

A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 222 to exempt from import duty certain medical supplies, medical equipment, and medicines, 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 as amended by Public Laws Nos. 10-10, 10-136, 10-149, 11-43,
4 11-70, and 11-82, is hereby 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 exist:

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
16 a fault or defect in any goods, the importer has received
17 a reduction or a refund, in whole or part, of the price
18 paid for the goods.

1 (2) Goods imported for subsequent export.

2 (a) Upon application to and approval by the
3 Secretary, import duty paid on the following goods shall
4 be refunded: goods imported for processing in the FSM,
5 not otherwise used in the FSM, and subsequently exported
6 from the FSM. For purposes of this subsection, raw
7 materials or ingredients which are worked into or
8 otherwise become part of a different or more finished
9 product are deemed exported when that product is
10 exported.

11 (b) Goods imported for processing are eligible
12 for the duty refund when the finished products which the
13 imported goods were processed into have been loaded on an
14 aircraft or vessel for direct removal from the FSM and
15 that aircraft or vessel has departed from the port.
16 After they have been so loaded, the goods shall again be
17 subject to import duty if they are unloaded or used in
18 the FSM. With respect to importers primarily engaged in
19 importing for processing and subsequent export, the
20 Secretary shall provide for waiving, by regulation rather
21 than collecting and subsequently refunding, duties.

22 (c) Upon application to and approval by the
23 Secretary, import duty shall be waived on the following
24 goods: goods imported for transshipment through the FSM,
25 not to be used in the FSM, which are securely stored

1 while in the FSM and which are exported from the FSM
2 within a reasonable time of import to the FSM, as defined
3 by regulation. Should these goods not be exported within
4 a reasonable time, the importer will be subject to a
5 penalty equal to one-quarter of the import duty that
6 would have been due if the goods were to be used in the
7 FSM. Should these goods be removed from the secure
8 storage facility or used in the FSM, they will be subject
9 to the full import duty.

10 (d) The burden of proving that goods imported are
11 for subsequent export shall be upon the importer/exporter
12 as specified in regulations.

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

- 21 (a) up to 200 cigarettes;
22 (b) up to one pound of tobacco or twenty cigars; (c)
23 (d) up to two hundred dollars (\$200) worth of
24 goods other than tobacco products, beer and malt
25 beverages,

1 distilled alcoholic beverages, and wine.

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

8 (5) Returning goods. Goods produced or properly
9 entered in the FSM which are subsequently removed from
10 the FSM may be returned to the FSM duty free. The burden
11 shall be on the owner of the goods to establish that the
12 goods were either produced in the FSM or previously and
13 properly entered.

14 (6) Goods used in foreign aid projects. An
15 international organization, foreign contractor, or other
16 foreign entity may import goods into the FSM duty free in
17 connection with the performance of services or other
18 conduct of business in furtherance of a foreign aid
19 agreement entered into by the FSM, the terms of which
20 require that such import shall not be subject to taxation
21 by the FSM; provided that if and when such goods are
22 subsequently sold in the FSM, import duty shall be due
23 based on the sale amount. The duty, together with
24 penalties and interest, shall be the joint and several
25 personal liability of the importer and the purchaser and

1 shall be secured by first liens on the goods and on the
2 importer's property as hereinafter provided.

3 (7) Certain fishing vessels and equipment. Fishing
4 vessels basing in the Federated States of Micronesia
5 under a valid permit or license issued pursuant to title
6 24 of the Code of the Federated States of Micronesia
7 shall not be subject to the import duty on either the
8 vessel or equipment installed in the vessel. This exemption shall

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

17 (9) Medical or other equipment, medical supplies and
18 medicines.

19 (a) Medical or other equipment, medical supplies
20 and medicines imported into the Federated States of
21 Micronesia for use by a hospital, clinic or other
22 facility offering licensed medical treatment shall be
23 exempt from import duty.

24 (b) Medical or other equipment, medical supplies
25 and medicines imported into the Federated States of

1 Micronesia for use by a person licensed to offer medical
2 treatment and used in providing such treatment shall be
3 exempt from import duty.

4 (c) Medical equipment, medical supplies and
5 medicines imported into the Federated States of
6 Micronesia for sale or distribution by a licensed
7 pharmacy shall be exempt from import duty.

8 (d) Medical equipment, medical supplies and
9 medicines imported into the Federated States of
10 Micronesia for the personal use or consumption of the
11 person importing the item shall be exempt from import
12 duty."

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

16

17 Date: 10/30/03

Introduced by: /s/ Peter M. Christian
Peter M. Christian

18

19

20

21

22

23

24