TENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

THIRD REGULAR SESSION, 1998

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 222 thereof, as amended by Public Laws Nos. 9-139 and 10-10, for the purpose of exempting school instructional items from the duty on imports, and for other purposes.

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

Section 1. Section 222 of title 54 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 9-139 and 10-10, is hereby further amended to read as follows:

"Section 222. Exemptions.

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

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

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

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

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

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

(a) up to 200 cigarettes;

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

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

(d) up to two hundred dollars
($200) worth of goods other than tobacco products,
beer and malt beverages, distilled alcoholic
beverages, and wine.
(4) **Visitors' personal effects.** A visitor to the FSM may import bona fide personal effects into the FSM duty free, provided the goods are for the visitor's own personal use and will be taken with the visitor when he or she leaves the country.

(5) **Returning goods.** Goods produced or properly entered in the FSM which are subsequently removed from the FSM may be returned to the FSM duty free. The burden shall be on the owner of the goods to establish that the goods were either produced in the FSM or previously and properly entered.

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

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

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

(9) Government Imports. Goods imported by
the National, State or local levels of government
of the Federated States of Micronesia, other than
for resale, shall be exempt from the import duty.
For purposes of this exemption, the term
'government' shall not include public
corporations, authorities or other entities established by law to operate as independent enterprises. The exemption created by this subsection shall expire on September 30, 1998, unless extended by law.

(10) School instructional items.

Instructional supplies and materials, including textbooks, imported other than for resale by a non-profit school, as qualified by the Secretary, shall be exempt from the import duty."

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

Date: 5/13/98

Introduced by: [Signature]

Nishima E. Yeleizah