

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 enacted by Public Law No. 9-139 and amended by Public Laws Nos. 10-10, 10-136 and 10-149, to add an exemption for parcels which would generate a de minimis duty, 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 enacted by Public Law No. 9-139  
3 and amended by Public Laws Nos. 10-10, 10-136 and 10-149, is hereby  
4 further amended to read as follows:

5           "Section 222. Exemptions.

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

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

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

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

19           (2) Imported goods subsequently exported.

20                   (a) Upon application to and approval by  
21 the Secretary, import duty paid on the following goods  
22 shall be refunded:

1                   (i) goods imported for processing in the FSM,  
2                   not otherwise used in the FSM, and subsequently exported  
3                   from the FSM. For purposes of this subsection, raw  
4                   materials or ingredients which are worked into or  
5                   otherwise become part of a different or more finished  
6                   product are deemed exported when that product is  
7                   exported; and

8                   (ii) goods imported for transshipment through  
9                   the FSM, not used in the FSM, and stored while in the FSM  
10                  in a bonded warehouse pursuant to policies or regulations  
11                  promulgated by the Secretary. This transshipment  
12                  exemption shall not apply to tobacco products, alcoholic  
13                  beverages, or other goods which the Secretary has  
14                  specified by policy or regulation are to be excluded from  
15                  the benefit of this exemption due to the risk of tax  
16                  avoidance or other customs violations.

17                  (b) Goods are eligible for the duty refund when  
18                  they have been loaded on an aircraft or vessel for direct  
19                  removal from the FSM and that aircraft or vessel has  
20                  departed from the port. After they have been so loaded,  
21                  the goods shall again be subject to import duty if they  
22                  are unloaded or used in the FSM. With respect to  
23                  importers primarily engaged in importing for processing  
24                  and subsequent export and with respect to goods held in a  
25                  bonded warehouse, the Secretary may provide for waiving,

1 by policy or regulation, rather than collecting and  
2 subsequently refunding, duties on imports to be  
3 subsequently exported.

4 (3) Goods carried in per trip abroad. Each time an  
5 individual person enters or returns to the FSM from a  
6 foreign jurisdiction, he or she is entitled to bring into  
7 the FSM the following goods duty free, provided that such  
8 goods are for that person's own personal use or  
9 consumption and not for resale or exchange, and provided  
10 further that such person is permitted by applicable State  
11 law to possess, use, and consume such goods:

12 (a) up to 200 cigarettes;

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

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

16 (d) up to two hundred dollars (\$200) worth of  
17 goods other than tobacco products, beer and malt  
18 beverages, distilled alcoholic beverages, and wine.

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

24 (5) Returning goods. Goods produced or properly  
25 entered in the FSM which are subsequently removed from

1 the FSM may be returned to the FSM duty free. The burden  
 2 shall be on the owner of the goods to establish that the  
 3 goods were either produced in the FSM or previously and  
 4 properly entered.

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

19 (7) Certain fishing vessels and equipment. Fishing  
 20 vessels basing in the Federated States of Micronesia  
 21 under a valid permit or license issued pursuant to title  
 22 24 of the Code of the Federated States of Micronesia  
 23 shall not be subject to the import duty on either the  
 24 vessel or equipment installed in the vessel.

25 (8) Parcels which would generate a de minimis duty.

1           Parcels mailed or otherwise sent into the FSM, which  
2           would otherwise generate a de minimis duty, shall be  
3           exempt from import duty, provided that such goods are for  
4           the recipient's own personal use or consumption and not  
5           for resale or exchange. Parcels with values up to the  
6           amount specified in subsection (3)(d) of this section,  
7           shall be exempt."

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

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Leo A. Falcam  
President  
Federated States of Micronesia

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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 enacted by Public Law No. 9-139 and amended by Public Laws Nos. 10-10, 10-136 and 10-149, for the purpose of adding a new exemption to allow the Secretary of Finance and Administration to prescribe one or more levels of import duty on the contents of individual parcels sent into the Federated States of Micronesia below which the duty will be waived, 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 enacted by Public Law No. 9-139  
3 and amended by Public Laws Nos. 10-10, 10-136 and 10-149, is hereby  
4 further amended to read as follows:

5 "Section 222. Exemptions.

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

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

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

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

19 (2) Imported goods subsequently exported.

20 (a) Upon application to and approval by  
21 the Secretary, import duty paid on the following goods  
22 shall be refunded:

23 (i) goods imported for processing in the FSM,  
24 not otherwise used in the FSM, and subsequently exported  
25 from the FSM. For purposes of this subsection, raw

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C.B. NO. 11-28

1 materials or ingredients which are worked into or  
2 otherwise become part of a different or more finished  
3 product are deemed exported when that product is  
4 exported; and

5 (ii) goods imported for transshipment through  
6 the FSM, not used in the FSM, and stored while in the FSM  
7 in a bonded warehouse pursuant to policies or regulations  
8 promulgated by the Secretary. This transshipment  
9 exemption shall not apply to tobacco products, alcoholic  
10 beverages, or other goods which the Secretary has  
11 specified by policy or regulation are to be excluded from  
12 the benefit of this exemption due to the risk of tax  
13 avoidance or other customs violations.

14 (b) Goods are eligible for the duty refund when they  
15 have been loaded on an aircraft or vessel for direct  
16 removal from the FSM and that aircraft or vessel has  
17 departed from the port. After they have been so loaded,  
18 the goods shall again be subject to import duty if they  
19 are unloaded or used in the FSM. With respect to  
20 importers primarily engaged in importing for processing  
21 and subsequent export and with respect to goods held in a  
22 bonded warehouse, the Secretary may provide for waiving  
23 by policy or regulation, [~~for waiving,~~] rather than  
24 collecting and subsequently refunding duties on imports  
25 to be subsequently exported.

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1           (3) Per trip abroad. Each time an individual person  
2 enters or returns to the FSM from a foreign jurisdiction,  
3 he or she is entitled to bring into the FSM the following  
4 goods[7] duty free, provided that such goods are for that  
5 person's own personal use or consumption and not for  
6 resale or exchange, and provided further that such person  
7 is permitted by applicable State law to possess, use, and  
8 consume such goods;

- 9                   (a) up to 200 cigarettes;
- 10                   (b) up to one pound of tobacco or twenty cigars;
- 11                   (c) up to 52 fluid ounces or 1500 milliliters of  
12 distilled alcoholic beverages; and
- 13                   (d) up to two hundred dollars (\$200) worth of  
14 goods other than tobacco products, beer and malt  
15 beverages, distilled alcoholic beverages, and wine.

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

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



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1 properly entered.

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

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

24 (8) Fishing vessels basing in the Federated States of  
25 Micronesia under a valid permit or license issued

