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TENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FOURTH REGULAR SESSION, 1998

C. B. NO. 10-318

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 124, as amended by Public Law No. 7-41, to more clearly specify which wages and salaries are taxable, and for other purposes.

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

1 Section 1. Section 124 of title 24 of the Code of the Federated
2 States of Micronesia, as amended by Public Law No. 7-41, is
3 hereby further amended to read as follows:

4 "Section 124. Source of wages. [~~If an employee is~~
5 ~~credited or paid salaries or wages derived from, or~~
6 ~~attributable to, personal services performed or~~
7 ~~rendered both within and without the Federated States~~
8 ~~of Micronesia, then the whole of the salaries or~~
9 ~~wages shall be presumed to have been earned within~~
10 ~~the Federated States of Micronesia.~~ The tax imposed
11 by section 121 of this chapter shall not apply to
12 wages and salaries paid:

13 (1) by a nonresident employer to an employee who
14 is physically present in the FSM for less than 60
15 days in the tax year; or

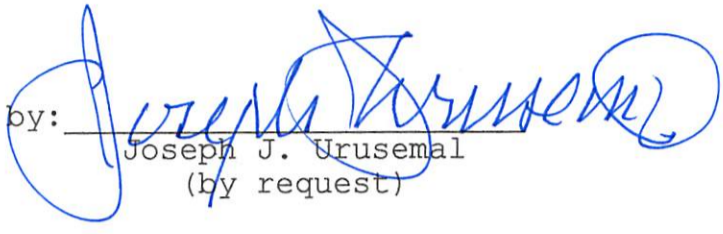
16 (2) to an employee based outside the FSM for
17 services performed outside the FSM, except that the
18 tax shall apply to foreign service personnel of the
19 national government who are exempt from taxes in the
20 country in which they are based."

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

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Date: 11/12/98 Introduced by: 
Joseph J. Urusemal
(by request)