

AN 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, as enacted by Public Law No. 9-139 and amended by Public Laws Nos. 10-10, 10-136, 10-149, 11-43, 11-70 and 11-82, to exempt from import duties those materials, plant and equipment imported by duly licensed manufacturing firms for construction of manufacturing facilities, and for other purposes.

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

1 Section 1. Section 222 of title 54 of the Code of the Federated
2 States of Micronesia, as enacted by Public Law No. 9-139 and as amended
3 by Public Laws Nos. 10-10, 10-136, 10-149, 11-43, 11-70 and 11-82, is
4 hereby further amended to read as follows:

5 "Section 222. Exemptions.

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

11 (a) goods have been damaged, pillaged, lost or
12 destroyed during the voyage;

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

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

1 the goods.

2 (2) Goods imported for subsequent export.

3 (a) Upon application to and approval by the Secretary,
4 import duty paid on the following goods shall be refunded:
5 goods imported for processing in the FSM, not otherwise used
6 in the FSM, and subsequently exported from the FSM. For
7 purposes of this subsection, raw materials or ingredients
8 which are worked into or otherwise become part of a different
9 or more finished product are deemed exported when that product
10 is exported.

11 (b) Goods imported for processing are eligible for the
12 duty refund when the finished products which the imported
13 goods were processed into have been loaded on an aircraft or
14 vessel for direct removal from the FSM and that aircraft or
15 vessel has departed from the port. After they have been so
16 loaded, the goods shall again be subject to import duty if
17 they are unloaded or used in the FSM. With respect to
18 importers primarily engaged in importing for processing and
19 subsequent export, the Secretary shall provide for waiving, by
20 regulation rather than collecting and subsequently refunding,
21 duties.

22 (c) Upon application to and approval by the Secretary,
23 import duty shall be waived on the following goods: goods
24 imported for transshipment through the FSM, not to be used in
25 the FSM, which are securely stored while in the FSM and which

1 are exported from the FSM within a reasonable time of import
2 to the FSM, as defined by regulation. Should these goods not
3 be exported within a reasonable time, the importer will be
4 subject to a penalty equal to one-quarter of the import duty
5 that would have been due if the goods were to be used in the
6 FSM. Should these goods be removed from the secure storage
7 facility or used in the FSM, they will be subject to the full
8 import duty.

9 (d) The burden of proving that goods imported are for
10 subsequent export shall be upon the importer/exporter as
11 specified in regulations.

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

20 (a) up to 200 cigarettes;

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

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

24 (d) up to two hundred dollars (\$200) worth of goods
25 other than tobacco products, beer and malt beverages,

1 distilled alcoholic beverages, and wine.

2 (4) Visitors' personal effects. A visitor to the FSM may
3 import bona fide personal effects into the FSM duty free,
4 provided the goods are for the visitor's own personal use and
5 will be taken with the visitor when he or she leaves the
6 country.

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

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

25 (7) Certain fishing vessels and equipment. Fishing vessels

1 basing in the Federated States of Micronesia under a valid
2 permit or license issued pursuant to title 24 of the Code of
3 the Federated States of Micronesia shall not be subject to the
4 import duty on ~~[either]~~ the vessel, ~~[or]~~ equipment installed
5 in the vessel, or replacement parts and equipment imported for
6 use on such vessel. ~~[This exemption shall apply to replacement~~
7 ~~parts and equipment imported by these fishing vessels as~~
8 ~~well.]~~

9 (8) Parcels which would generate a de minimis duty.

10 Parcels mailed or otherwise sent into the FSM, which would
11 otherwise generate a de minimis duty, shall be exempt from
12 import duty, provided that such goods are for the recipient's
13 own personal use or consumption and not for resale or
14 exchange. Parcels with values up to the amount specified in
15 subsection (3)(d) of this section, shall be exempt.

16 (9) Goods imported by a manufacturing firm. The Secretary
17 of Finance may grant to a firm duly licensed to manufacture
18 products within the Federated States of Micronesia a waiver of
19 import duties on materials, plant and equipment imported for
20 construction of a manufacturing facility."

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

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Date: _____

Introduced by: _____

Peter M. Christian