AN ACT

To further amend chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new Subchapter VI, for the purpose of permitting the taxation of unemployment assistance, and for other purposes.

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

1. Section 1. Chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended by creating a new Subchapter VI entitled: “Unemployment Assistance”.

2. Section 2. Chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended by adding a new section 160 to Subchapter VI to read as follows:

   “Section 160. Unemployment assistance.
   (1) “Unemployment assistance” means any remuneration given to residents of the Federated States of Micronesia to assist in times of unemployment.

3. Section 3. Chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended by adding a new section 161 to Subchapter VI to read as follows:

   “Section 161. Taxation of Unemployment Assistance.
   (1) Any unemployment assistance received by a
residents of the Federated States of Micronesia from foreign government grants is subject to ten (10%) percent taxation unless explicitly prohibited by the terms and conditions of the foreign assistance.

(2) Any unemployment assistance received by a resident of the Federated States of Micronesia from foreign government grants is subject to fifteen (15%) percent deduction for Social Security contribution for the benefit of the recipient unless explicitly prohibited by the terms and conditions of the foreign assistance.”

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.

__________________________________________, 2020

Re-passed July 2, 2020

David W. Panuelo
President
Federated States of Micronesia