

A BILL FOR AN ACT

To further amend title 21 of the Code of the Federated States of Micronesia (regarding FSM Telecommunications Corporation), as amended by Public Laws Nos. 5-7, 5-104, 7-37, and 7-99, by amending section 208 thereof, to amend title 22 of said Code (regarding Coconut Development Authority) by amending section 209 thereof, to further amend title 24 of said Code (regarding National Fisheries Corporation), as amended, by amending section 724 thereof, to further amend title 30 of said Code (regarding FSM Development Bank), as amended, by amending section 128 thereof, 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 thereof, 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 MICRONEISA:

1 Section 1. Section 208 of title 21 of the Code
2 of the Federated States Micronesia is hereby amended
3 to read as follows:

4 “Section 208. Tax liability. The Corporation
5 shall exist and operate solely for the
6 benefit of the public and shall be exempt
7 from any taxes or assessments
8 (except import taxes or assessments) on
9 any of its property, operations, or
10 activities. Nothing herein shall be deemed
11 to exempt employees and independent
12 contractors of the Corporation from tax
13 liability for services rendered to the
14 Corporation; and the Corporation shall be
15 liable for employers' contributions to the
16 Social Security System of the Federated
17 States of Micronesia in the manner provided
18 by law.”

19 Section 2. Section 209 of title 22 of the Code
20 of the Federated States of Micronesia is hereby
21 amended to read as follows:

22 “Section 209. Tax Exemption. It is hereby
23 declared that the purpose for which the
24 Authority is created is a public purpose
25 for the benefit of the people of the

1 Federated States of Micronesia, and that the
2 Authority shall not be required to pay any
3 taxes or assessments (except import taxes or
4 assessments) on any of the property acquired
5 or to be acquired by it, or on its income,
6 operations, or activities.”

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

10 “Section 724. Tax exemption. The Corporation shall
11 exist and operate solely for the benefit of the public
12 and shall be exempt from any taxes or assessments
13 (except import taxes or assessments) on any of its
14 property, operations, or activities. Nothing in
15 this section exempts employees and independent
16 contractors of the Corporation from tax liability
17 for income received from the Corporation. The tax-
18 exempt status shall not be available insofar as
19 the Corporation associates itself in a joint
20 venture with a foreign corporation or
21 association.”

22 Section 4. Section 128 of title 30 of the Code of the
23 Federated States of Micronesia, as enacted by Public Law No.
24 8-47, is hereby amended to read as follows:

25 “Section 128. Tax exemption; No dividends.

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

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

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

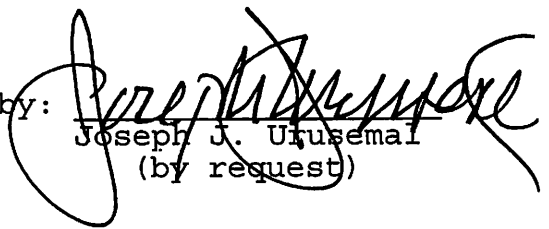
"Section 29. Exemption from taxation. The College and its assets, revenues, income, and property shall be exempt from all ~~[direct]~~ taxes imposed by the National Government (except import taxes) ~~[, including any taxes, customs duties, or import and export taxes, fees or charges imposed by the National Government on the importation, acquisition, or exportation of equipment and~~

~~supplies required by the College for official functions]~~. The tax exemptions provided for in this paragraph shall not be for the benefit of any officer, official, faculty member, employee, student, or other individual associated with the College and the College shall be liable for employer's contributions to any social security or pension system of the National Government in the manner provided by law. For purposes of all types of registration and license fees, sales taxes, and other charges and fees included in prices of equipment, goods and services, the College shall be treated as an agency or instrumentality of the National Government."

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

1 Section 7. This act shall become law upon approval by the
2 President of the Federated States of Micronesia or upon its
3 becoming law without such approval.

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5 Date: 11/27/98

Introduced by: 
Joseph J. Urusemai
(by request)

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