A BILL FOR AN ACT

To amend sections 115, 123, and 141 of title 54 of the Code of the Federated States of Micronesia relating to taxation, and for other purposes.

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

Section 1. Section 115 of title 54 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 115. Tax returns - Information required.
(1) The Secretary shall prescribe the forms of all returns required to be furnished under the provisions of this chapter or provide for other methods of filing returns and may provide in such forms for the giving of such information as he may deem necessary or advisable.
(2) All information required by the form of any return must be included in the return by the person, employer, company, or business responsible for making the return.
(3) No return shall be complete unless and until it is signed by or for the employer, business or other person liable to make the return, or by someone authorized to do so in behalf of such employer, business, or other person.
Every return shall be signed by a natural person.
(4) The Secretary may require that, if any person or persons actually prepare or sign a return for another employer, business, or other person, a form stating such facts and authorizing such person to sign such return be signed by the person so preparing or signing the return, and the employer, business, or other person in whose name the return is filed.
(5) The Secretary may by regulations define the
classes of persons to whom this provision shall apply.

(6) Any other provision of law to the contrary
notwithstanding, no oath shall be required upon any tax
return.

(7) Revenue shall be identified by the State or States
in which it is earned."

Section 2. Section 122 of title 54 of the Code of the Federated
States of Micronesia is hereby amended to read as follows:

"Section 122. Deduction from tax; Claim for refund.

(1) Every employee, as defined, except those whose
gross annual wages and salaries are $5,000 or more, shall be
allowed a deduction of $1100 1,500 per year from all wages
and salaries subject to tax levied by section 121 of this
chapter and received by the employee in the year in which
the deduction is claimed.

(7) The deduction shall be claimed by the employee
filing for a refund under the provisions of section 123
of this chapter."

Section 3. Section 141 of title 54 of the Code of the Federated
States of Micronesia is hereby amended to read as follows:

"Section 141. Tax on gross revenues; Exemption.

(1) There shall be assessed, levied, collected, and
paid a tax of $80 per year upon that portion of the amount
of gross revenues earned by every business subject to the
provisions of this chapter which does not exceed $10,000 per
(2) There shall be assessed, levied, collected, and paid a tax of three percent per year upon that portion of the amount of gross revenues earned by every business subject to the provisions of this chapter which is in excess of $10,000 per year.

(3) Businesses which earn revenues of not more than $2,000 per year are exempt from taxation under this section. The deduction shall be claimed by the business by filing for a refund under the provisions of sections 122 and 123 of this chapter.

(4) For the purpose of section 803 of this title, every business that operates in more than one State of the Federated States of Micronesia shall file a separate tax return for revenue collected in each State.

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.

Date: March 24, 1986

Introduced by: Joe N. Sigrah

Claude H. Phillip