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A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended, by 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.
3 5-120 and 7-118, is hereby further amended to read as follows:

4 "Section 603. Definitions.

5 In this chapter, unless the context otherwise
6 requires, the following definitions shall be
7 applicable:

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

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

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

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

25 (5) 'Disability' means inability to engage in

1 any substantial gainful employment by reason of any
2 medically determinable physical or mental
3 impairment which can be expected to result in death
4 or which has lasted or can be expected to last for a
5 continuous period of not less than twelve months.

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

16 (7) 'Employee' means:

17 (a) any officer of a corporation; or

18 (b) any individual who, under the usual
19 common law rules applicable in determining the
20 employer-employee relationship, has the status of an
21 employee; or

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

25 (d) any self-employed person who had more

1 than \$10,000 of annual gross revenue in the
2 preceding calendar year.

3 (8) 'Employment' means any service by an
4 employee for an employer incorporated or doing
5 business within the Federated States of Micronesia
6 employing him, irrespective of where such employment
7 is performed, except family employment.

8 (9) 'Family employment' means employment of a
9 worker by a member of the household, a parent or a
10 son or daughter except that the worker may apply to
11 the Board for a determination that such employment
12 is bona fide covered employment subject to this
13 subtitle.

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

16 (a) 'Currently insured individual' means
17 any individual who has had not less than eight
18 quarters of coverage during the 13-quarter period
19 ending with:

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

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

23 (iii) the quarter in which he became
24 disabled, whichever first occurs.

25 (b) 'Fully insured individual' means any

1 individual who has not less than one quarter of
2 coverage for each year beginning after June 30,
3 1968, or for each year after attaining the age of
4 twenty-one, whichever is later, and up to but
5 excluding the year in which he attained retirement
6 age, became disabled, or died, whichever first
7 occurred, except that in no case shall an individual
8 be a fully insured individual unless he has at least
9 twelve quarters of coverage.

10 (11) 'Quarter' and 'calendar quarter' mean a
11 period of three calendar months ending on March
12 31st, June 30th, September 30th, or December 31st.
13 "Quarter of coverage" means a quarter in which the
14 individual has been paid fifty dollars or more in
15 wages in employment subject to this subtitle.

16 (12) 'Wages' means remuneration paid subject
17 to the provisions of this subtitle, including the
18 cash value of all remuneration paid in any medium
19 other than cash and remuneration accruing to a
20 self-employed person. Remuneration accruing to a
21 self-employed person shall be deemed to be twice
22 the amount paid to the highest paid employee
23 reported by the self-employed person in a quarter,
24 ~~\$1,000~~ \$5,000 maximum per quarter. Remuneration
25 accruing to a self-employed person who has no

1 covered employees shall, for each quarter of a year,
2 be deemed to be 2.5 percent of the gross revenue of
3 the business for the previous calendar year, subject
4 to ~~\$3,000~~ \$5,000 maximum. Remuneration paid for any
5 service which is more or less than a whole dollar
6 shall, as may be prescribed by regulations, be
7 computed to the nearest dollar. Wages shall not
8 include:

9 (a) that part of remuneration in excess
10 of ~~\$3,000~~ \$5,000 paid in a quarterly reporting
11 period

12 by one employer;

13 (b) any payment on account of sickness or
14 accident disability, or medical or hospitalization
15 expenses made by an employer to or on behalf of an
16 employee;

17 (c) any payment made to or on behalf of
18 an employee or to the employee's beneficiary from a
19 trust or annuity;

20 (d) remuneration paid in any medium other
21 than cash to an employee for service not in the
22 course of the employer's trade or business or for
23 domestic service in a private home of an employer;

24 (e) remuneration paid for casual or
25 intermittent labor not performed in the course of

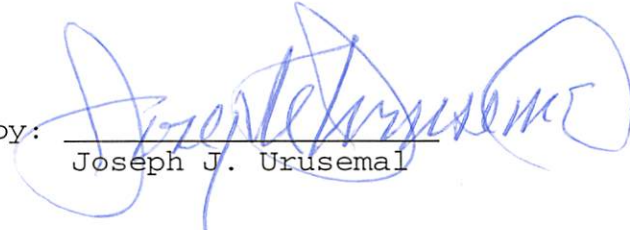
1 the employer's trade or business when such
2 employment does not exceed employment in more than
3 one week in each calendar month of each quarterly
4 reporting period; and

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

7 Section 2. This act will take effect on October 1, 1997.

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

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12 Date: 6/02/97

Introduced by: 
Joseph J. Urusemal

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