

HERA

A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended, by further amending section 603, as amended by Public Laws Nos. 5-120 and 7-118, for the purpose of raising the maximum amount in wages which may be taxed as contribution to Social Security, and for other purposes.

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

1 Section 1. Section 603 of title 53 of the Code of the  
2 Federated States of Micronesia, as amended by Public Laws Nos. 5-120  
3 and 7-118, is hereby further amended to read as follows:

4 "Section 603. Definitions. In this chapter, unless the  
5 context otherwise requires, the following definitions  
6 shall be applicable:

7 (1) 'Became disabled' means the first month in which an  
8 individual is under a disability and is both fully and  
9 currently insured.

10 (2) 'Board' means the Federated States of Micronesia  
11 Social Security Board provided for by section 701 of this  
12 subtitle.

13 (3) 'Child or spouse' means that an applicant is the  
14 child or spouse of an individual if the court of the  
15 State in which the individual was domiciled at the time  
16 of his death has or would find the applicant to be the  
17 individual's child or spouse in determining the  
18 devolution of intestate personal property.

19 (4) 'Contributions' means the tax imposed upon income  
20 of covered employees and the tax imposed upon employers  
21 on account of wages paid to a covered employee.

22 (5) 'Disability' means inability to engage in any  
23 substantial gainful employment by reason of any medically  
24 determinable physical or mental impairment which can be  
25 expected to result in death or which has lasted or can be

1 expected to last for a continuous period of not less than  
2 twelve months.

3 (6) 'Earning test' means that an individual who  
4 receives a retirement, disability, or survivor benefit  
5 and who works in covered or noncovered employment shall  
6 have his quarterly benefit reduced by one dollar for each  
7 two dollars earned in a quarter, except there shall be no  
8 reduction for the first \$300 earned in a quarter. The  
9 reduction shall be applied in one of the subsequent two  
10 quarters immediately after the quarter in which the  
11 earnings were made, or as soon as possible thereafter.

12 (7) 'Employee' means:

13 (a) any officer of a corporation; or

14 (b) any individual who, under the usual common law  
15 rules applicable in determining the employer-employee  
16 relationship, has the status of an employee; or

17 (c) any self-employed person who has at least one  
18 employee for whom he is required to report in a given  
19 quarter; or

20 (d) any self-employed person who had more than  
21 \$10,000 of annual gross revenue in the preceding calendar  
22 year.

23 (8) 'Employment' means any service by an employee for  
24 an employer incorporated or doing business within the  
25 Federated States of Micronesia employing him,

1           irrespective of where such employment is performed,  
2           except family employment.

3           (9) 'Family employment' means employment of a worker by  
4           a member of the household, a parent or a son or daughter  
5           except that the worker may apply to the Board for a  
6           determination that such employment is bona fide covered  
7           employment subject to this subtitle.

8           (10) 'Insured status' can mean any of the following:

9           (a) 'Currently insured individual' means any  
10          individual who has had not less than eight quarters of  
11          coverage during the thirteen quarter period ending with:

12                   (i) the quarter in which he died; or

13                   (ii) the quarter in which he became entitled  
14          to old age insurance benefits; or

15                   (iii) the quarter in which he became disabled,  
16          whichever first occurs.

17          (b) 'Fully insured individual' means any  
18          individual who has not less than one quarter of coverage  
19          for each year beginning after June 30, 1968, or for each  
20          year after attaining the age of twenty-one, whichever is  
21          later, and up to but excluding the year in which he  
22          attained retirement age, became disabled, or died,  
23          whichever first occurred, except that in no case shall an  
24          individual be a fully insured individual unless he has at  
25          least twelve quarters of coverage.

1 (11) 'Quarter' and 'calendar quarter' mean a period of  
2 three calendar months ending on March 31st, June 30th,  
3 September 30th, or December 31st. 'Quarter of coverage'  
4 means a quarter in which the individual has been paid  
5 fifty dollars or more in wages in employment subject to  
6 this subtitle.

7 (12) 'Wages' means remuneration paid subject to the  
8 provisions of this subtitle, including the cash value of  
9 all remuneration paid in any medium other than cash and  
10 remuneration accruing to a self-employed person.

11 Remuneration accruing to a self-employed person shall be  
12 deemed to be twice the amount paid to the highest paid  
13 employee reported by the self-employed person in a  
14 quarter, [~~\$3,000~~] \$5,000 maximum per quarter.

15 Remuneration accruing to a self-employed person who has  
16 no covered employees shall, for each quarter of a year,  
17 be deemed to be 2.5 percent of the gross revenue of the  
18 business for the previous calendar year, subject to  
19 [~~\$3,000~~] \$5,000 maximum. Remuneration paid for any  
20 service which is more or less than a whole dollar shall,  
21 as may be prescribed by regulations, be computed to the  
22 nearest dollar. Wages shall not include:

23 (a) that part of remuneration in excess of  
24 [~~\$3,000~~] \$5,000 paid in a quarterly reporting period by  
25 one employer;

1 (b) any payment on account of sickness or accident  
2 disability, or medical or hospitalization expenses made  
3 by an employer to or on behalf of an employee;

4 (c) any payment made to or on behalf of an  
5 employee or to the employee's beneficiary from a trust or  
6 annuity;

7 (d) remuneration paid in any medium other than  
8 cash to an employee for service not in the course of the  
9 employer's trade or business or for domestic service in a  
10 private home of an employer;

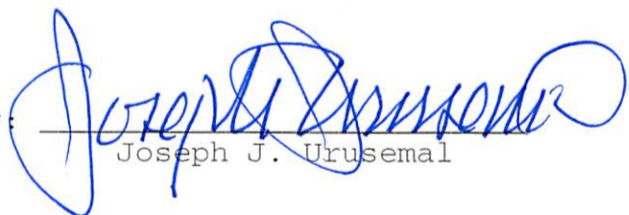
11 (e) remuneration paid for casual or intermittent  
12 labor not performed in the course of the employer's trade  
13 or business when such employment does not exceed  
14 employment in more than one week in each calendar month  
15 of each quarterly reporting period; and

16 (f) remuneration from family employment subject to  
17 the provisions of this subtitle."

18 Section 2. This act will take effect on October 1, 1999.

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

22  
23 Date: 5/17/99

24 Introduced by:   
25 Joseph J. Urusemal