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A BILL FOR AN ACT

To further amend title 32 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-21, 5-54, 5-109, 5-134 and 6-36, by further amending section 203, as amended by Public Law No. 5-134; to further amend title 54 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 5-65, 5-81 and 5-84, by further amending section 141, as amended by Public Law No. 5-84, all for the purpose of exempting joint ventures and partnerships of which a State is a principal from the requirement for a foreign-investment permit and the obligation to pay gross revenues tax for a period of 5 years; and for other purposes.

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

1 Section 1. Section 203 of title 32 of the Code of the Federated
2 States of Micronesia, as amended by Public Law No. 5-134, is hereby
3 further amended to read as follows:

4 "Section 203. Business activities and interests for which
5 permits required.

6 (1) A noncitizen may not engage in any business in the
7 Federated States of Micronesia, including, but not limited
8 to, business relating to the practice of law and other
9 professions, without first obtaining a foreign-investment
10 permit.

11 (2) A noncitizen may not acquire, without first
12 obtaining a foreign-investment permit greater than a
13 twenty percent interest or having previously obtained
14 a twenty percent or greater interest, may not acquire,
15 without first obtaining a foreign-investment permit, any
16 additional interest, other than a security interest in real
17 or personal property for the purpose of securing a loan, in
18 any business operating in the Federated States of
19 Micronesia. For the purposes of this paragraph, any
20 interest held by the noncitizen spouse, minor child or
21 other dependent of any noncitizen shall be counted as owned
22 by that noncitizen in determining whether he has acquired a
23 twenty percent or greater interest.

24 (3) A noncitizen engaged in business in the Federated
25 States of Micronesia on the effective date of this chapter

1 under a permit issued under the Trust Territory Foreign
2 Investors' Business Permit Act or under an agreement with
3 the Trust Territory Government shall not continue to
4 engage in business in the Federated States of Micronesia
5 after the expiration of that permit or agreement without
6 first obtaining a foreign-investment permit.

7 (4). The requirements of subsections (1) and (2)
8 of this section shall not apply to any joint venture or
9 partnership of which at least one joint venturer or
10 partner, as the case may be, is a State of the Federated
11 States of Micronesia."

12 Section 2. Section 141 of title 54 of the Code of the Federated
13 States of Micronesia, as amended by Public Law No. 5-84, is hereby
14 further amended to read as follows:

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

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

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

1 (3) Businesses which earn gross revenues of not more
2 than \$2,000 per year are exempt from taxation under this
3 section. The deduction shall be claimed by the business
4 by filing for a refund under the provisions of sections
5 122 and 123 of this chapter.

6 (4) For the purpose of section 805 of this title,
7 every business that operates in more than one State of
8 the Federated States of Micronesia shall file a separate
9 tax return for revenue collected in each State.

10 (5) . A business which is a joint venture or partner-
11 ship of which at least one joint venturer or partner, as
12 the case may be, is a State of the Federated States of
13 Micronesia, is exempt from taxation under this section
14 for a period of 5 years."

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

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19 Date: 1-31-90

Introduced by: Claude H. Phillip
Claude H. Phillip

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