

A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending sections 153 and 154, by renumbering sections 156 and 157 as sections 158 and 159, and by enact new sections 156 and 157, relating to lien on property, criminal penalties, negotiated settlements and tax amnesty, and for other purposes.

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

1 Section 1. Section 153 of Title 54 of the Code of the
2 Federated States of Micronesia is hereby amended to read as
3 follows:

4 "Section 153. Lien on property.

5 All taxes imposed or authorized under this chapter
6 shall be a lien upon any property of the person or
7 business obligated to pay said taxes and may be
8 collected by levy upon such property in the same
9 manner as the levy of an execution. Any financial
10 institution notified of such lien must provide to
11 the Secretary of the Department of Finance and
12 Administration, or his designee, with the account
13 numbers and balances in the accounts and must
14 immediately comply with the lien by freezing the
15 account up to but not in excess of the amount of
16 lien. Such information shall be kept confidential
17 and shall be subject to disclosure other than
18 pursuant to a court order."

1 Section 2. Section 154 of Title 54 of the Code of the
2 Federated States of Micronesia is hereby amended to read as
3 follows:

4 "Section 154. Criminal penalties.

5 (1) Any person or business convicted for failure
6 to file or pay in accordance with section 152
7 hereof shall be fined not more than \$250,000, or,
8 if a natural person, imprisoned not more than 3
9 years or both.

10 (2) Any person or business convicted for
11 fraudulent reporting shall be fined not more than
12 \$500,000, or, if a natural person, imprisoned not
13 more than 10 years or both.

14 (3) Any person or business convicted of any other
15 violations under the provisions of this chapter
16 shall be fined not more than \$1,000, or, if a
17 natural person, imprisoned not more than 1 year or
18 both.

19 (4) Liable entities: If a corporation is liable
20 for taxes hereunder, its president and chief
21 executive officer shall be deemed liable for the
22 same. If a partnership is liable for taxes
23 hereunder, all of its partners shall be deemed
24 liable for the same. If other entities are liable
25 for taxes hereunder, all of the incorporators

1 and/or owners of the said entity shall be liable
2 for the same."

3 Section 3. Subchapter V of Chapter 1 of Title 54 of the
4 Code of the Federated States of Micronesia is hereby amended
5 by renumbering sections 156 and 157 as sections 158 and 159,
6 respectively.

7 Section 4. Subchapter V of Chapter 1 of Title 54 of the
8 Code of the Federated States of Micronesia is hereby amended
9 by enacting a new section 156 to read as follows:

10 "Section 156. Negotiated Settlements.
11 The Secretary may negotiate a settlement of any disputed
12 tax liability upon such terms and conditions that the
13 Secretary shall deem appropriate. Any settlement that
14 would result in the reduction of the total tax
15 liability, including interest and penalties, in excess
16 of 25 percent of the total liability or \$50,000,
17 whichever is less, shall first receive prior written
18 approval of the President or his designee."

19 Section 5. Subchapter V of Chapter 1 of Title 54 of the
20 Code of the Federated States of Micronesia is hereby amended
21 by enacting a new section 157 to read as follows:

22 "Section 157. Tax amnesty.
23 The Secretary, with approval of the President, may
24 declare periods of amnesty during which taxpayers
25 may admit to past unpaid tax liability and enter
26 into an agreement for payment of those taxes

1 without payment of any penalty or interest due on
2 the unpaid taxes, provided that:

3 (1) Any agreement for payment of taxes shall bear
4 interest at the rate of 12% per annum, and shall contain
5 a default provision that reinstates all interest due and
6 all potential civil and criminal penalties; and

7 (2) No declaration of amnesty may contain waiver
8 of any criminal prosecutions for violations of this
9 chapter without the written approval of the
10 Secretary of the Department of Justice."

11 Section 6. This act shall become law upon approval of
12 the President of the Federated States of Micronesia or upon
13 its becoming law without such approval.

14
15 Date: 10/26/04

Introduced by: /s/ Henry C. Asugar

Henry C. Asugar
(by request)