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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:

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

3           "Section 115. Tax returns - Information required.

4           (1) The Secretary shall prescribe the forms of all  
5 returns required to be furnished under the provisions of  
6 this chapter or provide for other methods of filing returns  
7 and may provide in such forms for the giving of such  
8 information as he may deem necessary or advisable.

9           (2) All information required by the form of any  
10 return must be included in the return by the person,  
11 employer, company, or business responsible for making the  
12 return.

13           (3) No return shall be complete unless and until it is  
14 signed by or for the employer, business or other person  
15 liable to make the return, or by someone authorized to do so  
16 in behalf of such employer, business, or other person.  
17 Every return shall be signed by a natural person.

18           (4) The Secretary may require that, if any person or  
19 persons actually prepare or sign a return for another  
20 employer, business, or other person, a form stating such  
21 facts and authorizing such person to sign such return be  
22 signed by the person so preparing or signing the return, and  
23 the employer, business, or other person in whose name the  
24 return is filed.

25           (5) The Secretary may by regulations define the

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1 classes of persons to whom this provision shall apply.

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

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

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

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

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

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

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

21 "Section 141. Tax on gross revenues; Exemption.

22 (1) There shall be assessed, levied, collected, and  
23 paid a tax of \$80 per year upon that portion of the amount  
24 of gross revenues earned by every business subject to the  
25 provisions of this chapter which does not exceed \$10,000 per

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1 year.

2 (2) There shall be assessed, levied, collected, and  
3 paid a tax of three percent per year upon that portion of  
4 the amount of gross revenues earned by every business  
5 subject to the provisions of this chapter which is in excess  
6 of ~~\$10,000~~ 20,000 per year.

7 (3) Businesses which earn revenues of not more than  
8 \$2,000 per year are exempt from taxation under this section.  
9 The deduction shall be claimed by the business by filing for  
10 a refund under the provisions of sections 122 and 123 of  
11 this chapter.

12 (4) For the purpose of section 805 of this title,  
13 every business that operates in more than one State of  
14 the Federated States of Micronesia shall file a separate tax  
15 return for revenue collected in each State."

16 Section 4. This act shall become law upon approval by the  
17 President of the Federated States of Micronesia or upon its  
18 becoming law without such approval.

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20 Date: March 24/86

Introduced by:

Juab N. Sigrah

Claude H. Phillip  
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