

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:

Section 1. Section 222 of title 54 of the Code of the Federated States of Micronesia, as enacted by Public Law No. 9-139 and amended by Public Laws Nos. 10-10, 10-136 and 10-149, is hereby further amended to read as follows:

"Section 222. Exemptions.

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

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

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

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

(2) Imported goods subsequently exported.

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

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

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

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

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

(a) up to 200 cigarettes;

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

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

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

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

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

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

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

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

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

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

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

March 13, 2000

/s/
Leo A. Falcam
President
Federated States of Micronesia