A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended by Public Law No. 4-52, by amending sections 804 and 902 to provide a 5 year record keeping requirement for taxpayers and to reduce the penalty for failure to pay any tax when due, and for other purposes.

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

Section 1. Section 804 of title 54 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 804. Transactions to be recorded; Penalties for violations.

(1) Every person, firm, corporation, or association engaging in any transaction subject to a tax, fee, or charge levied or imposed under this title shall keep a full and accurate record of each such transaction engaged in by him and such record shall be available for examination by the Secretary of Finance or his authorized representative for at least five years after the date of such transaction.

(2) Any person, firm, corporation, or association willfully failing to keep or make available for examination such records shall be guilty of a misdemeanor and upon conviction thereof shall be punished in accordance with the terms of section 901 of this title, and, in addition thereto, shall be subject to the immediate revocation of any relevant existing license to do business in the Federated States of Micronesia."

Section 2. Section 902 of title 54 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 902. Monthly penalty upon unpaid taxes and fees.

In case of failure to pay any tax, fee, or charge levied or imposed under this title when due, there shall be added to the amount due five percent of the amount of such tax,
fee, or charge if the failure is not for more than one
month, with an additional fif\textsuperscript{th} five percent for each
additional month or fraction thereof during which such
failure continues, not exceeding the weighted twenty-five
percent in the aggregate. The Secretary of Finance may
waive the penalty upon showing that such failure was due to
reasonable cause and not due to willful neglect."

Section 3. 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: 11-07-86

Introduced by: [Signature]
(by request)