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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:

1           Section 1. Title 54 of the Code of the Federated States of  
2   Micronesia (Annotated), as amended, is hereby further amended by  
3   inserting a new section 806 under chapter 8, to read as follows:

4           **"Section 806. Issue of Taxpayer Identification**  
5           **Numbers.**

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

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

11                   (a) in the prescribed form;

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

14                   (c) lodged in the prescribed manner.

15           (3) If a person has applied for a Taxpayer  
16           Identification Number under subsection (1) of this section

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1           and the Secretary is satisfied that the applicant's  
2           identity has been established, the Secretary must issue a  
3           Taxpayer Identification Number to the applicant by written  
4           notice.

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

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

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

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

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

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

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

23           "Section 807. Cancellation of Taxpayer Identification  
24           Number.

25           (1) A person who ceases to be a taxpayer must apply to

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1 the Secretary, in the prescribed form, for cancellation of  
2 the person's Taxpayer Identification Number within 30 days  
3 of the date on which the person ceased to be a taxpayer.

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

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

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

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

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

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

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

21 **"Section 808. Quotation of Taxpayer Identification**  
22 **Number.**

23 The Secretary may require a taxpayer to state the  
24 taxpayer's Taxpayer Identification Number in any tax  
25 return, notice, or other document used for the purposes of

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1           any revenue law.”

2           Section 4. Title 54 of the Code of the Federated States of  
3 Micronesia (Annotated), as amended, is hereby amended by inserting a  
4 new section 809 under chapter 8, to read as follows:

5           “Section 809. Electronic returns and notices.

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

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

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

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

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

23                   (e) the use of the electronic notice system,  
24                   including the procedure applicable if there is a breakdown  
25                   or interruption in the system;

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1           (f) the use in any electronic transmission of  
2           symbols, codes, abbreviations, or other notations to  
3           represent any particulars or information required under a  
4           revenue law; and

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

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

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

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

25          (5) For the purposes of a revenue law, an electronic

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1 tax return, notice, assessment, or other document, or a  
2 copy thereof, shall not be ruled inadmissible in evidence  
3 merely on the basis that it was filed or served without  
4 the filing or delivery of any equivalent document or  
5 counterpart in paper form.

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

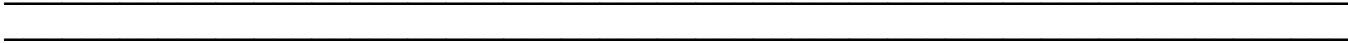
11 (7) A person furnishing an electronic tax return or  
12 other document on behalf of another person must not  
13 divulge or disclose the contents of the return or  
14 document, or a copy thereof, without the prior written  
15 consent of the Secretary.

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

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

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

25 **"Section 810. Regulations.**



1                 The Secretary shall, in accordance with chapter 1, title  
2                 17, of this Code, promulgate such regulations as are  
3                 necessary for the effective enforcement and implementation  
4                 of this chapter, and such regulations shall have the force  
5                 and effect of law."

6                 Section 6. This act shall become law upon approval by the  
7                 President of the Federated States of Micronesia or upon its becoming  
8                 law without such approval.

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10 Date: 9/9/21

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper  
(by request)

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