

A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by further amending section 222, as amended by Public Laws Nos. 10-10, 10-136, 10-149, 11-43, 11-70 and 11-82, to exempt from import duties goods imported for use by government agencies, 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 Federated
2 States of Micronesia, as amended by Public Laws Nos. 10-10, 10-136, 10-
3 149, 11-43, 11-70 and 11-82, is hereby further amended to read as
4 follows:

5 "Section 222. Exemptions.

6 (1) Damaged, pillaged or faulty goods. Upon receipt of a
7 written request within 28 days of the goods' release from
8 Customs control, the Secretary may authorize a refund of the
9 whole or part of the duty paid, where any of the following
10 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 a
16 fault or defect in any goods, the importer has received a
17 reduction or a refund, in whole or part, of the price paid for
18 the goods.

1 (2) Goods imported for subsequent export.

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

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

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

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

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

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

19 (a) up to 200 cigarettes;

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

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

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

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

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

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

24 (7) Certain fishing vessels and equipment. Fishing vessels
25 basing in the Federated States of Micronesia under a valid

1 permit or license issued pursuant to title 24 of the Code of
2 the Federated States of Micronesia shall not be subject to
3 the import duty on either the vessel or equipment installed
4 in the vessel. This exemption shall apply to replacement
5 parts and equipment imported by these fishing vessels as
6 well.

7 (8) Parcels which would generate a de minimis duty.

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

14 (9) Government importation. Goods imported by any
15 level of the Government of the Federated States of
16 Micronesia, including authorities and public
17 corporations thereof, are exempt from the duty on
18 imports in proportion to the ownership interest held by
19 the government; PROVIDED, however, in the event of a
20 sale of an interest in goods previously subject to this
21 exemption to an entity not exempted by this subsection,
22 such goods shall be thereby dutiable to the purchaser in
23 proportion to the interest sold. The goods or
24 proportional interest therein thus sold shall be deemed
25 to be imported upon delivery to the purchaser, and the

1 CIF price shall be determined by reference to the costs,
2 insurance and freight payable by the purchaser."

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

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9 Date: _____ Introduced by: _____
Peter M. Christian