

STANDING COMMITTEE REPORT NO. 19-108

RE: C.B. NO. 19-105/W&M

SUBJECT: WAIVER OF PENALTIES AND INTERESTS ON
DELINQUENT TAXES PAID DURING A SPECIFIC
PERIOD OF TIME.

FEBRUARY 09, 2016

The Honorable Wesley W. Simina
Speaker, Nineteenth Congress
Federated States of Micronesia
Third Regular Session, 2016

Dear Mr. Speaker:

Your Committee on Ways and Means, to which was referred
C.B. No. 19-105, entitled:

"A BILL FOR AN ACT TO AMEND SECTION 903 OF TITLE 54 OF
THE CODE OF THE FEDERATED STATES OF MICRONESIA
(ANNOTATED), TO PROVIDE FOR A WAIVER OF PENALTIES AND
INTEREST ON DELINQUENT TAXES PAID DURING A SPECIFIC
PERIOD OF TIME, AND FOR OTHER PURPOSES.",

begs leave to report as follows:

Your Committee is aware of the challenging financial
situation the National Government is currently in, after
relinquishing its share of Compact funding and increasing
the states' share of domestic revenues to 70%. It is
important to generate more local revenues.

One way of doing that is by this bill. Your Committee is
aware that interests and penalties on overdue taxes
increase very rapidly and many delinquent taxpayers can no
longer afford to pay. So though the receivables keep going
up, the actual cash collection may decline.

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This bill once again offers a limited tax amnesty for delinquent taxpayers. Until the end of the grace period, taxpayers who pay the entire original amount that they owe will have the interests and penalties waived. This is a scheme that has been tried twice by previous Congresses with some success in increasing collection.

Your Committee has carefully reviewed Congressional Bill No. 19-105. Your Committee on Ways and Means is in accord with the intent and purpose of C.B. No. 19-105 and recommends its passage on First Reading and that it be placed on the Calendar for Second and Final Reading in the form attached hereto as C.B. No. 19-105.

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Respectfully submitted,

/s/ Isaac V. Figir
Isaac V. Figir, chairman

/s/ Tiwiter Aritos
Tiwiter Aritos, member

/s/ Victor V. Gouland
Victor V. Gouland, member

/s/ Bonsiano F. Nethon
Bonsiano F. Nethon, member

/s/ David W. Panuelo
David W. Panuelo, member

Joseph J. Urusemal, member

Paliknoa K. Welly, member