

A BILL FOR AN ACT

To further amend title 53 of the Code of the Federated States of Micronesia, as amended, by amending section 603, and for other purposes.

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

1           Section 1. Section 603 of title 53 of the Code of the  
2 Federated States of Micronesia, as amended by Public Law No. 12-  
3 76, is hereby further amended to read as follows:

4           "Section 603. Definitions. In this chapter, unless the  
5 context otherwise requires, the following definitions  
6 shall be applicable:

7           (1) 'Application' means the prescribed form or forms  
8 provided to individuals by the Social Security  
9 Administrator as the exclusive means by which an  
10 individual may apply for the payment of any benefit  
11 provided for in section 801, 802, 803 or 803A of this  
12 act.

13           (2) 'Became disabled' means the first month in which  
14 an  
15 individual is under a disability.

16           (3) 'Board' means the Federated States of Micronesia  
17 Social Security Board provided for by section 701 of  
18 this subtitle.

19           (4) 'Child or spouse' means an applicant that the  
20 court of the State in which an individual was domiciled

---

1 at the time of his death has or would find to be the  
2 individual's child or spouse in determining the  
3 devolution of intestate personal property. 'Child'  
4 shall include only the deceased individual's biological  
5 children and such adopted children whose confirmed  
6 petition for adoption by the wage earner has been  
7 presented to the Social Security Administration.

8 (5) 'Contributions' means the tax imposed upon income  
9 of covered employees and the tax imposed upon employers  
10 on account of wages paid to a covered employee.

11 (6) 'Disability' means inability to engage in any  
12 substantial gainful employment by reason of any  
13 medically determinable physical or mental impairment  
14 which can be expected to result in death or which has  
15 lasted or can be expected to last for a continuous  
16 period of not less than 12 months.

17 (7) 'Earning test' means that an individual who  
18 receives a retirement, disability, or survivor benefit  
19 and who works in covered or noncovered employment shall  
20 have his quarterly benefit reduced by one dollar for  
21 each two dollars earned in a quarter, except there shall  
22 be no reduction for the first \$300 earned in a quarter.  
23 The reduction shall be applied in one of the subsequent  
24 two quarters immediately after the quarter in which the  
25 earnings were made, or as soon as possible thereafter.

---

---

1           (8) 'Employee' means:

2                   (a) any officer of a corporation; or

3                   (b) any individual who, under the usual common  
4 law rules applicable in determining the employer-  
5 employee relationship, has the status of an employee. [~~+~~  
6 ~~or~~]

7                   ~~[(c) any self-employed person who has at least one~~  
8 ~~employee for whom he is required to report in a given~~  
9 ~~quarter; or]~~

10                   ~~[(d) any self-employed person who had more than~~  
11 ~~\$10,000 of annual gross revenue in the preceding~~  
12 ~~calendar year.]~~

13           (9) 'Employment' means any service by an employee for  
14 an employer incorporated or doing business within the  
15 Federated States of Micronesia employing him,  
16 irrespective of where such employment is performed,  
17 except family employment.

18           (10) 'Family employment' means employment of a worker  
19 by a member of the household, a parent or a son or  
20 daughter except that the worker may apply to the Board  
21 for a determination that such employment is bona fide  
22 covered employment subject to this subtitle.

23           (11) 'Insured status' can mean any of the following:

24                   (a) 'Currently insured individual' means any  
25 individual who has had not less than eight quarters of

---

1 coverage during the 13-quarter period ending with:

2 (i) the quarter in which he died; or

3 (ii) the quarter in which he became entitled  
4 to old age insurance benefits; or

5 (iii) the quarter in which he became disabled,  
6 whichever first occurs.

7 (b) 'Fully insured individual' means any  
8 individual who has not less than one quarter of coverage  
9 for each year beginning after June 30, 1968, or for each  
10 year after attaining the age of 21, whichever is later,  
11 and up to but excluding the year in which he attained  
12 retirement age, became disabled, or died, whichever  
13 first occurred, except that in no case shall an  
14 individual be a fully insured individual unless he has  
15 at least 12 quarters of coverage.

16 (12) 'Quarter' and 'calendar quarter' mean a period of  
17 three calendar months ending on March 31st, June 30th,  
18 September 30th, or December 31st. 'Quarter of coverage'  
19 means a quarter in which the individual has been paid  
20 \$50 or more in wages in employment subject to this  
21 subtitle.

22 (13) 'Wages' means remuneration paid subject to the  
23 provisions of this subtitle, including the cash value of  
24 all remuneration paid in any medium other than cash and  
25 remuneration accruing to a self-employed person.

---

---

1           Remuneration accruing to a self-employed person shall be  
2           deemed to be twice the amount paid to the highest paid  
3           employee reported by the self-employed person in a  
4           quarter, with a maximum of \$3,000 per quarter through  
5           September 30, 2003 and a maximum of \$5,000 per quarter  
6           thereafter. Remuneration accruing to a self-employed  
7           person who has no covered employees shall, for each  
8           quarter of a year, be deemed to be 2.5 percent of the  
9           gross revenue of the business for the previous calendar  
10          year, subject to a \$3,000 maximum per quarter through  
11          September 30, 2003 and a maximum of \$5,000 per quarter  
12          thereafter. Remuneration paid for any service which is  
13          more or less than a whole dollar shall, as may be  
14          prescribed by regulations, be computed to the nearest  
15          dollar. Wages shall not include:

16                 (a) that part of remuneration in excess of \$3,000  
17                 through September 30, 2003 and in excess of \$5,000  
18                 thereafter paid in a quarterly reporting period by one  
19                 employer;

20                 (b) any payment on account of sickness or  
21                 accident disability, or medical or hospitalization  
22                 expenses made by an employer to or on behalf of an  
23                 employee;

24                 (c) any payment made to or on behalf of an  
25                 employee or to the employee's beneficiary from a trust

1 or annuity;

2 (d) remuneration paid in any medium other than  
3 cash to an employee for service not in the course of the  
4 employer's trade or business or for domestic service in  
5 a private home of an employer;

6 (e) remuneration paid for casual or intermittent  
7 labor not performed in the course of the employer's  
8 trade or business when such employment does not exceed  
9 employment in more than one week in each calendar month  
10 of each quarterly reporting period; and

11 (f) remuneration from family employment subject  
12 to the provisions of this subtitle."

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: 5/24/05

Introduced by: /s/ Claude H. Phillip  
Claude H. Phillip

18

19

20

21

22

23

24

25

- 1
- 2
- 3
- 4
- 5