

A BILL FOR AN ACT

To further amend chapter 2 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, by amending section 222 for the purpose of raising the exemption limit to \$500 on the amount of other goods that can be brought into the FSM duty free for a person's personal use or consumption.

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

1           Section 1. Chapter 2 of title 54 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended, is  
3 hereby further amended by amending section 222, to read as  
4 follows:

5           "Section 222. Exemptions. 1) Damaged, pillaged or  
6 faulty goods. Upon receipt of a written request  
7 within 28 days of the goods' release from Customs  
8 control, the Secretary may authorize a refund of  
9 the whole or part of the duty paid, where any of  
10 the following conditions exist:

11                   (a) goods have been damaged, pillaged, lost  
12 or destroyed during the voyage;

13                   (b) goods have, while subject to the control  
14 of Customs, been damaged, pillaged, lost or  
15 destroyed; or

16                   (c) the Commissioner is satisfied that,  
17 owing to a fault or defect in any goods, the

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1 importer has received a reduction or a refund, in  
2 whole or part, of the price paid for the goods.

3 (2) Goods imported for subsequent export.

4 (a) Upon application to and approval by the  
5 Secretary, import duty paid on the following goods  
6 shall be refunded: goods imported for processing  
7 in the FSM, not otherwise used in the FSM, and  
8 subsequently exported from the FSM. For purposes  
9 of this subsection, raw materials or ingredients  
10 which are worked into or otherwise become part of  
11 a different or more finished product are deemed  
12 exported when that product is exported.

13 (b) Goods imported for processing are  
14 eligible for the duty refund when the finished  
15 products which the imported goods were processed  
16 into have been loaded on an aircraft or vessel for  
17 direct removal from the FSM and that aircraft or  
18 vessel has departed from the port. After they  
19 have been so loaded, the goods shall again be  
20 subject to import duty if they are unloaded or  
21 used in the FSM. With respect to importers  
22 primarily engaged in importing for processing and  
23 subsequent export, the Secretary shall provide for  
24 waiving, by regulation rather than collecting and  
25 subsequently refunding, duties.

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1                   (c) Upon application to and approval by the  
2                   Secretary, import duty shall be waived on the  
3                   following goods: goods imported for transshipment  
4                   through the FSM, not to be used in the FSM, which  
5                   are securely stored while in the FSM and which are  
6                   exported from the FSM within a reasonable time of  
7                   import to the FSM, as defined by regulation.  
8                   Should these goods not be exported within a  
9                   reasonable time, the importer will be subject to a  
10                  penalty equal to one-quarter of the import duty  
11                  that would have been due if the goods were to be  
12                  used in the FSM. Should these goods be removed  
13                  from the secure storage facility or used in the  
14                  FSM, they will be subject to the full import duty.

15                  (d) The burden of proving that goods  
16                  imported are for subsequent export shall be  
17                  upon the importer/exporter as specified in  
18                  regulations.

19                  (3) Goods carried in per trip abroad. Each  
20                  time an individual person enters or returns to the  
21                  FSM from a foreign jurisdiction, he or she is  
22                  entitled to bring into the FSM the following goods  
23                  duty free, provided that such goods are for that  
24                  person's own personal use or consumption and not  
25                  for resale or exchange, and provided further that

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1 such person is permitted by applicable State law  
2 to possess, use, and consume such goods:

3 (a) up to 200 cigarettes;

4 (b) up to one pound of tobacco or 20  
5 cigars;

6 (c) up to 52 fluid ounces or 1500  
7 milliliters of distilled alcoholic beverages; and

8 (d) up to [~~two~~] five hundred dollars  
9 [~~(\$200)~~] (\$500) worth of goods other than tobacco  
10 products, beer and malt beverages, distilled  
11 alcoholic beverages, and wine.

12 (4) Visitors' personal effects. A visitor to  
13 the FSM may import bona fide personal effects into  
14 the FSM duty free, provided the goods are for the  
15 visitor's own personal use and will be taken with  
16 the visitor when he or she leaves the country.

17 (5) Returning goods. Goods produced or  
18 properly entered in the FSM which are subsequently  
19 removed from the FSM may be returned to the FSM  
20 duty free. The burden shall be on the owner of  
21 the goods to establish that the goods were either  
22 produced in the FSM or previously and properly  
23 entered.

24 (6) Goods used in foreign aid projects. An  
25 international organization, foreign contractor, or

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1 other foreign entity may import goods into the FSM  
2 duty free in connection with the performance of  
3 services or other conduct of business in  
4 furtherance of a foreign aid agreement entered  
5 into by the FSM, the terms of which require that  
6 such import shall not be subject to taxation by  
7 the FSM; provided that if and when such goods are  
8 subsequently sold in the FSM, import duty shall be  
9 due based on the sale amount. The duty, together  
10 with penalties and interest, shall be the joint  
11 and several personal liability of the importer and  
12 the purchaser and shall be secured by first liens  
13 on the goods and on the importer's property as  
14 hereinafter provided.

15 (7) Certain fishing vessels and equipment.  
16 Fishing vessels basing in the Federated States of  
17 Micronesia under a valid permit or license issued  
18 pursuant to title 24 of this code shall not be  
19 subject to the import duty on either the vessel or  
20 equipment installed in the vessel. This exemption  
21 shall apply to replacement parts and equipment  
22 imported by these fishing vessels as well.

23 (8) Parcels which would generate a de minimis  
24 duty. Parcels mailed or otherwise sent into the  
25 FSM, which would otherwise generate a de minimis

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1 duty, shall be exempt from import duty, provided  
2 that such goods are for the recipient's own  
3 personal use or consumption and not for resale or  
4 exchange. Parcels with values up to the amount  
5 specified in subsection (3)(d) of this section,  
6 shall be exempt.

7 (9) Health, education and welfare related goods  
8 donated for humanitarian use. Upon application to and  
9 approval by the Secretary, the import duty on goods  
10 related to health, education or welfare donated without  
11 cost for humanitarian purposes, and not for resale,  
12 shall be waived or refunded; provided, however, that if  
13 and when any of such goods are subsequently sold in the  
14 FSM, import duty shall be due based on the sale amount.  
15 The duty, together with penalties and interest, shall be  
16 the joint and several personal liability of the importer  
17 and the purchaser and shall be secured by first liens on  
18 the goods and on the importer's property as hereinafter  
19 provided."

20 Section 2. This act shall become law upon approval by the  
21 President of the Federated States of Micronesia or upon it  
22 becoming law without such approval.

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24 Date: 4/2/24

Introduced by: /s/ Quincy Lawrence  
Quincy Lawrence  
(by request)

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