
A BILL FOR AN ACT

To further amend chapter 2 of title 54 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 10-10, 10-136, 10-149, 11-43, 11-70, 11-82, 13-60, and 15-58, by amending sections 211, 212, 222, 231, 232, 234, 235, 238, 241, 242, 249, 250, 253, 254, 256, 258, 267 and 269 thereof, repealing sections 221, 241, 257, 261, 264, 265 and 270, and adding a new section 271, for the purpose of establishing a Customs and Duty Standardization Act of 2010, and for other purposes.

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

1 Section 1. Section 211 of title 54 of the Code of the
2 Federated States of Micronesia, as amended, is hereby amended to
3 read as follows:

4 "Section 211. Short title.

5 This chapter may be cited as the [~~"Customs Act of 1996]~~
6 Customs and Duty Standardization Act of 2010."

7 Section 2. Section 212 of title 54 of the Code of the
8 Federated States of Micronesia, as amended, is hereby amended to
9 read as follows:

10 "Section 212. Definitions.

11 In this chapter, except where otherwise specified, the
12 following terms shall have the meanings stated below:

13 (1) "*Ad valorem*" (Latin for "according to the value")
14 means a tax imposed at a rate equal to a percentage of
15 value.

16 (2) "*Aircraft*" includes airplanes, seaplanes,
17 airships, balloons or any other means of aerial

1 locomotion.

2 (3) "Airport" means an official port of entry for
3 aircraft as identified in or pursuant to title 18 of
4 this code and amendments thereto.

5 (4) "Approved form" means a form approved by the
6 Secretary of Finance.

7 (5) "Arrival" means the first time goods or passengers
8 become subject to Customs control within the FSM or any
9 subsequent time before reaching their final destination.

10 (6) "Authority" means the Federated States of
11 Micronesia Unified Revenue Authority established by
12 section 711 of this title.

13 [~~6~~] (7) "Cannabis" means a *cannabis* plant, whether living
14 or dead, which includes, in any form, any flowering or
15 fruiting tops, leaves, seeds, stalks or any other part
16 of a *cannabis* plant and any mixture of parts of a
17 *cannabis* plant.

18 (8) "CEO" means the Chief Executive Officer appointed
19 under section 731 of this title.

20 [7] (9) "CIF" means "costs, insurance, and freight"
21 incurred for imported goods, and includes all costs and
22 charges associated with the goods up through the time
23 they are delivered to and unloaded at an FSM port of
24 entry or post office.

25 [~~(8) "Commissioner" means the Commissioner of Customs]~~

1 [9] (10) "Congress" means the Congress of the FSM.

2 [10] (11) "Container" means an article of transport
3 equipment:

4 (a) of a permanent character and accordingly
5 strong enough to be suitable for repeated use;

6 (b) specially designed to facilitate the
7 transport of goods, by one or more modes of transport,
8 without intermediate reloading; and

9 (c) designed to be secured and/or readily
10 handled, having corner fittings for these purposes.

11 (d) in addition, the following shipping term used
12 with containers has the following meaning:

13 (i) "CY-CY" means all the goods packed in
14 the container are for the one consignee and the
15 container is consigned from container yard to another
16 container yard and will not normally be unpacked at the
17 wharf.

18 [11] (12) "Controlled substance" means those described in
19 sections 1119, 1121, 1123, 1125, and 1127 of title 11 of
20 this code or successor provision of law.

21 [12] (13) "Customs" means ~~the FSM Department of Finance the~~
22 Unified Revenue Authority, Division of Customs.

23 [13] (14) "Customs Officer" means ~~[a person]~~:

24 (a) a person employed by the ~~[FSM Department of~~
25 ~~Finance]~~Unified Revenue Authority, Division of Customs;

1 (b) a revenue officer appointed under section 732
2 of this title authorized in writing by the [~~Secretary~~]
3 CEO under this chapter to perform all of the functions
4 of a Customs officer; or

5 (c) a person deputized in accordance with the
6 provisions of section 268 of this chapter.

7 [~~14~~] (15) "*Duty*" means any tax payable on the importation of
8 goods, and "*dutiable goods*" means those goods subject to tax
9 on their importation.

10 [~~15~~] (16) "*FOB*" ("*free on board*") means the value of goods
11 when shipped for export, and includes all costs and charges
12 up to the time of delivery of the goods on board the
13 exporting vessel or aircraft.

14 [~~16~~] (17) "*Forfeiture*" means the surrender of ownership of
15 property to the FSM government following a breach of certain
16 provisions of this chapter; it is independent of and in
17 addition to any penalty imposed by this chapter.

18 [~~17~~] (18) "*FSM*" means the Federated States of Micronesia.

19 [~~18~~] (19) "*Goods*" means any type of merchandise, product,
20 commodity, vehicle, moveable personal property, or
21 commercial wares.

22 [~~19~~] (20) "*Importer*" means, in relation to goods, the owner
23 of the goods, any person by or for whom any goods are
24 imported, and includes the consignee and any other person
25 who is beneficially interested in the goods.

1 [20] (21) "Master" means:

2 (a) In relation to a vessel the person in charge
3 or command of the vessel;

4 (b) In relation to an installation the person in
5 charge of the installation.

6 [21] (22) "Narcotic drug" means those described in
7 subsection (15) of section 1112 of title 11 of this code or
8 successor provision of law.

9 [22] (23) "On or about the body" means on or within the
10 body, clothing, footwear, purse, handbag, or similar
11 article.

12 [23] (24) "Owner" means:

13 (a) In respect to goods, any person being or
14 holding himself or herself out to be the owner,
15 importer, exporter, consignee, agent or person possessed
16 of, or having control of, or power of disposition over
17 the goods;

18 (b) In respect of a vessel or aircraft, the owner
19 of record, or a person acting as agent on behalf of the
20 owner of record.

21 [24] (25) "Package" includes every means by which goods for
22 transportation may be cased, covered, enclosed, contained,
23 or packed.

24 [25] (26) "Person" means any individual, company,
25 corporation, partnership, unincorporated association, or

1 other business entity.

2 [26] (27) "*Pilot*" means the person in charge or in command
3 of an aircraft.

4 [27] (28) "*Place*" means any location, building or site, and
5 includes moveable locations such as a vessel or aircraft.

6 [28] (29) "*Port*" or "*Port of entry*" means an official port
7 of entry identified in or pursuant to title 18 of this code
8 and amendments thereto.

9 [29] (30) "*President*" means the President of the FSM.

10 [30] (31) "*Prohibited goods*" means any goods the importation
11 or exportation of which is prohibited under FSM law.

12 [31] (32) "*Regulations*" means any regulations promulgated
13 pursuant to this chapter.

14 [32] (33) "*Secretary*" means the Secretary of the FSM
15 Department of Finance.

16 [33] (34) "*Smuggling*" means any importation or exportation,
17 attempted importation or exportation, with the intent to
18 defraud the FSM.

19 [34] (35) "*Stamp*" means device or instrument used by a
20 Customs officer to make a distinctive impression or imprint,
21 to identify and evidence the clearance of imported or
22 exported goods and the clearance of vessels or aircraft.

23 [35] (36) "*Unlawfully imported, exported, or carried goods*"
24 means any smuggled goods and any goods imported, exported,
25 or carried in breach of the provisions of this chapter, or

1 any other law of the FSM, or whose sale, possession or use
2 is prohibited or contrary to restrictions imposed by the
3 State into which the importation took place. The above
4 defined phrase carries a like meaning wherever similarly
5 stated in this chapter.

6 [36] (37) "*Vehicle*" means every description of motorized
7 carriage or other contrivance used or capable of being used
8 as a means of transport on land.

9 Section 3. Sections 221, 241, 257, 261, 264, 265 and 270
10 under chapter 2 of title 54 of the Code of the Federated States of
11 Micronesia are hereby repealed in their entirety.

12 Section 4. Section 221 of title 54 of the Code of Federated
13 States of Micronesia, as amended, is hereby amended a new section
14 221 under chapter 2 of title 54 is to read as follows:

15 "Section 221. Levy and rates. Import Duty is hereby
16 levied on all goods which are imported into the FSM at
17 the rate of ten percent (10%) ad valorem."

18 Section 5. Section 222 of title 54 of the Code of the
19 Federated States of Micronesia, as amended by Public Laws Nos.
20 10-136, 10-149, 11-43, 11-82 and 15-58, is hereby amended to read
21 as follows:

22 "Section 222. Exemptions.

23 (1) *Damaged, pillaged or faulty goods.* Upon receipt
24 of a written request within 28 days of the goods'
25 release from Customs control, the [Secretary] CEO may

1 authorize a refund of the whole or part of the duty
2 paid, where any of the following conditions exist:

3 (a) goods have been damaged, pillaged, lost or
4 destroyed during the voyage;

5 (b) goods have, while subject to the control of
6 Customs, been damaged, pillaged, lost or destroyed; or

7 (c) the [~~Commissioner~~] CEO is satisfied that,
8 owing to a fault or defect in any goods, the importer
9 has received a reduction or a refund, in whole or part,
10 of the price paid for the goods.

11 (2) *Goods imported for subsequent export.*

12 (a) Upon application to and approval by the
13 [~~Secretary~~] CEO, import duty paid on the following goods
14 shall be refunded: goods imported for processing in the
15 FSM, not otherwise used in the FSM, and subsequently
16 exported from the FSM. For purposes of this subsection,
17 raw materials or ingredients which are worked into or
18 otherwise become part of a different or more finished
19 product are deemed exported when that product is
20 exported.

21 (b) Goods imported for processing are eligible
22 for the duty refund when the finished products which the
23 imported goods were processed into have been loaded on
24 an aircraft or vessel for direct removal from the FSM
25 and that aircraft or vessel has departed from the port.

1 After they have been so loaded, the goods shall again be
2 subject to import duty if they are unloaded or used in
3 the FSM. With respect to importers primarily engaged in
4 importing for processing and subsequent export, the
5 Secretary shall provide for waiving, by regulation
6 rather than collecting and subsequently refunding,
7 duties.

8 (c) Upon application to and approval by the
9 [~~Secretary~~] CEO, import duty shall be waived on the
10 following goods: goods imported for transshipment
11 through the FSM, not to be used in the FSM, which are
12 securely stored while in the FSM and which are exported
13 from the FSM within a reasonable time of import to the
14 FSM, as defined by regulation. Should these goods not be
15 exported within a reasonable time, the importer will be
16 subject to a penalty equal to one-quarter of the import
17 duty that would have been due if the goods were to be
18 used in the FSM. Should these goods be removed from the
19 secure storage facility or used in the FSM, they will be
20 subject to the full import duty.

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

24 (3) *Goods carried in per trip abroad.* Each time an
25 individual person enters or returns to the FSM from a

1 foreign jurisdiction, he or she is entitled to bring
2 into the FSM the following goods duty free, provided
3 that such goods are for that person's own personal use
4 or consumption and not for resale or exchange, and
5 provided further that such person is permitted by
6 applicable State law to possess, use, and consume such
7 goods:

8 (a) up to 200 cigarettes;

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

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

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

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

20 (5) *Returning goods.* Goods produced or properly
21 entered in the FSM which are subsequently removed from
22 the FSM may be returned to the FSM duty free. The
23 burden shall be on the owner of the goods to establish
24 that the goods were either produced in the FSM or
25 previously and properly entered.

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

16 (7) *Certain fishing vessels and equipment.* Fishing
17 vessels basing in the Federated States of Micronesia
18 under a valid permit or license issued pursuant to title
19 24 of the Code of the Federated States of Micronesia
20 shall not be subject to the import duty on either the
21 vessel or equipment installed in the vessel. This
22 exemption shall apply to replacement parts and equipment
23 imported by these fishing vessels as well.

24 (8) *Parcels which would generate a de minimis duty.*
25 Parcels mailed or otherwise sent into the FSM, which

1 would otherwise generate a de minimis duty, shall be
2 exempt from import duty, provided that such goods are
3 for the recipient's own personal use or consumption and
4 not for resale or exchange. Parcels with values up to
5 the amount specified in subsection (3)(d) of this
6 section, shall be exempt.

7 (9) *Health, education and welfare related goods*
8 *donated for humanitarian use.* Upon application to and
9 approval by the [~~Secretary~~] CEO, the import duty on
10 goods related to health, education or welfare donated
11 without cost for humanitarian purposes, and not for
12 resale, shall be waived or refunded; provided, however,
13 that if and when any of such goods are subsequently sold
14 in the FSM, import duty shall be due based on the sale
15 amount. The duty, together with penalties and interest,
16 shall be the joint and several personal liability of the
17 importer and the purchaser and shall be secured by first
18 liens on the goods and on the importer's property as
19 hereinafter provided."

20 Section 6. Section 231 of title 54 of the Code of the
21 Federated States of Micronesia, as amended, is hereby amended to
22 read as follows:

23 "Section 231. Administration of Customs.

24 (1) The [~~Secretary of Finance~~] CEO shall appoint
25 Customs officers.

1 (2) *Customs locks and seals.*

2 (a) *Official locks and seals.* All courts and all
3 persons shall take notice of any official lock or seal
4 used by an officer during the course of his/her duties
5 and shall presume, until shown otherwise, that the lock
6 or seal was fastened by the proper authority.

7 (b) *National offense.* Any person who willfully
8 disregards, alters, breaks, or interferes with a
9 lawfully affixed Customs lock or seal is guilty of a
10 National offense.

11 (c) *Penalty.* A person convicted under this
12 subsection shall be subject to a fine not exceeding
13 \$1,000, or imprisonment of not more than one year, or
14 both.

15 (3) *Customs stamps.*

16 (a) *Stamped impression.* All courts and all
17 persons shall take notice of a stamped impression made
18 by an officer during the course of his/her duties and
19 shall presume, until shown otherwise, that the
20 impression was made by the proper authority.

21 (b) *National offense.* Any person who willfully
22 disregards, alters or attempts to alter, or unlawfully
23 duplicates a Customs stamp is guilty of a National
24 offense.

25 (c) *Penalty.* A person convicted under this

1 subsection shall be subject to a fine not exceeding
2 \$1,000, or imprisonment of not more than one year, or
3 both.

4 (4) *Working days and hours.* The working days and
5 hours of [~~the Division of~~] Customs are Monday through
6 Friday, 8 a.m. through 5 p.m., except for National
7 holidays [~~or as prescribed by Public Service System~~
8 ~~Regulations~~].

9 (a) Except when the working of overtime is
10 authorized in advance by the [~~Commissioner~~] CEO, cargo
11 should be cleared and passengers landed from vessel or
12 aircraft only on working days and during working hours.

13 (b) Any person may request that the
14 [~~Commissioner~~] CEO arrange for an officer to be made
15 available to perform a function at a place outside of
16 the hours prescribed under paragraph (a) above. Such
17 person shall pay to the FSM Government such fee as is
18 set by the [~~Secretary~~] CEO reflecting the cost of making
19 officers available.

20 (5) *Insurance.* The Commissioner is authorized to
21 provide insurance coverage for Customs officers who
22 undertake hazardous duties.

23 [~~(6) Annual report. Within 60 days of the end of each~~
24 ~~fiscal year the Division of Customs will provide for~~
25 ~~Congress an annual report on its activities setting out~~

1 ~~the following details:~~

2 ~~(a) overview;~~

3 ~~(b) revenue:~~

4 ~~(i) revenue collected;~~

5 ~~(ii) cost of collection;~~

6 ~~(iii) costs recovered;~~

7 ~~(iv) entries passed;~~

8 ~~(c) enforcement:~~

9 ~~(i) invoices appraised;~~

10 ~~(ii) vessels and aircraft searched;~~

11 ~~(iii) goods seized;~~

12 ~~(iv) prosecutions and convictions;~~

13 ~~(d) Staff;~~

14 ~~(e) Plan for the next year.]~~

15 [7] (6) *Customs officers' authority to arrest.*

16 (a) When authorized by the [Secretary] CEO, a
17 Customs officer shall have the authority given to a
18 policeman under section 211 of title 12, or successor
19 provision of law, to make an arrest without warrant for
20 an offense defined under this chapter.

21 (b) The [Secretary] CEO shall, on consultation
22 with the [~~Attorney General~~] Secretary of the FSM
23 Department of Justice, establish procedures for arrest
24 and disposition of criminal suspects by Customs
25 officers."

1 Section 7. Section 232 of title 54 of the Code of the
2 Federated States of Micronesia, as amended, is hereby amended to
3 read as follows:

4 "Section 232. Duties of controlling authorities.

5 (1) The controlling authority of every port, airport
6 or transit building shall provide and maintain at the
7 port, airport or transit building, to the satisfaction
8 of the [~~Secretary~~]CEO the following;

9 (a) staff accommodation and facilities for the
10 use of Customs officers, at such place or places as the
11 [~~Secretary~~] CEO may direct; and

12 (b) suitable transit buildings as the
13 [~~Secretary~~]CEO may declare as necessary in respect to
14 the port or airport, together with suitable weighing
15 appliances for use by Customs officers.

16 (2) The controlling authority of every port, airport
17 or transit building shall store goods subject to the
18 control of Customs in such manner and place as the
19 [~~Commissioner or other proper officer of Customs~~] CEO
20 may direct."

21 Section 8. Section 233 of title 54 of the Code of the
22 Federated States of Micronesia, as amended, is hereby amended to
23 read as follows:

24 "Section 233. Cooperation with other National and State
25 authorities.

1 The [~~Secretary~~] CEO is authorized to enter into
2 Memorandums of Understanding with other National and
3 State authorities to allow the [~~Division of Customs~~]
4 Authority to provide assistance in the enforcement of
5 any National or State law.

6 ~~[(1) Taxation. The Division of Customs is authorized~~
7 ~~to exchange information with other National or State~~
8 ~~authorities to ensure the proper and correct collection~~
9 ~~of taxes.]~~

10 [2] (1) *Statistics.*

11 (a) The [~~Division of Customs~~] Authority is
12 responsible for the collection of statistical data on
13 the importation and exportation of goods and providing
14 this information to the Division of Statistics.

15 (b) The [~~Secretary~~] CEO is authorized to
16 introduce classification schedules and associated
17 computer software to assist with this function.

18 [3] (2) *Quarantine.* The [~~Secretary~~] CEO may accept an
19 appointment made by the Secretary of the FSM Department
20 of Resources and Development, regarding the empowering
21 of Customs officers to perform agriculture quarantine
22 inspections, pursuant to section 407 of title 22 of this
23 code or any successor provision.

24 [4] (3) *Food safety.* The [~~Secretary~~] CEO may accept an
25 appointment by the Secretary of the FSM Department of

1 Health Services regarding the empowering of Customs
2 officers to perform food safety inspections pursuant to
3 ~~[41 F.S.M.C. 1013]~~ section 1013 of title 41 of this
4 code (National Food Safety Act) or any successor
5 provision.

6 ([5]4) *Immigration*. The [Secretary] CEO may accept an
7 appointment made by the FSM [~~Office of the Attorney~~
8 ~~General~~] Department of Justice regarding the empowering
9 of Customs officers perform immigration inspections
10 pursuant to section 108 of title 50 of this code or any
11 successor provision.

12 ([6]5) *Community, social, environmental and antiquities*
13 *protection*. The [~~Division of Customs~~] Authority will
14 monitor imports and exports on behalf of other National
15 and State agencies to ensure compliance with legislation
16 and international agreements, ratified by the FSM,
17 dealing with community, social, environmental and
18 antiquities protection.

19 Section 9. Section 234 of title 54 of the Code of the
20 Federated States of Micronesia, as amended, is hereby amended to
21 read as follows:

22 "Section 234. Customs control of goods.

23 (1) *Goods subject to Customs control:*

24 (a) Imported goods, from the time of their
25 importation until applicable duties are paid and the

1 goods are released or until their exportation to any
2 country outside of the FSM.

3 (b) All goods for export, from the time such
4 goods are brought to any port, airport or other place
5 for export until their exportation to any country
6 outside of the FSM.

7 (c) Goods imported or exported through the Post
8 Office are subject to the control of the Customs in the
9 same manner as goods otherwise imported or exported.

10 (2) *Non-routine examinations.* Where, for the purposes
11 of section 235 of this chapter, examination at the dock
12 or airport is impracticable, shipments may, subject to
13 approval by a customs officer of a written undertaking
14 in the approved form, be removed to the owner's premises
15 for examination.

16 (3) *CY-CY Containers.*

17 (a) CY-CY container shipments or similar
18 shipments may be delivered to a final destination other
19 than the dock, upon the approval of a Customs officer.

20 (b) The consignee shall notify the [~~Division of~~
21 ~~Customs~~] Authority of the delivery of the shipment and
22 shall not open the container without the approval of a
23 Customs officer.

24 (c) Customs officers shall be given access to any
25 CY-CY container or similar shipment at the owner's

1 premises for the purposes of any section of this
2 chapter.

3 (4) *Removal of goods.* Goods removed from the dock or
4 airport pursuant to subsections (2) and (3) of this
5 section remain subject to Customs control until the
6 examination has been undertaken and a Customs officer
7 has authorized their release.

8 (5) *National offense.* Any person who, otherwise than
9 by authority and in accordance with this chapter, moves,
10 alters or interferes with goods subject to the control
11 of Customs, is guilty of a National offense.

12 (6) *Penalty.* A person convicted under this section
13 shall be subject to a fine not exceeding \$5,000, or
14 imprisonment of not more than five years, or both."

15 Section 10. Section 235 of title 54 of the Code of the
16 Federated States of Micronesia, as amended, is hereby amended to
17 read as follows:

18 "Section 235. Right of examination.

19 A Customs officer shall have the right to examine all
20 goods subject to Customs control.

21 (1) *Examination of goods.* In carrying out the
22 examination of goods:

23 (a) Any Customs officer may open packages and
24 examine, weigh, mark and seal any goods.

25 (b) Where, shipment has been removed to the

1 owner's premises for examination, Customs officers shall
2 be granted access to the shipment for the purposes of
3 this section. The expenses of the examination,
4 including the cost of removal to the place of the
5 examination, shall be borne by the owner.

6 (2) *Search of residences, building and premises.* Any
7 officer, with legally sufficient grounds to believe
8 goods that may be forfeited pursuant to section 253 of
9 this chapter are present and, pursuant to a search
10 warrant required by law, may enter any residence,
11 building or premise to search for and seize such goods.

12 (3) *Search of persons.*

13 (a) Where a Customs officer on reasonable grounds
14 believes a person who has just landed from or is about
15 to board a vessel or aircraft has dutiable or prohibited
16 goods on or about his or her person, the officer may,
17 subject to the following conditions, search and detain
18 that person and may use reasonable force to carry out
19 the search.

20 (b) No search shall be undertaken unless another
21 officer or person is present as a witness.

22 (c) Searches shall be undertaken by an officer or
23 person of the same gender unless there are reasonable
24 grounds for believing the person being searched may
25 resist the search or, despite diligent efforts to

1 procure an officer or person of the same gender, no such
2 person is available to undertake the search.

3 (d) Body cavity searches shall be carried out by a
4 qualified medical officer.

5 (4) The powers in this section are in addition to the
6 powers in subchapter VII of chapter 8 of this title."

7 Section 11. Section 238 of title 54 of the Code of the
8 Federated States of Micronesia, as amended, is hereby amended to
9 read as follows:

10 "Section 238. Importation of goods.

11 (1) *Arrival procedures.* On arrival of a vessel or an
12 aircraft at any port in the FSM the master or pilot of
13 such vessel or aircraft shall deliver to the Customs
14 officer:

15 (a) Copies of the manifest; and

16 (b) All bills of lading and air waybills for
17 cargo to be discharged at that particular port.

18 (2) *Time limit for entry.* Each consignee of imported
19 goods shall make entry of those goods at the local
20 Customs office within 15 days after departure of the
21 importing vessel or aircraft, exclusive of Sundays and
22 FSM national holidays. To enter goods means to notify
23 [~~Customs officials~~] the CEO of the arrival of those
24 goods and to comply with all Customs requirements in
25 connection therewith.

1 (3) *Verification of entry:*

2 (a) Entry shall be verified by the presentation
3 to Customs by the consignee, or authorized agent of the
4 consignee, of a completed and signed entry form together
5 with a non-negotiable bill of lading or an air waybill
6 and vendor's invoices for the imported goods.

7 (b) The consignee shall answer any questions
8 relating to the goods and, upon request of a Customs
9 officer, furnish any other documentation deemed
10 necessary for:

11 (i) a proper assessment of the duties on the
12 merchandise;

13 (ii) the proper collection of accurate
14 statistics with respect to the merchandise being
15 imported; and

16 (iii) a determination of whether any other
17 applicable legal requirements have been met.

18 (c) The approved entry form shall set forth such
19 facts in regard to the importation as the [~~Secretary~~] CEO
20 may require for the inspection, appraisement, payment of
21 import taxes and for the collection of statistics.

22 (4) *Releasing of goods.* Customs personnel shall, on
23 satisfactory examination of the above documents, and
24 payment of the correct duty, stamp and release the
25 imported goods.

1 (5) *Personal Baggage.* Goods that are the personal
2 baggage of passengers in a vessel or aircraft and are
3 not taxable goods may be released without entry.

4 (6) *Importation defined:*

5 (a) Goods shall, except where otherwise expressly
6 provided, be deemed to be imported into the FSM as soon
7 as and in any manner, whether lawfully or unlawfully,
8 they are brought or come within the territorial limits
9 of the FSM from any country outside those limits. For
10 purposes of this chapter, the territorial limits of the
11 FSM include the territorial sea, as defined in chapter 1
12 of title 18 of this code.

13 (b) Goods whose destination is outside the
14 territorial limits of the FSM, including ship's stores
15 and aircraft stores, shall not be deemed to be imported
16 unless, while they are within those limits, they are
17 removed from the vessel or aircraft in which they
18 arrived there.

19 (c) Imported goods intended for use, sale, or
20 other disposition within the territorial sea or internal
21 waters of the FSM must first be brought to a port of
22 call and cleared through Customs.

23 (d) Vessels or aircraft entering into the
24 territorial limits of the FSM solely in transit or for
25 loading, unloading, transshipping, provisioning,

1 refueling, other resupply, equipping, maintenance,
2 repair, overhaul, and other like purposes shall not be
3 deemed to be goods imported into the FSM unless such
4 vessels or aircraft thereafter become based in the FSM.

5 (7) *Import tax rate.* Dutiable goods shall be liable
6 to the duty rates at the time when the aircraft or
7 vessel first arrives at a designated port of entry
8 within the FSM.

9 (8) *Clearing goods prior to arrival.* Each consignee
10 of imported goods, may, provided he or she has the
11 required documentation, clear those goods prior to
12 arrival of the vessel or aircraft. This does not waive
13 or limit the authority of Customs to examine those goods
14 on arrival.

15 (9) *Exempt goods.* All tax exempt goods shall be
16 identified and cleared on the official clearance form.

17 (10) *Abandoned goods:*

18 (a) Goods remaining unentered three months after
19 the departure of the importing vessel or aircraft shall
20 be treated as goods abandoned to the National Government
21 and may be sold by public auction, destroyed, or
22 otherwise disposed of as the CEO may direct.

23 (b) Proceeds of such sale shall [~~deposited in the~~
24 ~~General Fund and~~] be used first to pay expenses of sale,
25 duties, storage charges, and any lien for freight

1 changes, in said order. Surplus proceeds may be paid to
2 the owner upon proof of his or her interest therein."

3 Section 12. Section 242 of title 54 of the Code of the
4 Federated States of Micronesia, as amended, is hereby amended to
5 read as follows:

6 "Section 242. Boarding and searching vessels and
7 aircraft on arrival.

8 (1) *Boarding, searching, and answering questions.* A
9 Customs officer may:

10 (a) Board any vessel or aircraft on its arrival
11 in the FSM. The hoisting or displaying of a foreign
12 flag will be taken as consent to board;

13 (b) Search any vessel or aircraft on arrival in
14 the FSM;

15 (c) Require all persons found on the vessel or
16 aircraft to answer questions, and produce documents in
17 relation to:

18 (i) the vessel or aircraft, its voyage or
19 flight, and its cargo, stores, crew and passengers; or

20 (ii) the presence of those persons on the
21 vessel or aircraft.

22 (2) *Arming of officers.*

23 (a) Where the [~~Commissioner~~] CEO has reasonable
24 cause to believe any person on board any vessel or
25 aircraft bears firearms, the [~~Commissioner~~] CEO is

1 authorized to direct that the officers boarding the
2 vessel or aircraft be armed.

3 (b) All occasions when Customs officers are armed
4 while boarding shall be reported to the FSM [~~Office of~~
5 ~~the Attorney General~~] Department of Justice."

6 Section 13. Section 249 of title 54 of the Code of the
7 Federated States of Micronesia, as amended, is hereby amended to
8 read as follows:

9 "Section 249. Report of cargo.

10 (1) The master, owner or pilot of a vessel or aircraft
11 arriving from a place outside the FSM is guilty of a
12 National offense if that person willfully fails:

13 (a) To report, within one day after the arrival
14 at a port or airport, the vessel or aircraft and her
15 cargo by delivering to [~~Customs~~] the Authority an inward
16 manifest, in duplicate, of goods for the port or
17 airport;

18 (b) To answer questions relating to the vessel or
19 aircraft and her cargo, crew, passengers, stores and
20 voyage; or

21 (c) To produce documents relating to the vessel
22 or aircraft and her cargo.

23 (2) *Penalty.* A person convicted under this section
24 shall be subject to a fine not exceeding \$5,000, or
25 imprisonment of not more than five years, or both."

1 Section 14. Section 250 of title 54 of the Code of the
2 Federated States of Micronesia, as amended, is hereby amended to
3 read as follows:

4 "Section 250. Report of wrecked vessel or aircraft.

5 (1) When any vessel from outside the FSM is lost or
6 wrecked upon the coast, the master or owner shall
7 without unreasonable delay make report of the vessel and
8 her cargo to the Customs office nearest to the place
9 where the vessel was lost or wrecked.

10 (2) When any aircraft arriving from outside the FSM is
11 lost or wrecked at any place within the FSM, the pilot
12 or owner shall, without unreasonable delay, make report
13 of the aircraft and cargo to the Customs office nearest
14 to the place where the aircraft was lost and wrecked.

15 (3) Any master or owner of a vessel lost or wrecked,
16 or pilot or owner of an aircraft lost or wrecked, who
17 fails to report such loss or wreck [~~to Customs~~] as
18 required by this section is guilty of a National
19 offense.

20 (4) *Penalty.* A person convicted under this section
21 shall be subject to a fine not exceeding \$1,000, or
22 imprisonment of not more than one year, or both."

23 Section 15. Section 253 of title 54 of the Code of the
24 Federated States of Micronesia, as amended, is hereby amended to
25 read as follows:

1 "Section 253. Forfeited goods.

2 The following goods may be forfeited to the FSM
3 Government:

4 (1) All goods which are unlawfully imported, exported,
5 or carried;

6 (2) All goods found on any vessel or aircraft after
7 arrival in any port or airport which are not specified
8 or referred to in the inward manifest and are not
9 baggage belonging to crew or passengers and have not
10 been satisfactorily accounted for;

11 (3) All goods subject to the control of Customs that
12 are moved, altered or interfered with in violation of
13 the provisions of this chapter;

14 (4) All goods which are, as specified by statute or as
15 directed by a Customs officer, to be moved or dealt with
16 in any way and which are not moved or dealt with in any
17 way and which are not moved or dealt with accordingly;

18 (5) Any vehicle or animal used in smuggling or in the
19 unlawful importation, exportation, or conveyance of any
20 goods;

21 (6) All goods, except a passenger's baggage, found on
22 any vessel or aircraft after clearance and not specified
23 or referred to in the outward manifested and not
24 accounted for to the satisfaction of the [~~Commissioner~~]
25 CEO;

1 (7) All dutiable goods concealed in any manner;

2 (8) Any package in which there are concealed goods:

3 (a) Not included in the clearance documents; or

4 (b) So packed as to deceive the officer.

5 (9) All dutiable goods found in the possessions or in
6 the baggage of any person who has got out of, landed
7 from or gone on board any vessel or aircraft and who has
8 denied that he or she has any dutiable goods in his or
9 her possession, or who when questioned by a Customs
10 officer has not fully disclosed that such goods are in
11 his or her possession or baggage;

12 [~~11~~] (10) Any stolen or counterfeit goods."

13 Section 16. Section 254 of title 54 of the Code of the
14 Federated States of Micronesia, as amended, is hereby amended to
15 read as follows:

16 "Section 254. Seizure of goods.

17 (1) A Customs officer or officer of the FSM National
18 Police may seize any forfeited goods or any goods that
19 the officer believes on reasonable grounds are forfeited
20 goods.

21 (2) The power to seize goods under subsection (1) of
22 this section may, without limiting the power of that
23 subsection, be exercised at sea or in any other waters.

24 (3) All seized goods shall be taken to the nearest
25 National Government warehouse or to such other place of

1 security as the [~~Commissioner~~] CEO directs.

2 (4) All seized goods must be endorsed on an
3 appropriate receipt.

4 (5) If the [~~Commissioner~~] CEO determines that any
5 goods are of a perishable nature or are live animals,
6 such goods may be sold by the [~~Commissioner~~] CEO without
7 delay."

8 Section 17. Section 256 of title 54 of the Code of the
9 Federated States of Micronesia, as amended, is hereby amended to
10 read as follows:

11 "Section 256. Return of seized goods on security.

12 The [~~Secretary~~] CEO may authorize any vessel, aircraft
13 or goods seized, other than controlled substances or
14 narcotic drugs, to be delivered to the owner or agent
15 upon production of adequate security."

16 Section 18. Section 258 of title 54 of the Code of the
17 Federated States of Micronesia, as amended, is hereby amended to
18 read as follows:

19 "Section 258. Disposal of forfeited goods, aircraft,
20 and vessels.

21 All forfeited goods, aircraft, and vessels shall become
22 the property of the National Government and shall be
23 sold, destroyed, or otherwise disposed of as the
24 [~~Secretary or Commissioner~~] CEO may direct."

25 Section 19. Section 267 of title 54 of the Code of the

1 Federated States of Micronesia, as amended, is hereby amended to
2 read as follows:

3 "Section 267. Regulations.

4 (1) The Secretary [of Finance may adopt, amend or
5 repeal] shall, subject to the approval of the
6 President, prescribe and have printed reasonable
7 regulations for the [administration] enforcement of this
8 chapter and such regulations shall have the force and
9 effect of law if they are not in conflict with the
10 express provisions of this chapter or other laws of the
11 FSM.

12 (2) The regulations shall also provide for matters
13 prescribed under the chapter to be made by regulation.

14 (3) Such regulations shall be promulgated pursuant to
15 chapter 1 of title 17 of this code."

16 Section 20. Section 269 of title 54 of the Code of the
17 Federated States of Micronesia, as amended, is hereby amended to
18 read as follows:

19 "Section 269. Implementation.

20 (1) To give effect to the provisions of this chapter
21 the [Secretary] CEO is authorized to:

22 (a) Draw up and implement procedures and
23 guidelines;

24 (b) Distribute such procedures and guidelines to
25 interested parties;

1 (c) Appoint appraisers in each of the States to
2 examine invoices presented to Customs.

3 (2) The [~~Division of Customs~~] Authority is authorized
4 to become a member of and to send representatives to
5 meetings of;

6 (a) Organizations that foster cooperation between
7 Pacific Island Nations Customs Divisions;

8 (b) Organizations that will increase the
9 expertise and efficiency of the Customs Division."

10 Section 21. Title 54 of the Code of the Federated States of
11 Micronesia is hereby amended by adding a new section 271 under
12 subchapter III of chapter 2 to read as follows:

13 "Section 271. Commencement of Administration.
14 Administration of this Act shall commence eighteen (18)
15 months after the commencement of administration date of
16 the Unified Revenue Authority Act as determined by
17 section 769 of this title."

18 Section 22. Effective Date. This act shall become law upon
19 approval by the President of the Federated States of Micronesia or
20 upon its becoming law without such approval.

21

22 Date: 8/20/13

Introduced by: /s/ Florencio S. Harper
Florencio S. Harper
(by request)

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