

HESA

A BILL FOR AN ACT

To amend sections 401 and 402 of Public Law No. 2-74, codified as sections 901 and 902 of title 53 of the Code of the Federated States of Micronesia, for the purpose of bringing the Social Security System into financial balance by changing the date when the employee and employer contribution rates both increase to 4 percent of covered earnings to October 1, 1989 from July 1, 1990, and for other purposes.

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

1 Section 1. Section 901 of title 53 of the Code of the Federated  
2 States of Micronesia is hereby amended to read as follows:

3 "Section 901. Employee contributions.

4 (1) There is hereby imposed on every employee a tax  
5 equal to the following percentages of wages received by him  
6 with respect to employment subject to this subtitle:

7 (a) with respect to wages paid from the  
8 effective date of this act through June 30, 1985, the rate  
9 shall be two percent;

10 (b) with respect to wages paid from July 1,  
11 1985, through ~~June 30, 1990~~ September 30, 1989, the rate  
12 shall be three percent;

13 (c) with respect to wages paid from ~~July 1, 1990~~  
14 October 1, 1989, through June 30, 1995, the rate shall be  
15 four percent;

16 (d) with respect to wages paid from July 1,  
17 1995, through June 30, 2000, the rate shall be five percent;

18 (e) with respect to wages paid after June 30,  
19 2000, the rate shall be six percent.

20 (2) The tax imposed shall be collected by the  
21 employer of the employee by deducting the amount of the tax  
22 from the wages as and when paid. Every employer required  
23 to so deduct the tax shall be liable for the payment of  
24 such tax to the Board and shall be indemnified against the  
25 claims and demands of any person for the amount of any such

1 payment made by such employer."

2 Section 2. Section 902 of title 53 of the Code of the Federated  
3 States of Micronesia is hereby amended to read as follows:

4 "Section 902. Employer contributions. There is hereby  
5 imposed on every employer an excise tax, with respect to  
6 having an individual in his employ, equal to the following  
7 percentages of wages, paid by him with respect to  
8 employment subject to this subtitle:

9 (1) with respect to wages paid from the effective  
10 date of this act through June 30, 1985, the rate shall be  
11 two percent;

12 (2) with respect to wages paid from July 1, 1985,  
13 through ~~June 30, 1990~~ September 30, 1989, the rate shall be  
14 three percent;

15 (3) with respect to wages paid from ~~July 1, 1990~~  
16 October 1, 1989, through June 30, 1995, the rate shall be  
17 four percent;

18 (4) with respect to wages paid from July 1, 1995,  
19 through June 30, 2000, the rate shall be five percent;

20 (5) with respect to wages paid after June 30, 2000,  
21 the rate shall be six percent."

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C. B. No. 6-39

1 Section 3. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its becoming  
3 law without such approval.

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5 Date: 5/25/89

Introduced by:

  
Dohsis S. Halbert  
(by request)

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