A BILL FOR AN ACT

To insert new sections 806, 807, 808, 809, and 810 under chapter 8 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, in order to allow for the Secretary of Finance and Administration to issue Tax Identification Numbers to taxpayers; to allow for taxpayers to file tax returns and notices; to allow the Secretary of Finance and Administration to issue notices and assessments via electronic means, and to allow the Secretary of Finance and Administration to promulgate implementing regulations; and for other purposes.

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

"Section 806. Issue of Taxpayer Identification Numbers."

(1) The Secretary may, for the purposes of identification and cross-checking, require a taxpayer to apply for a Taxpayer Identification Number.

(2) An application for a Taxpayer Identification Number must be:

   (a) in the prescribed form;

   (b) accompanied by documentary evidence of the person’s identity as prescribed; and

   (c) lodged in the prescribed manner.

(3) If a person has applied for a Taxpayer Identification Number under subsection (1) of this section
and the Secretary is satisfied that the applicant’s
identity has been established, the Secretary must issue a
Taxpayer Identification Number to the applicant by written
notice.

(4) The Secretary must refuse an application under this
section:

(a) if the Secretary is not satisfied as to the
applicant’s true identity;

(b) if the applicant has already been issued with
a Taxpayer Identification Number that is still in force;
or

(c) for any other reason the Secretary considers
appropriate pursuant to regulation.

(5) The Secretary must serve the applicant with written
notice of the decision to refuse an application under this
section within 14 days after making the decision.

(6) The Secretary may, without an application being
made, issue a Taxpayer Identification Number to any person
liable for tax under a revenue law.”

Section 2. Title 54 of the Code of the Federated States of
Micronesia (Annotated), as amended, is hereby further amended by
inserting a new section 807 under chapter 8, to read as follows:

“Section 807. Cancellation of Taxpayer Identification
Number.

(1) A person who ceases to be a taxpayer must apply to
the Secretary, in the prescribed form, for cancellation of
the person’s Taxpayer Identification Number within 30 days
of the date on which the person ceased to be a taxpayer.

(2) The Secretary must, by notice in writing, cancel a
Taxpayer Identification Number:

(a) if the person has ceased to be a taxpayer;

(b) if a Taxpayer Identification Number has been
issued to the person under an identity that is not the
person’s true identity;

(c) if the person has already been issued with a
Taxpayer Identification Number that is still in force; or

(d) for any other reason the Secretary considers
appropriate.

(3) The Secretary may, at any time, by notice in
writing, cancel the Taxpayer Identification Number issued
to a person and issue the person with a new Taxpayer
Identification Number.’’

Section 3. Title 54 of the Code of the Federated States of
Micronesia (Annotated), as amended, is hereby amended by enacting a
new section 808 under chapter 8, to read as follows:

“Section 808. Quotation of Taxpayer Identification
Number.

The Secretary may require a taxpayer to state the
taxpayer’s Taxpayer Identification Number in any tax
return, notice, or other document used for the purposes of
Section 4. Title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, is hereby amended by inserting a new section 809 under chapter 8, to read as follows:

“Section 809. Electronic returns and notices.

(1) The Secretary may establish and operate a procedure (referred to as the “electronic notice system”) for electronic filing of tax returns or other documents to the Secretary and electronic service of notices and other documents by the Secretary and, for this purpose, the Secretary may provide written conditions for:

(a) the registration of taxpayers to participate in the electronic notice system (referred to as “registered users”);

(b) the issuing and cancellation of authentication codes to registered users;

(c) the tax returns and other documents that may be transmitted through the electronic notice system, including the form and manner in which they are to be transmitted;

(d) the correction of errors in or amendments to electronic returns or other documents;

(e) the use of the electronic notice system, including the procedure applicable if there is a breakdown or interruption in the system;
(f) the use in any electronic transmission of symbols, codes, abbreviations, or other notations to represent any particulars or information required under a revenue law; and

(g) any other matters for the better provision of the electronic notice system.

(2) A registered user may, in accordance with the conditions set by the Secretary under subsection (1) of this section, file a tax return or other document to the computer account of the Secretary.

(3) The Secretary may, in accordance with the conditions set by the Secretary under subsection (1) of this section, serve a notice or other document to the computer account of a registered user.

(4) If a tax return or other document of a registered user has been transmitted to the computer account of the Secretary using the authentication code assigned to the registered user either with or without the authority of the registered user, and before the registered user has applied to the Secretary for cancellation of the authentication code, the return or other document is, for the purposes of the revenue law under which it has been filed, presumed to be filed by the registered user unless the registered user proves to the contrary.

(5) For the purposes of a revenue law, an electronic
tax return, notice, assessment, or other document, or a
copy thereof, shall not be ruled inadmissible in evidence
merely on the basis that it was filed or served without
the filing or delivery of any equivalent document or
counterpart in paper form.

(6) If an electronic tax return, notice, or other
document is admissible under subsection (5) of this
section, it is presumed that, until the contrary is
proved, the contents of the electronic return, notice, or
other document have been accurately transmitted.

(7) A person furnishing an electronic tax return or
other document on behalf of another person must not
divulge or disclose the contents of the return or
document, or a copy thereof, without the prior written
consent of the Secretary.

(8) A person who fails to comply with subsection (7) of this
section is guilty of an offense.

(9) Penalty. A person convicted of an offense under
subsection (8) of this section shall be subject to a fine
not exceeding $500, or imprisoned for not more than six
months, or both.”

Section 5. Title 54 of the Code of the Federated States of
Micronesia (Annotated), as amended, is hereby amended by inserting
a new section 810 under chapter 8, to read as follows:

"Section 810. Regulations."
The Secretary shall, in accordance with chapter 1, title 17, of this Code, promulgate such regulations as are necessary for the effective enforcement and implementation of this chapter, and such regulations shall have the force and effect of law."

Section 6. 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: 9/9/21

Introduced by: /s/ Florencio S. Harper
Florencio S. Harper
(by request)