
A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 141 to create a gross revenues tax deduction for businesses that make contributions to the College of Micronesia Endowment Fund, and for other purposes.

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

1 Section 1. Section 141 of title 54 of the Code of the
2 Federated States of Micronesia is hereby amended to read as
3 follows:

4 "Section 141. Tax on gross revenues; Exemption.

5 (1) There shall be assessed, levied, collected, and
6 paid a tax of \$80 per year upon that portion of the
7 amount of gross revenues earned by every business
8 subject to the provisions of this chapter which does not
9 exceed \$10,000 per year.

10 (2) There shall be assessed, levied, collected, and
11 paid a tax of three percent per year upon that portion
12 of the amount of gross revenues earned by every business
13 subject to the provisions of this chapter which is in
14 excess of \$10,000 per year.

15 (3) Businesses which earn gross revenues of not more
16 than \$2,000 per year are exempt from taxation under this
17 section. The deduction shall be claimed by the business
18 by filing for a refund under the provisions of sections
19 122 and 123 of this chapter.

20 (4) For the purpose of section 805 of this title,

1 every business that operates in more than one State of
2 the Federated States of Micronesia shall file a separate
3 tax return for revenue collected in each State.

4 (5) (a) Notwithstanding any other provision of this
5 section, a business shall be entitled to deduct from its
6 reported gross revenues the sum of ten thousand dollars
7 for each five hundred dollars contributed by the
8 business, during the tax year, to the College of
9 Micronesia Endowment Fund. The deduction created by this
10 subsection shall be available only with respect to
11 contributions made in the form of cash. For the purpose
12 of this section, contributions may be made only in \$500
13 units and no deduction may be taken for any fraction of
14 such a unit. No deduction may be taken if any
15 consideration, other than public or private
16 acknowledgement of the contribution, is given by the
17 College of Micronesia for the contribution, or if the
18 contribution is conditioned upon the College's taking or
19 refraining from any action. Nor may a deduction be
20 claimed if the College of Micronesia Endowment Fund
21 returns the contribution for any reason.

22 (b) To claim a deduction under this section, the
23 business must file, with its annual return under section
24 143 of this title, a notarized statement from the
25 College of Micronesia Endowment Fund administrator

1 setting forth the name of the contributor and the date
2 and amount of the contribution.

3 (c) If, pursuant to subsection (4) of this
4 section, the business files more than one tax return as
5 a result of having collected revenues in more than one
6 state, the deduction permitted by this subsection (5)
7 shall be apportioned among the returns based upon the
8 amount of revenues collected by the business in the
9 respective states."

10 Section 2. This act shall become law upon approval by the
11 President of the Federated States of Micronesia or upon it
12 becoming law without such approval.

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14 Date: 5/23/05

Introduced by: /s/ Resio S. Moses
Resio S. Moses

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