
AN ACT

To further amend section 251 of title 77 of the Trust Territory Code, as amended by Public Law No. 1-83, to provide a new definition of the terms "Gross Revenue" and "wages and salaries," and for other purposes.

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

1 Section 1. Section 251 of title 77 of the Trust Territory Code, as
2 amended by Public Law No. 1-83, is hereby further amended to read as
3 follows:

4 "Section 251. Definitions. Wherever used in this Chapter,
5 unless the subject matter, context, or sense otherwise requires:

6 (1) 'Employer' includes any individual, corporation,
7 association, joint stock company, bank, insurance company,
8 credit union, cooperative, or other equity or group employing
9 any person, and also includes the Trust Territory, Federated
10 States of Micronesia, state and local governments and their
11 agencies, charged with the disbursement of public monies as
12 salaries or wages. 'Employer' also includes the United States
13 Government and instrumentalities thereof.

14 (2) 'Employee' means any individual who, under the usual
15 common law rules applicable in determining the employer-employee
16 relationship, has the status of an employee.

17 (3) 'Wages' or 'Salaries' means and includes commissions,
18 fees, compensation, emoluments, bonuses, and every and all other
19 kinds of compensation paid for, credited or attributable to
20 personal services performed by an individual, which services
21 have been performed by such person as an employee. Wages and
22 salaries shall not include the following:

1 (a) Wages and salaries received from the United
2 States by members of the Military or Naval Forces of the
3 United States or the Armed Forces of the United States.

4 (b) Reasonable per diem and travel allowances to
5 the extent that they do not exceed any comparable Trust Terri-
6 tory Government rates.

7 (c) Rental value of a home furnished to any employee
8 or a reasonable rental allowance paid to any employee (to the
9 extent such allowance is used by the employee to rent or
10 provide a home).

11 (d) Any payment on account of sickness or accident
12 disability, or any payment of medical or hospitalization
13 expenses, made by an employer to or on behalf of an employee;
14 PROVIDED, however, that normal wages or salaries paid to an
15 employee for a period of time during which he is excused from
16 work because of sickness shall not be excluded from wages and
17 salaries under this Subsection.

18 (e) Any payment made to or on behalf of an employee
19 or to his beneficiary from a trust or annuity.

20 (f) Remuneration paid in any medium other than cash
21 to an employee for service not in the ordinary course of the
22 employer's trade or business or for domestic service in a
23 private home of an employer.

24 (g) Remuneration paid for casual or intermittent
25 labor not performed in the ordinary course of the employer's

1 trade or business and for not more than one week in each
2 calendar month.

3 (h) Any payment in the form of a scholarship, fellow-
4 ship, or stipend made to any employee while he is a full-time,
5 bona fide student at an educational institution within the
6 Trust Territory.

7 (i) Wages and salaries received by a minister of the
8 gospel or clergyman from a religious group or organization.

9 (j) Wages and salaries received by an employee for
10 services performed or rendered in the capacity of a domestic or
11 household employee for a private individual or family.

12 (4) 'Director' means the Director of the Department of
13 Finance.

14 (5) 'Month' means calendar month.

15 (6) 'Year' means calendar year.

16 (7) 'Gross Revenue' means the gross receipts, cash or
17 accrued, of the taxpayer received as compensation for personal
18 services not in the form of salaries or wages as defined in
19 77 TTC Section 251 (3), as amended, and the gross receipts of
20 the taxpayer derived from trade, business, commerce or sales
21 and the value proceeding or accruing from the sale of tangible
22 personal property, or service, or both, and all receipts,
23 actual or accrued by reason of the capital of the business
24 engaged in, including interest, rentals, royalties, fees, or
25 other emoluments however designated and without any deductions

1 on account of the cost of property sold, the cost of materials
2 used, labor cost, taxes royalties, or interest paid or any
3 other expenses whatsoever. Gross revenue shall not include the
4 following:

5 (a) refunds and rebates;

6 (b) monies held in a fiduciary capacity;

7 (c) income in the form of wages and salaries which
8 are taxed under other provisions of this Chapter;

9 (d) sale payments received for the sale of a
10 commercial aircraft, to the extent that such sale payments in
11 any quarter shall equal the rental payments made to the buyer
12 by the seller of such aircraft for its rental by seller;

13 (e) rental payments received for the rental of a
14 commercial aircraft, to the extent that such rental payments
15 in any quarter shall equal the sale payments made to the
16 lessor by lessee of such aircraft for its purchase by the
17 lessor; or

18 (f) cash discounts allowed and taken on sales, the
19 proceeds of sale of goods, wares, or merchandise returned by
20 customers when the sale price is refunded either in cash or
21 by credit; or the sale price of any article accepted as part
22 of payment of any new article sold, if the full sale price of
23 a new article is included in 'gross revenue.'

24 (8) 'Business' means any profession, trade, manufacture
25 or other undertaking carried on for pecuniary profit and

1 includes all activities whether personal, professional or
2 incorporated, carried on within the Federated States of Micro-
3 nesia for economic benefit either direct or indirect, and
4 excludes casual sales, as determined by the Director; however,
5 one who qualifies as an employee under this Section shall not
6 be considered as a business. Copra production by unincorporated
7 copra producers collectively or severally shall not be included
8 as a business under this definition.

9 (9) 'Military or Naval Forces of the United States' and
10 'Armed Forces of the United States' means all regular and
11 reserve components of the uniformed services which are subject
12 to the jurisdiction of the Secretary of the Army, Navy or Air
13 Force, and also includes the Coast Guard.

14 (10) 'Commercial aircraft' means any aircraft capable of
15 any intended for use in commercial aviation.

16 (11) 'Purchase payments' means payments on the actual
17 selling price, including any interest, carrying charges or
18 other charges associated with a sale. As used herein, the word
19 'sale' implies a transfer of ownership of that which is sold,
20 in exchange for the purchase payments or promise thereof.

21 (12) 'Rental payments' means any payments made in exchange
22 for use or rental, and includes interest, carrying charges or
23 other charges associated with use or rental."

24 Section 2. This act shall become law upon approval by the President
25 of the Federated States of Micronesia or upon its becoming law without

1 such approval.

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September 9, 1981

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Tosiwo Nakayama
Tosiwo Nakayama
President
Federated States of Micronesia

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