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A BILL FOR AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by amending section 121, by repealing section 122, by renumbering sections 123, and 124, as amended by Public Law No. 7-41, and by amending section 141, to eliminate the deduction applicable to employees earning \$5,000 or less, and for other purposes.

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

1           Section 1. Section 121 of title 54 of the Code of the Federated States of  
2 Micronesia is hereby amended to read as follows:

3                   "Section 121. Tax on wages and salaries.

4                   There shall be assessed, levied, collected, and paid a tax of six  
5                   percent upon the first \$11,000 and ten percent upon the amount over  
6                   the first \$11,000 of all wages and salaries received by every  
7                   employee, as defined ~~/ / except / as / provided / in / section / 122 / of /~~  
8                   ~~this / chapter . "~~

9           Section 2. Section 122 of title 54 of the Code of the Federated States of  
10 Micronesia is hereby repealed in its entirety.

11           Section 3. Section 123 of title 54 of the Code of the Federated States of  
12 Micronesia is hereby renumbered as section 122.

13           Section 4. Section 124 of title 54 of the Code of the Federated States of  
14 Micronesia, as amended by Public Law No. 7-41, is hereby renumbered as section  
15 123.

16           Section 5. Section 141 of title 54 of the Code of the Federated States of  
17 Micronesia, as amended by Public Law No. 5-84, is hereby further amended to read  
18 as follows:

19                   "Section 141. Tax on gross revenues: Exemption.

20                   (1) There shall be assessed, levied, collected, and paid a tax  
21                   of \$80 per year upon that portion of the amount of gross revenues  
22                   earned by every business subject to the provisions of this chapter  
23                   which does not exceed \$10,000 per year.

24                   (2) There shall be assessed, levied, collected, and paid a tax  
25                   of three percent per year upon that portion of the amount of gross

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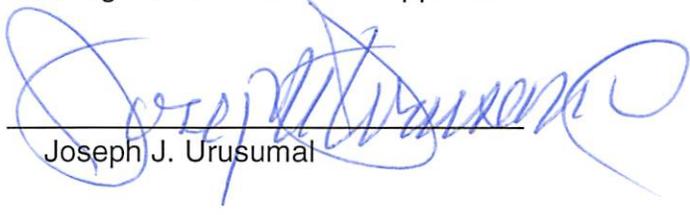
1 revenues earned by every business subject to the provisions of this  
2 chapter which is in excess of \$10,000 per year.

3 (3) Businesses which earn gross revenues of not more than  
4 \$2,000 per year are exempt from taxation under this section. The  
5 deduction shall be claimed by the business by filing for a refund under  
6 the provisions of sections ~~122 and 123~~ of this chapter.

7 (4) For the purpose of section 805 of this title, every business  
8 that operates in more than one State of the Federated States of  
9 Micronesia shall file a separate tax return for revenue collected in each  
10 State."

11 Section 5. This act shall take effect on the first day of the calendar year  
12 after becoming law.

13 Section 6. This act shall become law upon approval by the President of the  
14 Federated States of Micronesia or upon its becoming law without such approval.

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16 Date: 5/22/97 Introduced by:   
17 Joseph J. Urusumal

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