SEVENTEENTH CONGRESS OF THE FEDERATED STATES OF MICRONESIA

FOURTH REGULAR SESSION, 2012   CONGRESSIONAL BILL NO. 17-146

PC NO. 17-360   **PUBLIC LAW NO. 17-73**

AN ACT

To further amend section 352 of title 54 of the Code of the Federated States of Micronesia, as amended by Public Law No. 16-52, to improve the procedure for corporate income tax payment, and for other purposes.

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

1   Section 1. Section 352 of title 54 of the Code of the

2   Federated States of Micronesia, as amended by Public Law No.

3   16-52, is hereby further amended to read as follows:

4   "Section 352. Payment of tax due. Taxes shall be paid

5   as follows:

6   (1) A major corporation shall, pay fifty percent (50%)

7   of the tax it paid for the income of the previous fiscal

8   year, if any, hereinafter referred to as "Tax Deposit",

9   to the FSM by the end of the eighth (8th) month of the

10   current fiscal year.

11   (2) A major corporation which pays an amount less than

12   the Tax Deposit shall pay interest on the delinquent tax

13   balance of one-half of one percent (0.5%) for each full

14   month until the full amount is paid.

15   (3) A major corporation that does not have a previous

16   fiscal year to determine its Tax Deposit either because

17   it is newly formed or is redomesticating into the FSM,

18   be exempt from the payment of Tax Deposit and any filing

19   requirements pertaining to the Tax Deposit.

20   (4) A major corporation shall complete and submit to

1   the Department of Finance and Administration an annual

2   statement declaring the taxable income with permitted

3   deductions and exemptions, hereinafter referred to as

4   "Tax Return", by the last business day of the sixth

5   month period following the last day of the major

6   corporation's fiscal year. The annual statement shall

7   be accompanied by one of the following:

8   (a) Any additional tax payment, after the

9   subtraction of the Tax Deposit, due as shown on the Tax

10   Return of the major corporation shall be paid by the

11   last business day of the sixth month period following

12   the last day of the major corporation's fiscal year.

13   (b) If the major corporation pays, including the

14   Tax Deposit by the end of the eighth (8th) month during

15   the fiscal year, as per sub-section A above, an amount

16   less than the tax due as shown on the annual tax return

17   by the last business day of the six month period

18   following the last day of the corporation's fiscal year,

19   it shall pay interest on the delinquent tax balance of

20   one half of one percent (0.5%) for each full month until

21   the full amount is paid.

22   (5) Should the Tax Deposit paid by the major

23   corporation exceed the total annual income tax amount

24   shown on the Tax Return resulting in overpayment of tax,

25   then the major corporation shall be entitled to their

1   rights conferred under section 332, chapter 3 of title

2   54 of the Code of the Federated States of Micronesia.

3   The major corporation shall apply to the Department of

4   Finance and Administration for either of the following

5   tax treatment options provided under Section 332 by

6   indicating their choice in the Tax Return form:

7   (a) To have the overpaid tax amount refunded in

8   full, in which case, the Department of Finance and

9   Administration shall credit the major corporation's bank

10   account within a two (2) month period from the last

11   business day of the sixth month period following the

12   last day of the major corporation's fiscal year;

13   (b) To have the overpaid tax amount credited to

14   any tax payments by the major corporation to the

15   Federated States of Micronesia."

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1   Section 2. This act shall become law upon approval by the

2 President of the Federated States of Micronesia or upon its

3 becoming law without such approval.

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7   January 18 _____, 2013

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12   /s/ Manny Mori_____
                                           Manny Mori
13   President
                                           Federated States of Micronesia

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