty shall be
6 due based on the sale amount. The duty, together
7 with penalties and interest, shall be the joint and
8 several liability of the importer and the purchaser
9 and shall be secured by first liens on the goods and
10 on the importer's property as hereafter provided.

11 (10) Equipment and goods imported for the Federated
12 States of Micronesia Petroleum Corporation's
13 Integrated Coconut Processing Facility, Independent
14 Power Plant, and Coconut Supply Chain Management on
15 Tonoas Island. All equipment and goods brought into
16 the FSM by the Federated States of Micronesia
17 Petroleum Corporation or any of its contractors for
18 the construction of the Integrated Coconut Processing
19 Facility, Independent Power Plant, and Coconut Supply
20 Chain Management on Tonoas Island in Chuuk State,
21 including, but not limited to all machinery, tools,
22 and construction materials shall be exempt from the
23 import duty. This exemption shall become null and
24 void one year from the date of completion of the
25 Integrated Coconut Processing Facility and

1 Independent Power Plant or on September 30, 2020,
2 whichever occurs sooner."

3 Section 3. This act shall become law upon approval by the
4 President of the Federated States of Micronesia or upon its
5 becoming law without such approval.

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7 Date: 5/15/18

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

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