

A BILL FOR AN ACT

To amend section 222 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new subparagraph (10) for the purpose of exempting government imports from import duties, and 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
2 Federated States of Micronesia (Annotated), as amended, is
3 hereby amended, to read as follows:

4 "Section 222. Exemptions.

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

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

12 (b) goods have, while subject to the control of
13 Customs,

14 been damaged, pillaged, lost or destroyed; or

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

1 (2) Goods imported for subsequent export.

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

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

23 (c) Upon application to and approval by the
24 Secretary, import duty shall be waived on the following
25 goods: goods imported for transshipment through the FSM,

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

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

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

22 (a) up to 200 cigarettes;

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

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

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

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

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

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

1 and several personal liability of the importer and the
2 purchaser and shall be secured by first liens on the
3 goods and on the importer's property as hereinafter
4 provided.

5 (7) Certain fishing vessels and equipment. Fishing
6 vessels basing in the Federated States of Micronesia
7 under a valid permit or license issued pursuant to title
8 24 of the Code of the Federated States of Micronesia
9 shall not be subject to the import duty on either the
10 vessel or equipment installed in the vessel. This
11 exemption shall apply to replacement parts and equipment
12 imported by these fishing vessels as well.

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

21 (9) Health, education and welfare related goods
22 donated for humanitarian use. Upon application to and
23 approval by the Secretary, the import duty on goods
24 related to health, education or welfare donated without
25 cost for humanitarian purposes, and not for resale,

1 shall be waived or refunded; provided, however, that if
2 and when any of such goods are subsequently sold in the
3 FSM, import duty shall be due based on the sale amount.
4 The duty, together with penalties and interest, shall be
5 the joint and several personal liability of the importer
6 and the purchaser and shall be secured by first liens on
7 the goods and on the importer's property as hereinafter
8 provided."

9 (10) Government imports. Goods imported by the
10 National, State or local levels of government of the
11 Federated States of Micronesia, other than for resale,
12 shall be exempt from the import duty. For purposes of
13 this exemption, the term 'government' shall include
14 public corporations, authorities or other entities
15 established by law to operate as independent
16 enterprises."

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

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21 Date: 7/29/16

Introduced by: /s/ for Joseph J. Urusemal
Florencio S. Harper
(by request)

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