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A BILL FOR AN ACT

To further amend title 21 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-7, 5-104, 7-37 and 7-99, by amending section 208 thereof (regarding FSM Telecommunications Corporation); to amend title 22 of said Code by amending section 209 thereof (regarding Coconut Development Authority); to further amend title 24 of said Code, as amended, by amending section 724 thereof (regarding National Fisheries Corporation); to further amend title 30 of said Code, as amended, by amending section 128 thereof (regarding FSM Development Bank, as enacted by Public Law No. 8-47, and to further amend Public Law No. 7-79 (regarding College of Micronesia-FSM), as amended by Public Law No. 8-144, by amending section 29, all for the purpose of deleting exemptions from the import tax, and for other purposes.

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

1 Section 1. Section 208 of title 21 of the Code of the
2 Federated States of Micronesia is hereby amended to read as follows:
3 "Section 208. Tax liability.
4 The Corporation shall exist and operate solely for the
5 benefit of the public and shall be exempt from any taxes
6 or assessments except import taxes or assessments on any
7 of its property, operations, or activities. Nothing
8 herein shall be deemed to exempt employees and
9 independent contractors of the Corporation from tax
10 liability for services rendered to the Corporation; and
11 the Corporation shall be liable for employers'
12 contributions to the Social Security System of the
13 Federated States of Micronesia in the manner provided by
14 law."

15 Section 2. Section 209 of title 22 of the Code of the
16 Federated States of Micronesia is hereby amended to read as follows:
17 "Section 209. Tax exemption.
18 It is hereby declared that the purpose for which the
19 Authority is created is a public purpose for the benefit
20 of the people of the Federated States of Micronesia, and
21 that the Authority shall not be required to pay any taxes
22 or assessments except import taxes or assessments on any
23 of the property acquired or to be acquired by it, or on

1 its income, operations, or activities."

2 Section 3. Section 724 of title 24 of the Code of the
3 Federated States of Micronesia is hereby amended to read as follows:

4 "Section 724. Tax exemption.

5 The Corporation shall exist and operate solely for the
6 benefit of the public and shall be exempt from any taxes
7 or assessments except import taxes or assessments on any
8 of its property, operations, or activities. Nothing in
9 this section exempts employees and independent
10 contractors of the Corporation from tax liability for
11 income received from the Corporation. The tax-exempt
12 status shall not be available insofar as the Corporation
13 associates itself in a joint venture with a foreign
14 corporation or association."

15 Section 4. Section 128 of title 30 of the Code of the
16 Federated States of Micronesia, as enacted by Public Law No. 8-47,
17 is hereby amended to read as follows:

18 "Section 128. Tax exemption; No dividends.

19 (1) The Bank shall exist and operate solely for the
20 benefit of the public and shall be exempt from any taxes
21 or assessments except import taxes or assessments on any
22 of its property, operations, or activities. It is
23 anticipated, although not required, that continuation of
24 this tax exemption will be periodically reviewed by the
25 Congress of the Federated States of Micronesia on its own

1 motion or as requested by the Bank.

2 (2) For so long as any part of the tax exemption
3 established in this section shall continue, the Bank
4 shall be prohibited from paying any dividend or making
5 any other distribution to its stockholders."

6 Section 5. Section 29 of Public Law No. 7-79 is hereby amended
7 to read as follows:

8 "Section 29. Exemption from taxation.

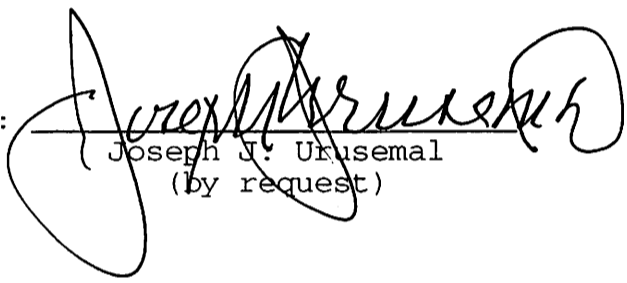
9 The College and its assets, revenues, income, and
10 property shall be exempt from all [~~direct~~] taxes imposed
11 by the National Government except for import taxes [~~r~~
12 ~~including any taxes, customs duties, or import and export~~
13 ~~taxes, fees or charges imposed by the National Government~~
14 ~~on the importation, acquisition, or exportation of~~
15 ~~equipment and supplies required by the College for~~
16 ~~official functions~~]. The tax exemptions provided for in
17 this paragraph shall not be for the benefit of any
18 officer, official, faculty member, employees, student, or
19 other individual associated with the College and the
20 College shall be liable for employer's contributions to
21 any social security or pension system of the National
22 Government in the manner provided by law. For purposes
23 of all types of registration and license fees, sales
24 taxes, and other charges and fees included in prices of
25 equipment, goods and services, the College shall be

1 treated as an agency or instrumentality of the National
2 Government."

3 Section 6. The foregoing amendments shall not be construed to
4 require that imports of the affected institutions must be subject to
5 import taxes, but only to remove the requirement that they be exempt
6 from such taxes. Whether or not the affected institutions are to
7 enjoy such an exemption is to be determined by reference to the
8 import tax law itself.

9 Section 7. 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: 7/26/99

14 Introduced by: 
Joseph J. Ukusemal
(by request)

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