

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 modifying the import tax exemption for government imports, and to amend Public Law No. 9-139 by amending section 60 for the purpose of delaying the effective of the Customs Act of 1996, 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 created by Public Law No. 9-139, is hereby 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.

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

"Section 60. This act shall be effective on October 1, 1997."

Section 3. This act shall be deemed to have become effective as of May 31, 1997

Section 4. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

July 8 \_\_\_\_\_, 1997

/s/ Jacob Nena \_\_\_\_\_

Jacob Nena  
President  
Federated States of Micronesia