TWELFTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FIRST SPECIAL SESSION, 2001

C.B. NO. <u>12-38</u>

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 124, as amended by Public Law No. 7-41, to more clearly specify which wages and salaries are taxable, and for other purposes.

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

1	Section 1. Section 124 of title 54 of the Code of the Federated
2	States of Micronesia, as amended by Public Law No. 7-41, is hereby
3	further amended to read as follows:
4	"Section 124. <u>Source of wages</u> . [If an employee is credited
5	or paid salaries or wages derived from, or attributable to,
6	personal services performed or rendered both within and
7	without the Federated States of Micronesia, then the whole of
8	the salaries or wages shall be presumed to have been earned
9	within the Federated States of Micronesia.] The tax imposed
10	by section 121 of this chapter shall not apply to wages and
11	salaries paid:
12	(1) by a nonresident employer to an employee who is
13	physically present in the FSM for less than 60 days in the
14	<u>tax year; or</u>
15	(2) to an employee based outside the FSM for services
16	performed outside the FSM, except that the tax shall apply to
17	the wages and salaries of foreign service personnel of the

1	National Government who are exempt from taxes in the country
2	in which they are based."
3	Section 2. This act shall become law upon approval by the
4	President of the Federated States of Micronesia or upon its becoming
5	law without such approval.
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8	Date: Introduced by:
9	Joseph J. Urusemal (by request)
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