

RAD/WAM

TENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST REGULAR SESSION, 1997

C.B. NO. 10-3

A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 222 thereof, as created by Public Law No. 9-139, for the purpose of removing the import tax exemption for government imports, and to amend Public Law No. 9-139 by amending section 60 thereof for the purpose of delaying the effectiveness of the Customs Act of 1996, and for other purposes.

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

1 Section 1. Section 222 of title 54, as created by Public Law
2 No. 9-139, is hereby amended to read as follows:

3 "Section 222. Exemptions.

4 (1) Damaged, pillaged or faulty goods. Upon receipt
5 of a written request within 28 days of the goods' resale
6 from Customs control, the Secretary may authorize a refund
7 of the whole or part of the duty paid, where any of the
8 following conditions exists:

9 (a) Goods have been damaged, pillaged, lost or
10 destroyed during the voyage;

11 (b) Goods have, while subject to the control of
12 Customs, been damaged, pillaged, lost or destroyed; or

13 (c) The Commissioner is satisfied that, owing
14 to a fault or defect in any goods, the importer has
15 received a reduction or a refund, in whole or part, of the
16 price paid for the goods.

17 (2) Imported goods subsequently exported. Any
18 person who imports goods into the FSM, and then exports
19 them to a buyer who is outside both the exclusive economic
20 zone and the territorial limits of the FSM, is entitled to
21 a refund of any import duty actually paid on such goods,
22 upon application to and approval by the Secretary. For
23 purposes of this subsection, raw materials or ingredients
24 which are worked into or otherwise become part of a
25 different or more finished product are deemed exported

1 when that product is exported.

2 (3) Per trip abroad. Each time an individual person
3 enters or returns to the FSM from a foreign jurisdiction,
4 he or she is entitled to bring into the FSM the following
5 goods, duty free, provided that such goods are for that
6 person's own personal use or consumption and not for
7 resale or exchange, and provided further that such person
8 is permitted by applicable State law to possess, use, and
9 consume such goods:

10 (a) up to 200 cigarettes;

11 (b) up to one pound of tobacco or twenty
12 cigars;

13 (c) up to 52 fluid ounces or 1500 milliliters
14 of distilled alcoholic beverages; and

15 (d) up to two hundred dollars (\$200) worth of
16 goods other than tobacco products, beer and malt
17 beverages, distilled alcoholic beverages, and wine.

18 (4) Visitor's personal effects. A visitor to the
19 FSM may import bona fide personal effects into the FSM
20 duty free, provided the goods are for the visitor's own
21 personal use and will be taken with the visitor when he or
22 she leaves the country.

23 (5) Returning goods. Goods produced or properly
24 entered in the FSM which are subsequently removed from the
25 FSM may be returned to the FSM duty free. The burden

1 shall be on the owner of the goods to establish that the
2 goods were either produced in the FSM or previously and
3 properly entered.

4 (6) Foreign aid projects. An international
5 organization, foreign contractor, or other foreign entity
6 may import goods into the FSM duty free in connection with
7 the performance of services or other conduct of business
8 in furtherance of a foreign aid agreement entered into by
9 the FSM, the terms of which require that such imports
10 shall not be subject to taxation by the FSM; provided that
11 if and when such goods are subsequently sold in the FSM,
12 import duty shall be due based on the sale amount. The
13 duty, together with penalties and interest, shall be the
14 joint and several personal liability of the importer and
15 the purchaser and shall be secured by first liens on the
16 goods and on the importer's property as hereinafter
17 provided.

18 (7) Personal Gifts. Goods claimed as gifts, valued
19 at one hundred dollars (\$100) or less, and received by
20 persons within the FSM from sources outside the FSM shall
21 not be subject to import duty provided the goods are for
22 the recipient's own personal use or consumption and not
23 for resale or exchange. There shall be a rebuttable
24 presumption that goods received from outside the FSM are
25 not gifts.

1 (8) Government importation/ Goods imported by any
2 of the levels of the Government of the Federated States of
3 Micronesia/ including authorities and public corporations
4 thereof/ are exempt from the duty on imports in proportion
5 to the ownership interest held by a government/ PROVIDED/
6 however/ in the event of a sale of an interest in goods
7 previously subject to this exemption to an entity not
8 exempted by this subsection/ such goods shall be thereby
9 available to the purchaser in proportion to the interest
10 sold/ The goods or proportional interest therein thus
11 sold shall be deemed to be imported upon delivery to the
12 purchaser/ and the CIF price shall be determined by
13 reference to the costs/ insurance and freight payable by
14 the purchaser/

15 (9) Fishing vessels basing in the Federated States
16 of Micronesia under a valid permit or license issued
17 pursuant to title 24 of the Code of the Federated States
18 of Micronesia shall not be subject to the import duty on
19 either the vessel or equipment installed in the vessel.

20 Section 2. Section 60 of Public Law No. 9-139 is hereby
21 amended to read as follows:

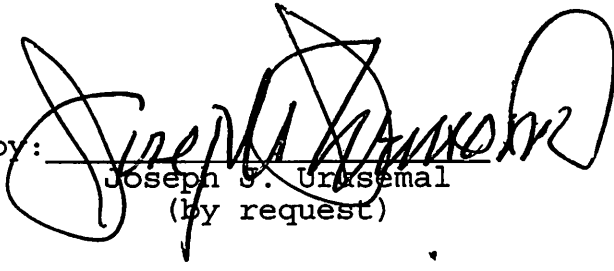
22 "Section 60. This act shall be effective on the first day
23 of the first month which begins no less than ninety (90)
24 days after this act becomes law October 1, 1997."

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

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5 Date: 7/11/97

Introduced by: 
Joseph S. Ursemal
(by request)

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