

WJm

11-49

A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by further amending section 124 thereof, as amended by Public Law No. 7-41, to more clearly specify which wages and salaries are taxable, and for other purposes.

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

1 Section 1. Section 124 of title 54 of the Code of the
2 Federated States of Micronesia, as amended by Public Law No. 7-41,
3 is hereby further amended to read as follows:

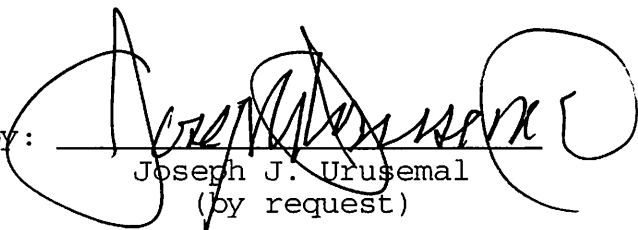
4 "Section 124. Source of wages. [~~If an employee is~~
5 ~~credited or paid salaries or wages derived from, or~~
6 ~~attributable to, personal services performed or rendered~~
7 ~~both within and without the Federated States of~~
8 ~~Micronesia, then the whole of the salaries or wages shall~~
9 ~~be presumed to have been earned within the Federated~~
10 ~~States of Micronesia.] The tax imposed by section 121 of
11 this chapter shall not apply to wages and salaries paid:~~

12 (1) by a nonresident employer to an employee who is
13 physically present in the FSM for less than 60 days in
14 the tax year; or

15 (2) to an employee based outside the FSM for services
16 performed outside the FSM, except that the tax shall
17 apply to the wages and salaries of foreign service
18 personnel of the National Government who are exempt from
19 taxes in the country in which they are based."

20 Section 2. This act shall become law upon approval by the
21 President of the Federated States of Micronesia or upon its becoming
22 law without such approval.

23
24 Date: 7/19/99

25 Introduced by: 
Joseph J. Urusemal
(by request)