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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 for certain goods imported by new manufacturing firms, 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 release of the
8 goods[~~± release~~] from Customs control, the Secretary may
9 authorize a refund of the whole or part of the duty paid,
10 where any of the following conditions exist:

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

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

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

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
15 they 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.

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

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~~] five hundred dollars [~~+\$100~~] (\$500) or less,
18 and received by persons within the FSM from sources
19 outside the FSM shall not be subject to import duty
20 provided the goods are for the recipient's own personal
21 use or consumption and not for resale or exchange. There
22 shall be a rebuttable presumption that goods received
23 from outside the FSM are not gifts.

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

1 license issued pursuant to title 24 of the Code of the
2 Federated States of Micronesia shall not be subject to
3 the import duty on either the vessel, [øx] equipment
4 installed in the vessel, or the parts reasonably
5 necessary to maintain such vessel and equipment.

6 (9) Goods imported by a manufacturing firm. The
7 Secretary of Finance may grant to a firm duly licensed to
8 manufacture products within the Federated States of
9 Micronesia a waiver of import duties on materials, plant
10 and equipment imported for construction of a
11 manufacturing facility."

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

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16 Date: 7/30/99

Introduced by: 
Peter M. Christian

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