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A BILL FOR AN ACT

To further amend section 352 of title 54 of the Code of the Federated States of Micronesia, as amended by Public Law No. 16-52, to improve the procedure for corporate income tax payment, and for other purposes.

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

1           Section 1. Section 352 of title 54 of the Code of the  
2 Federated States of Micronesia, as amended by Public Law No.  
3 16-52, is hereby further amended to read as follows:

4           "Section 352. Payment of tax due. Taxes shall be paid  
5 as follows:

6           (1) [All] A major corporation[s] shall, [for their  
7 fiscal year starting on or after April 1, 2010] pay  
8 fifty percent (50%) of the tax it paid for the income of  
9 the previous fiscal year, if any, hereinafter referred  
10 to as "Tax Deposit", to the FSM by the end of the eighth  
11 (8<sup>th</sup>) month of the current fiscal year.

12           (2) A major corporation which pays an amount less than  
13 the Tax Deposit shall pay interest on the delinquent tax  
14 balance of one-half of one percent (0.5%) for each full  
15 month until the full amount is paid.

16           (3) [If] A major corporation that does not have a  
17 previous fiscal year to determine its [fifty percent tax  
18 payment] Tax Deposit either because it is newly formed  
19 or is redomesticating [in] into the FSM, [the major  
20 corporation shall make a payment of fifty percent (50%)

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1 ~~of their estimated tax liability of the current fiscal~~  
2 ~~year at the end of the 8th month of the current fiscal~~  
3 ~~year. The remaining fifty percent (50%) it paid for the~~  
4 ~~previous fiscal year or of the estimated tax liability~~  
5 ~~of the current fiscal year, as the case may be, shall be~~  
6 ~~paid by the last business day of the second month period~~  
7 ~~following the last day of the major corporation's fiscal~~  
8 ~~year.] be exempt from the payment of Tax Deposit and any~~  
9 ~~filing requirements pertaining to the Tax Deposit.~~

10 (4) A major corporation shall complete and submit to  
11 the Department of Finance and Administration an annual  
12 statement declaring the taxable income with permitted  
13 deductions and exemptions, hereinafter referred to as  
14 "Tax Return", by the last business day of the sixth  
15 month period following the last day of the major  
16 corporation's fiscal year. The annual statement shall  
17 be accompanied by one of the following:

18 (a) Any additional tax payment, after the  
19 subtraction of the Tax Deposit, due as shown on the  
20 [annual income tax return] Tax Return of the major  
21 corporation shall be paid by the last business day of  
22 the sixth month period following the last day of the  
23 major corporation's fiscal year.

24 (b) If the [additional] major corporation pays,  
25 including the Tax Deposit by the end of the eight (8<sup>th</sup>)

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1           month during the fiscal year, as per sub-section A  
2           above, an amount less than the tax due as [indicated]  
3           shown on the annual [income tax return filed by a newly  
4           formed corporation or a redomesticated corporation is  
5           more than ten percent (10%)] tax return by the last  
6           business day of the [estimated tax amount paid,] six  
7           month period following the [major corporation] last day  
8           of the corporation's fiscal year, it shall [also] pay  
9           interest [ , compounded monthly and not in advance, ] on  
10          the [additional tax due at the rate of two thirds]  
11          delinquent tax balance of [one percent per month, or  
12          fraction] one half of [a] one percent (0.5%) for each  
13          full month[ , ] until the full amount is paid.

14           (5) Should the Tax Deposit paid by the major  
15          corporation exceed the total annual income tax amount  
16          shown on the Tax Return resulting in overpayment of tax,  
17          then the major corporation shall be entitled to their  
18          rights conferred under section 332, chapter 3 of title  
19          54 of the Code of the Federated States of Micronesia.  
20          The major corporation shall apply to the Department of  
21          Finance and Administration for either of the following  
22          tax treatment options provided under Section 332 by  
23          indicating their choice in the Tax Return form:

24           (a) To have the overpaid tax amount refunded in  
25          full, in which case, the Department of Finance and

