
A BILL FOR AN ACT

To amend sections 122 and 131 of title 54 of the Code of the Federated States of Micronesia (Annotated), by creating an exemption from the wages and salaries tax for the first \$5,000 of an employee's total wages and salaries for a calendar year, and for other purposes.

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

1 Section 1. Section 122 of title 54 of the Code of the
2 Federated States of Micronesia (Annotated), is hereby amended
3 to read as follows:

4 "Section 122. [~~Deduction~~] Exemption on tax[~~; Claim~~
5 ~~for refund~~].

6 (1) Every employee, as defined, [~~except those~~
7 ~~whose gross annual wages and salaries are \$5,000 or~~
8 ~~more~~] shall be allowed [~~a deduction of \$1,000~~] an
9 exemption of the first \$5,000 per year from [~~all~~]
10 the total wages and salaries subject to tax levied
11 by section 121 of this chapter and received by the
12 employee in the year in which [~~the deduction~~] an
13 exemption is claimed.

14 (2) [~~The deduction shall be claimed by the~~
15 ~~employee filing for a refund under the provisions~~
16 ~~of section 123 of this chapter.~~] The employer,
17 when calculating the withholding of tax from the
18 employee's wages and salaries under section 131 of

1 this chapter, shall prorate the exemption over the
2 calendar year and reduce the withholding amounts
3 accordingly.”

4 Section 2. Section 131 of title 54 of the Code of the
5 Federated States of Micronesia (Annotated), is hereby amended
6 to read as follows:

7 “Section 131. Resident Employers – Withholding of
8 Tax.

9 (1) The tax imposed by section 121 of this
10 chapter shall be collected by the employer by
11 deducting and withholding the tax imposed, in
12 accordance with the requirements of section 122 of
13 this chapter, on any wages and salaries as and when
14 paid or credited to the employee.

15 (2) Every employer required to deduct and
16 withhold the tax imposed shall be liable for the
17 payment and shall pay such tax to the National
18 revenue officer of the State in which the employer
19 has his principal place of business, or to the
20 Secretary, if the employer has no place of business
21 in the Federated States of Micronesia.

22 (3) Any employer who violates any of the
23 provisions of this section shall be subject to the
24 penalties prescribed in this chapter.”

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Section 3. 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: 11/14/19 Introduced by: /s/ Isaac V. Figir
Isaac V. Figir

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