

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, and for other purposes.

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 Federated
2 States of Micronesia (Annotated), as amended, is hereby further
3 amended by amending section 222, to read as follows:

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

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

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

14 (c) the Commissioner is satisfied that, owing to
15 a fault or defect in any goods, the importer has
16 received a reduction or a refund, in whole or part, of
17 the price paid for the goods.

18 (2) Goods imported for subsequent export.

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

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

22 (c) Upon application to and approval by the
23 Secretary, import duty shall be waived on the following
24 goods: goods imported for transshipment through the FSM,
25 not to be used in the FSM, which are securely stored

1 while in the FSM and which are exported from the FSM
2 within a reasonable time of import to the FSM, as
3 defined by regulation. Should these goods not be
4 exported within a reasonable time, the importer will be
5 subject to a penalty equal to one-quarter of the import
6 duty that would have been due if the goods were to be
7 used in the FSM. Should these goods be removed from the
8 secure storage facility or used in the FSM, they will be
9 subject to the full import duty.

10 (d) The burden of proving that goods imported are
11 for subsequent export shall be upon the
12 importer/exporter as specified in regulations.

13 (3) Goods carried in per trip abroad. Each time an
14 individual person enters or returns to the FSM from a
15 foreign jurisdiction, he or she is entitled to bring
16 into the FSM the following goods duty free, provided
17 that such goods are for that person's own personal use
18 or consumption and not for resale or exchange, and
19 provided further that such person is permitted by
20 applicable State law to possess, use, and consume such
21 goods:

22 (a) up to 200 cigarettes;

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

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

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

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

9 (5) Returning goods. Goods produced or properly
10 entered in the FSM which are subsequently removed from
11 the FSM may be returned to the FSM duty free. The burden
12 shall be on the owner of the goods to establish that the
13 goods were either produced in the FSM or previously and
14 properly entered.

15 (6) Goods used in foreign aid projects. An
16 international organization, foreign contractor, or other
17 foreign entity may import goods into the FSM duty free
18 in connection with the performance of services or other
19 conduct of business in furtherance of a foreign aid
20 agreement entered into by the FSM, the terms of which
21 require that such import shall not be subject to
22 taxation by the FSM; provided that if and when such
23 goods are subsequently sold in the FSM, import duty
24 shall be due based on the sale amount. The duty,
25 together with penalties and interest, shall be the joint

1 and several personal liability of the importer and the
2 purchaser and shall be secured by first liens on the
3 goods and on the importer's property as hereinafter
4 provided.

5 (7) Certain fishing vessels and equipment. Fishing
6 vessels basing in the Federated States of Micronesia
7 under a valid permit or license issued pursuant to title
8 24 of this code shall not be subject to the import duty
9 on either the vessel or equipment installed in the
10 vessel. This exemption shall apply to replacement parts
11 and equipment imported by these fishing vessels as well.

12 (8) Parcels which would generate a de minimis duty.
13 Parcels mailed or otherwise sent into the FSM, which
14 would otherwise generate a de minimis duty, shall be
15 exempt from import duty, provided that such goods are
16 for the recipient's own personal use or consumption and
17 not for resale or exchange. Parcels with values up to
18 the amount specified in subsection (3)(d) of this
19 section, shall be exempt.

20 (9) Health, education and welfare related goods
21 donated for humanitarian use. Upon application to and
22 approval by the Secretary, the import duty on goods
23 related to health, education or welfare donated without
24 cost for humanitarian purposes, and not for resale,
25 shall be waived or refunded; provided, however, that if

1 and when any of such goods are subsequently sold in the
2 FSM, import duty shall be due based on the sale amount.
3 The duty, together with penalties and interest, shall be
4 the joint and several personal liability of the importer
5 and the purchaser and shall be secured by first liens on
6 the goods and on the importer's property as hereinafter
7 provided."

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

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12 Date: 3/28/24

 Introduced by: /s/ Robson U. Romolow
 Robson U. Romolow

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