



A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by further amending section 222 thereof, as amended by Public Law No. 10-10, for the purpose of modifying the exemption from duty on imported goods subsequently exported, and for other purposes.

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

1 Section 1. Section 222 of title 54 of the Code of the
2 Federated States of Micronesia, as amended by Public Law No.
3 10-10, is hereby further amended to read as follows:

4 "Section 222. Exemptions.

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

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

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

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

20 (2) Imported goods subsequently exported.

21 ~~[Any person who imports goods into the FSM, and~~
22 ~~then exports them to a buyer who is outside both~~
23 ~~the exclusive economic zone and the territorial~~
24 ~~limits of the FSM, is entitled to a refund of any~~
25 ~~import duty actually paid on such goods, upon~~

1 ~~application to and approval by the Secretary.]~~
2 Imported goods subsequently exported beyond the
3 territorial limits of the FSM shall be exempt from
4 the import duty. Unless the Secretary has
5 sufficient assurances that goods imported for
6 subsequent exportation will in fact be exported,
7 duty shall be collected at the time of importation
8 on all such goods not otherwise exempt, and the
9 exemption provided herein shall be claimed by
10 application to the Secretary, after exportation,
11 for a refund of duty actually paid. For purposes
12 of this subsection, raw materials or ingredients
13 which are worked into or otherwise become part of
14 a different or more finished product are deemed
15 exported when that product is exported.

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

25 (a) up to 200 cigarettes;

1 (b) up to one pound of tobacco or
2 twenty cigars;

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

5 (d) up to two hundred dollars
6 (\$200) worth of goods other than tobacco products,
7 beer and malt beverages, distilled alcoholic
8 beverages, and wine.

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

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

22 (6) Foreign aid projects. An international
23 organization, foreign contractor, or other foreign
24 entity may import goods into the FSM duty free in
25 connection with the performance of services or

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

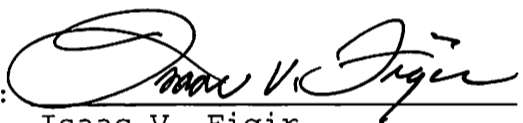
13 (7) Personal Gifts. Goods claimed as gifts,
14 valued at one hundred dollars (\$100) or less, and
15 received by persons within the FSM from sources
16 outside the FSM shall not be subject to import
17 duty provided the goods are for the recipient's
18 own personal use or consumption and not for resale
19 or exchange. There shall be a rebuttable
20 presumption that goods received from outside the
21 FSM are not gifts.

22 (8) Fishing vessels basing in the Federated
23 States of Micronesia under a valid permit or
24 license issued pursuant to title 24 of the Code of
25 the Federated States of Micronesia shall not be

1 subject to the import duty on either the vessel or
2 equipment installed in the vessel.

3 (9) Government Imports. Goods imported by
4 the National, State or local levels of government
5 of the Federated States of Micronesia, other than
6 for resale, shall be exempt from the import duty.
7 For purposes of this exemption, the term
8 'government' shall not include public
9 corporations, authorities or other entities
10 established by law to operate as independent
11 enterprises. The exemption created by this
12 subsection shall expire on September 30, 1998,
13 unless extended by law."

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

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18 Date: 11/02/98 Introduced by: 
19 Isaac V. Figir

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