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A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 121, by repealing section 122, by renumbering sections 123 and 124, and by further amending section 141, as amended by Public Law No. 5-84, to establish a progressive tax on wages and salaries and to eliminate the deduction applicable to employees earning \$5,000 or less, and for other purposes.

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

1 Section 1. Section 121 of title 54 of the Code of the Federated States of
2 Micronesia is hereby amended to read as follows:

3 "Section 121. Tax on wages and salaries.

4 There shall be assessed, levied, collected, and paid, on all wages and
5 salaries received by every employee, as defined, a tax according to
6 the following schedule: ~~of six percent upon the first \$11,000~~
7 and ~~ten percent upon the amount over the first \$11,000 of~~
8 all wages and salaries received by every employee, as
9 defined, ~~except as provided in section 122 of this chapter~~

10 (1) five percent on the first \$5,000

11 (2) ten percent on the next \$7,000; and

12 (3) fifteen percent on the amount over \$12,000."

13 Section 2. Section 122 of title 54 of the Code of the Federated States of
14 Micronesia is hereby repealed in its entirety.

15 Section 3. Sections 123 and 124 of title 54 of the Code of the Federated
16 States of Micronesia are hereby renumbered as sections 122 and 123, respectively.

17 Section 4. Section 141 of title 54 of the Code of the Federated States of
18 Micronesia, as amended by Public Law No. 5-84, is hereby further amended to read
19 as follows:

20 "Section 141. Tax on gross revenues; Exemption.

21 (1) There shall be assessed, levied, collected, and paid a tax
22 of \$80 per year upon that portion of the amount of gross revenues
23 earned by every business subject to the provisions of this chapter
24 which does not exceed \$10,000 per year.

25 (2) There shall be assessed, levied, collected, and paid a tax

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1 of three percent per year upon that portion of the amount of gross
2 revenues earned by every business subject to the provisions of this
3 chapter which is in excess of \$10,000 per year.

4 (3) Businesses which earn gross revenues of not more than
5 \$2,000 per year are exempt from taxation under this section. The
6 deduction shall be claimed by the business by filing for a refund under
7 the provisions of sections ~~122 and 123~~ of this chapter.

8 (4) For the purpose of section 805 of this title, every business
9 that operates in more than one State of the Federated States of
10 Micronesia shall file a separate tax return for revenue collected in each
11 State."

12 Section 5. This act shall take effect on the first day of the calendar year
13 after becoming law.

14 Section 6. This act shall become law upon approval by the President of the
15 Federated States of Micronesia or upon its becoming law without such approval.

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17 Date: Aug. 04, 1997 Introduced by: 
18 Redley Killion

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