



*The President*  
*Palikir, Pohnpei*  
*Federated States of Micronesia*

PRESIDENTIAL COMM NO. 19-550  
FSM CONGRESS

February 6, 2017

The Honorable Wesley W. Simina  
Speaker  
Nineteenth Congress of the Federated States of Micronesia  
Palikir, Pohnpei FM 96941

Dear Speaker Simina:

I am pleased to transmit the following congressional act, which I have signed into Public Law No. 19-143:

Congressional Act No. 19-147, entitled: "TO FURTHER AMEND TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY CREATING A NEW CHAPTER 6 TO PROVIDE FOR AVAILABILITY, ACCESS, AND EXCHANGE OF INFORMATION FOR TAXATION PURPOSES, AND FOR OTHER PURPOSES."

As indicated before, the purpose of the exchange of information in this act is to establish and maintain transparency in business, and to demonstrate FSM's compliance with international standards with respect to sharing of tax information. The passage of this act marks a positive step towards maintaining this nation's credibility as a responsible tax regulator.

Therefore, I wish to extend my appreciation to the 19<sup>th</sup> Congress for the passage of this act. Thank you.

Sincerely,

  
Peter M. Christian  
President



Enclosure:

xc: Chief Justice, FSM Supreme Court



Office of the Chief Clerk

CONGRESS OF THE FEDERATED STATES OF MICRONESIA

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PRESIDENTIAL COMM. NO. 19-550  
FSM CONGRESS

January 31, 2017



His Excellency Peter M. Christian  
President  
Federated States of Micronesia  
Palikir, Pohnpei FM 96941

Dear President Christian:

I have the honor to transmit herewith Congressional Act No. 19-147, "AN ACT TO FURTHER AMEND TITLE 54 OF THE CODE OF THE FEDERATED STATES OF MICRONESIA (ANNOTATED), AS AMENDED, BY CREATING A NEW CHAPTER 6 TO PROVIDE FOR AVAILABILITY, ACCESS, AND EXCHANGE OF INFORMATION FOR TAXATION PURPOSES, AND FOR OTHER PURPOSES.", which was passed by the Nineteenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2017, by a two-thirds vote of all the State delegations as required and as duly certified.

Sincerely yours,

Liwiana Ramon Ioanis  
Chief Clerk, Congress of the  
Federated States of Micronesia

Enclosures



Office of the Speaker

CONGRESS OF THE FEDERATED STATES OF MICRONESIA

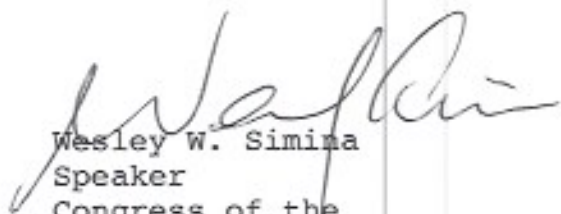
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PRESIDENTIAL COMM. NO. 19-550  
FSM CONGRESS

ACT NO. 19-147

(CONGRESSIONAL BILL NO. 19-244)

We hereby certify that on January 28 the foregoing act passed Second and Final Reading of the Nineteenth Congress of the Federated States of Micronesia, Sixth Regular Session, 2017, by a two-thirds vote of all the State delegations as required under article IX, section 20, of the Constitution of the Federated States of Micronesia.

  
Wesley W. Simina  
Speaker  
Congress of the  
Federated States of Micronesia

  
Liwiana Ramon Ioanis  
Chief Clerk  
Congress of the  
Federated States of Micronesia

AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, by creating a new chapter 6 to provide for availability, access, and exchange of information for taxation purposes, and for other purposes.

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

1       Section 1. The Congress finds that illegal tax evasion is a  
2 serious and global problem, and the effective international  
3 measures to exchange information for tax purposes is necessary to  
4 prevent tax fraud, money laundering, and financing of terrorism.  
5 It is hereby declared to be the policy of the Federated States of  
6 Micronesia to implement international standards for transparency  
7 and exchange of tax information, and it is the intent of Congress  
8 that this chapter be implemented in accordance with the policy.

9       Section 2. Title 54 of the Code of the Federated States of  
10 Micronesia (Annotated), as amended, is hereby further amended by  
11 creating a new chapter 6 entitled: "Access and Exchange of  
12 Information."

13       Section 3. Title 54 of the Code of the Federated States of  
14 Micronesia (Annotated), as amended, is hereby further amended by  
15 inserting a new section 601 of chapter 6, to read as follows:

16               "Section 601. Short title. This chapter may be cited  
17               as the 'Exchange of Tax Information Act of 2016'."

18       Section 4. Title 54 of the Code of the Federated States of

1 Micronesia (Annotated), as amended, is hereby further amended by  
2 inserting a new section 602 of chapter 6, to read as follows:

3 "Section 602. Definitions.

4 Wherever used in this chapter, except where otherwise  
5 specified, unless the subject matter, context, or sense  
6 otherwise requires:

7 (1) "Business" includes any profession, trade,  
8 manufacture, or other undertaking carried on for  
9 pecuniary profit in the Federated States of Micronesia,  
10 but not including employment.

11 (2) "Customs and Tax Administration" means the  
12 division in the Department of Finance and Administration  
13 that is charged with administration of national tax  
14 laws. It is headed by an assistant secretary.

15 (3) 'Entity' means a company, corporation,  
16 partnership, unincorporated association or other  
17 business entity, trust, or estate that:

18 (a) is registered in the Federated States of  
19 Micronesia;

20 (b) has a permanent establishment in the  
21 Federated States of Micronesia;

22 (c) owns assets in the Federated States of  
23 Micronesia; or

24 (d) in the case of a trust, has a trustee  
25 resident in the Federated States of Micronesia.

1 (1) Every business or entity shall maintain  
2 accounting records for a period of six years that:

3 (a) Correctly explain all transactions;

4 (b) Enable the financial position of the  
5 business or entity to be determined with reasonable  
6 accuracy; and

7 (c) Allow financial statements to be prepared.

8 (2) Every business or entity shall maintain  
9 underlying documents of all transactions such as  
10 invoices and contracts for a period of six years.

11 (3) The Secretary may by regulation provide for  
12 simplified accounting record retention requirements for  
13 small businesses and entities. Any regulations issued  
14 pursuant to this subsection shall comply with  
15 international standards for tax transparency."

16 Section 7. Title 54 of the Code of the Federated States of  
17 Micronesia (Annotated), as amended, is hereby further amended by  
18 inserting a new section 605 of chapter 6, to read as follows:

19 "Section 605. Exchange of Information.

20 (1) Subject to ratification by Congress, the  
21 Executive branch may negotiate and execute treaty with  
22 another country on the exchange of tax information. Upon  
23 entry into force of such treaty, the Secretary may enter  
24 into agreement or agreements with foreign counterpart to  
25 implement the terms of treaty.

