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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 thereof, as created by Public Law No. 9-139, for the purpose of removing the import tax exemption for government imports, and to amend Public Law No. 9-139 by amending section 60 for the purpose of delaying the effectiveness of the Customs Act of 1996, and for other purposes.

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

1 Section 1. Section 222 of title 54, as created by Public Law  
2 No. 9-139, is hereby amended to read as follows:

3 "Section 222. Exemptions.

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

9 (a) Goods have been damaged, pillaged, lost or  
10 destroyed during the voyage;

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

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

17 (2) Imported goods subsequently exported. Any  
18 person who imports goods into the FSM, and then exports  
19 them to a buyer who is outside both the exclusive economic  
20 zone and the territorial limits of the FSM, is entitled to  
21 a refund of any import duty actually paid on such goods,  
22 upon application to and approval by the Secretary. For  
23 purposes of this subsection, raw materials or ingredients  
24 which are worked into or otherwise become part of a  
25 different or more finished product are deemed exported.

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1 when that product is exported.

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

10 (a) up to 200 cigarettes;

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

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

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

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

23 (5) Returning goods. Goods produced or properly  
24 entered in the FSM which are subsequently removed from the  
25 FSM may be returned to the FSM duty free. The burden

1 shall be on the owner of the goods to establish that the  
2 goods were either produced in the FSM or previously and  
3 properly entered.

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

18 (7) Personal Gifts. Goods claimed as gifts, valued  
19 at one hundred dollars (\$100) or less, and received by  
20 persons within the FSM from sources outside the FSM shall  
21 not be subject to import duty provided the goods are for  
22 the recipient's own personal use or consumption and not  
23 for resale or exchange. There shall be a rebuttable  
24 presumption that goods received from outside the FSM are  
25 not gifts.

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(b) Government importation of goods imported by any  
of the States of the Federated States and public corporations  
of the Federated States shall be subject to the import duty on  
of Micronesia shall not be subject to the import duty on  
either the vessel or equipment installed in the vessel."  
Section 2. Section 60 of Public Law No. 9-139 is hereby  
amended to read as follows:  
"Section 60. This act shall be effective on the first day  
of the first month which begins on less than thirty (30)  
days after the date of the August 1, 1997."

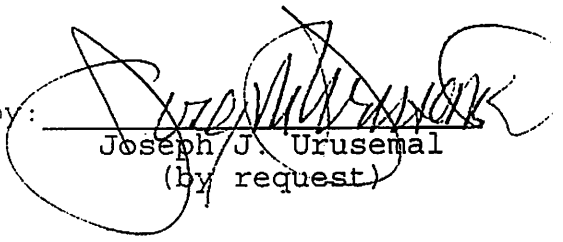
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1 Section 3. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its becoming  
3 law without such approval.

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5 Date: 3/17/97

Introduced by:   
Joseph J. Urusemal  
(by request)

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