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 enacted by Public Law No. 9-139 and amended by Public Law No. 10-10, for the purpose of modifying the import tax exemptions, 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 enacted by Public Law No. 9-139 and amended by Public Law No. 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 exist:

(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. With respect to importers primarily engaged in re-exporting, the Secretary may provide by policy or regulation for waiving, rather than collecting and subsequently refunding, duties on imports to be re-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 import 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 rebuttable 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."
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.

_________________________, 1998

Jacob Nena
President
Federated States of Micronesia
A BILL FOR AN ACT

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CBL 10-345
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4. (d) up to two hundred dollars ($200) worth of goods other than tobacco products, beer and malt beverages, distilled alcoholic beverages, and wine.
5. (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 visitors' own personal use and will be taken with the visitor when he or she leaves the country.
6. (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.
7. (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
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