

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
46TH CONSTITUTIONAL REGULAR SESSION, 2025



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

TAX ADMINISTRATION ACT 2025

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**NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
46TH CONSTITUTIONAL REGULAR SESSION, 2018**



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

TAX ADMINISTRATION ACT 2025

AN ACT to include a new Chapter under Title 48 of the MIRC in order to provide for the administration of the taxation laws and the efficient collection of tax.

BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

§101. Short title.

This Act may be cited as the Tax Administration Act 2025.

§102. Definitions.

- (1) In this Chapter, unless the context otherwise requires:
 - a. "advance assessment" means an assessment made under section 10;
 - b. "amended assessment" means an amended assessment made under section 11;
 - c. "appointed person", in relation to a taxpayer, means a person who is an appointed person for the taxpayer under section 52;
 - d. "approved form" has the meaning in section 57;
 - e. "associate" has the meaning in section 3;
 - f. "authorized tax officer", in relation to the exercise of a particular power under this Act, means a tax officer specifically authorized, in writing, by the Secretary to exercise the power;
 - g. "beneficial owner", has the same meaning in the Business Corporation Act.

- h. "consumption tax or CT" means the consumption tax imposed under the Consumption Tax Act;
- i. "Consumption Tax Act" means the Consumption Tax Act, 2025;
- j. "corporation" has the same meaning as in the Business Corporation Act;
- k. "Customs legislation" means the Import Duties Act 1989 and any successor legislation dealing with Customs"
- l. "default assessment" means an assessment made by the Secretary under section 9;
- m. "Division" means the Division of Revenue and Taxation within the Ministry responsible for finance;
- n. "director":
 - (1) in relation to an entity that is a body corporate or statutory corporation:
 - (a) means an individual appointed as a director of the body corporate or statutory corporation; and
 - (b) includes an individual acting or purporting to act in the position of a director of the body corporate or statutory corporation by whatever name the position is called; or
 - (2) for any other entity, means an individual who is involved in the management of the entity;
- (o) "document" includes:
 - (1) a book, account, record, paper, register, or bank statement; or
 - (2) any information or data stored on a mechanical or electronic data storage device;
- p. "entity" means a partnership, trust, corporation, foreign corporation, and an unincorporated body or association of persons;
- q. "gross revenue tax" means the gross receipts tax imposed under the Net Profit Tax Act
- r. "foreign corporation" has the same meaning as in the Business Corporation Act;

- s. "Income Tax (Wages and Salaries) Act" means the Income Tax Act, 1989;
- t. "international organization" has the same meaning as in the International Organization Immunities Act 1974;
- u. "late payment interest" means late payment interest imposed under section 68;
- v. "late payment penalty" means late payment penalty imposed under section 71;
- w. "member", in relation to an entity, means a shareholder in a body corporate, a partner in a partnership, a beneficiary or unitholder in a trust, and any other person with a membership interest in the entity;
- x. "membership interest", in relation to an entity, means a share in a body corporate, an interest in a partnership, an interest or unit in a trust, and any other ownership interest in the entity;
- y. "Minister" means the Minister responsible for finance;
- z. "net loss", in relation to the net profits tax, means a net loss under section 19 of the Net Profits Tax Act;
- aa. "Net Profit Tax Act" means the Net Profit Tax Act, 2025;
- bb. "net profit tax" means the net profit tax imposed under the Net Profit Tax Act;
- cc. "objection decision" means the decision referred to in section 16;
- dd. "penalty" means penalty imposed under a tax law;
- ee. "person" means a natural person, entity, government, political subdivision of a government, or an international organization;
- ff. "prescribed" means prescribed in regulations made under this Chapter;
- gg. "representative" has the meaning in section 49;
- hh. "Republic" means the Republic of the Marshall Islands;
- ii. "Secretary" means the Secretary of the Ministry responsible for finance;
- jj. "self-assessment" means a tax assessment treated as having been made under section 8;
- kk. "self-assessment return" means:

- (1) a return required to be filed under section 38 or 42 of the Net Profit Tax Act; and
 - (2) a consumption tax return required to be filed under section 45(1) of the Consumption Tax Act;
 - (3) a liability notice required to be filed under section 43(2) of the Consumption Tax Act; and
 - (4) any other return or document treated as self-assessment return under a tax law;
- ll. "self-assessment taxpayer" means a taxpayer required to file a self-assessment return;
- mm. "tax" means:
- (1) a tax or penalty imposed under a tax law; and
 - (2) withholding tax;
- nn. "tax assessment" means an assessment of tax made under a tax law, including a self-assessment, default assessment, amended assessment, advance assessment, and penalty assessment;
- oo. "Tax Information Exchange Agreement" means a Tax information Exchange Agreement entered into pursuant to the Tax Information Exchange Agreement (Executive and Implementation) Act of 2010;
- pp. "tax law" means:
- (1) this Chapter;
 - (2) the Income Tax Act, Net Profit Tax Act, and Consumption Tax Act;
 - (3) any other Act under which a tax is imposed if responsibility for the general administration of the tax is on the Secretary other than the Customs legislation and the Excise Tax Act, 2025; and
 - (4) any regulations or other subsidiary legislation made under an Act referred to in paragraphs (a)-(c);
- qq. "tax officer" means the Secretary or any officer appointed under section 65;
- rr. "tax period" means:
- (1) for the net profit tax:

- (a) for the purposes of installments of tax, the period to which the installment relates;
 - (b) for the purposes of the gross revenue tax, the quarter; and
 - (c) in any other case, the tax year;
 - (2) for the consumption tax, the CT period;
 - (3) for withholding tax, the period to which the withholding relates; and
 - (4) for of any other tax, the period for which the tax is reported;
- ss. "tax return" means:
- (1) a return required to be filed under a tax law;
 - (2) an annual withholding tax return required to be filed under section 45(1)(b) of the Net Profit Tax Act; and
 - (3) an annual wages and salaries withholding tax statement required to be filed under section 105 of the Income Tax Act;
- tt. "taxpayer" means a person liable for tax under a tax law and includes:
- (1) an employee who receives wages and salaries but who has no wages and salaries tax liability in respect of the wages and salaries;
 - (2) a person who has zero taxable income or a loss for a tax year under the Net Profits Tax Act;
 - (3) a registered person under the Consumption Tax Act; and
 - (4) a withholding agent;
- uu. "taxpayer identification number" or "TIN" means a taxpayer identification number issued under section 45;
- vv. "trust" includes the estate of a deceased person;
- ww. "trustee" includes the executor of the estate of a deceased person;
- xx. "unpaid tax" means tax that is not paid by the due date;
- yy. "wages and salaries tax" means the wages and salaries tax imposed under the Income Tax Act;

- zz. “withholding agent” means a person liable to account for withholding tax;
- aaa. “withholding tax” means an amount required to be withheld by a person from a payment under:
 - (1) sections 142 and 143 of the Net Profit Tax Act; or
 - (2) section 104 of the Income Tax Act.
- (2) When this Chapter applies in respect of a tax law, any term not defined in this Chapter has the same meaning as it has for the purposes of the tax law.

§103. Associate.

- (1) Subject to subsection (2), two persons are “associates” for the purposes of this Chapter if the relationship between the persons is such that:
 - (a) one person may reasonably be expected to act in accordance with the directions, requests, suggestions, or wishes of the other person; or
 - (b) both persons may reasonably be expected to act in accordance with the directions, requests, suggestions, or wishes of a third person.
- (2) Two persons are not considered to be associates solely by reason of the fact that one person is an employee or client of the other, or both persons are employees or clients of a third person.
- (3) Without limiting the generality of subsection (1), two persons are associates where:
 - (a) one person is a spouse or relative of the other person within the ordinary meaning in the Republic, except where the Secretary is satisfied that neither person may reasonably be expected to act in accordance with the directions, requests, suggestions, or wishes of the other;
 - (b) one person is an entity and the other person controls the entity;
 - (c) both persons are entities controlled by a third person; or
 - (d) one person is a trust and the other person benefits or may benefit under the trust.
- (4) For the purposes of subsection (3) (b) and (c), a person controls an entity where:

- (a) the person holds 50 per cent or more of the voting power, rights to dividends or income entitlements, or rights to capital in the entity; or
 - (b) the person has the practical ability to control the business decisions of the entity.
- (5) In determining whether a person comes within subsection (4)(a), the Secretary may take into account any interest in the entity of an associate or associates of the person under another application of subsection (1) or (3).

§104. Filing of Tax Returns.

- (1) A taxpayer required to file a tax return under a tax law shall file the return in the approved form and in the manner required under this Chapter.
- (2) If the Secretary is not satisfied with a tax return furnished by a taxpayer, the Secretary may, by notice in writing, require the taxpayer or the taxpayer's representative to file or provide by the due date set out in the notice:
 - (a) for a self-assessment return, any further information as specified in the notice; or
 - (b) for any other tax return, any further information as specified in the notice, or a further or more detailed tax return.
- (3) A notice served on a taxpayer under subsection (2) shall not change the date for payment of any tax due (referred to as the "original due date") for the tax period to which the tax return relates, as specified under the tax law under which the return is required to be filed, and late payment interest and late payment penalty remain payable from the original due date.
- (4) The Secretary is not bound by any return or information provided by or on behalf of a taxpayer and the Secretary can determine a taxpayer's tax liability based on any sources of information available to the Secretary.

§105. Extension of Time to File a Tax Return.

- (1) A taxpayer required to file a tax return under a tax law may apply in writing to the Secretary for an extension of time to file the return.

- (2) An application under subsection (1) shall be lodged before the due date for filing the return unless the Secretary allows an application to be lodged at a later date.
- (3) The Secretary may, upon satisfaction that there is reasonable cause, grant an application under subsection (1) and, except in exceptional circumstances, the period of the extension shall not exceed 28 days.
- (4) The Secretary shall serve an applicant under subsection (1) with written notice of the decision on the application.
- (5) For the purposes of the imposition of late payment interest, an extension of time granted under this section shall not change the date for payment of tax due as specified in the tax law under which the return has been filed (referred to as the “original due date”) and late payment interest shall remain payable from the original due date.
- (6) The Secretary may, on his or her own motion, grant taxpayers generally, or a class of taxpayers, an extension of time to furnish a tax return and the extended due date applies for all purposes of the Chapter, including the payment of tax.

§106. Secretary May Require Taxpayer to File an Advance Return.

- (1) The Secretary may, by notice in writing and at any time during a tax period, require a taxpayer or the taxpayer’s representative to file a tax return (referred to as an “advance return”) and pay tax for the tax period by the date specified in the notice being a date that may be before the date that the return for the tax period would otherwise be due if, during the tax period:
 - (a) the taxpayer has died;
 - (b) the taxpayer has been declared bankrupt, or has gone into winding up or liquidation, or has otherwise ceased to exist;
 - (c) the Secretary has reason to believe that the taxpayer is about to leave the Republic permanently or for an extended period; or
 - (d) the taxpayer has ceased, or the Secretary has reason to believe that a taxpayer will cease, carrying on any business in the Republic.
- (2) A notice under subsection (1) may apply to more than one tax.

- (3) The Secretary may, by notice in writing, require a taxpayer who has filed an advance return to file an amended return for the whole of the tax period to which the advance return relates by such date as specified in the notice.

§107. Tax Return Duly Made.

A tax return that is purported to be filed by or on behalf of a taxpayer shall be treated as having been filed by the taxpayer or with the taxpayer's authority unless the contrary is proved.

§108. Self-assessments.

- (1) A self-assessment taxpayer who has filed a self-assessment return shall be treated as having made an assessment of the amount of tax payable (including a nil amount) for the tax period to which the return relates being that amount as set out in the return.
- (2) Where a self-assessment taxpayer who has filed a net profits tax return for a tax year has a net loss for the year, the taxpayer shall be treated, for all purposes of this Chapter, as having made an assessment of the amount of the loss being that amount as set out in the return.
- (3) Where a consumption tax registered person who has furnished a consumption tax return for a CT period has an excess input tax credit for the period, the person shall be treated, for all purposes of this Chapter, as having made an assessment of the excess input tax credit for the period, being that amount as set out in the return.
- (4) A self-assessment return shall be treated as a self-assessment only if the return is furnished in the approved form.

§109. Default Assessments.

- (1) If a taxpayer has failed to file a tax return as required under a tax law, the Secretary may, based on the information available and according to the best of his/her judgment, make an assessment (referred to as a "default assessment") of:
 - (a) for a net loss of the taxpayer for a tax year, the amount of the net loss for the year;

- (b) for an excess input tax credit of a consumption tax registered person for a CT period, the amount of the excess input tax credit; or
 - (c) for any other case, the tax payable (including a nil amount) by the taxpayer.
- (2) The Secretary shall serve a taxpayer assessed under subsection (1) with notice, in writing, of the default assessment.
 - (3) The service of a notice of a default assessment under this section shall not extend the time for payment of the tax due under the assessment as determined under the tax law imposing the tax.
 - (4) Nothing in this section shall relieve a taxpayer from being required to file the return for the tax period to which the default assessment under this section relates.

§110. Advance Assessments.

- (1) The Secretary may make an assessment (referred to as an “advance assessment”) of the tax payable by a taxpayer specified in section 6 for a tax period and the tax is payable on the date set out in the notice of assessment served on the taxpayer.
- (2) An assessment made under subsection (1):
 - (a) may be made before the date on which the taxpayer’s tax return for the period is due; and
 - (b) shall be made in accordance with the law in force at the date the advance assessment was made.
- (3) The Secretary may amend an advance assessment in accordance with section 11 so that the taxpayer is assessed in respect of the whole of the tax period to which the subsection (1) assessment relates.
- (4) Nothing in this section shall relieve a taxpayer from being required to file the return for the tax period to which the advance assessment relates.

§111. Amendment of Tax Assessments.

- (1) Subject to this section, the Secretary may amend a tax assessment (referred to as the “original assessment”) by making such alterations

or additions to the assessment as the Secretary considers necessary to ensure that:

- (a) for a net loss of the taxpayer for a year, the taxpayer is assessed for the correct amount of the net loss for the year;
 - (b) for an excess input tax credit of a consumption tax registered person for a CT period, the taxpayer is assessed for the correct amount of the excess credit for the period; or
 - (c) for any other case, the taxpayer is assessed for the correct amount of tax payable, including a nil amount, for the tax period to which the original assessment relates.
- (2) A self-assessment taxpayer can apply to the Secretary within the time specified in subsection (3)(b) for the Secretary to make an amendment in accordance with subsection (1) to a self-assessment and the Secretary shall serve the taxpayer with notice of the decision on the application.
- (3) The amendment of a tax assessment under subsection (1) may be made:
- (a) in the case of fraud or willful neglect by or on behalf of a taxpayer, at any time; or
 - (b) in any other case, within 3 years:
 - (i) for a self-assessment, after the taxpayer has filed the self-assessment return to which the self-assessment relates; or
 - (ii) for any other tax assessment, after the date the Secretary served notice of the assessment on the taxpayer.
- (4) As soon as practicable after making an amended assessment under this section, the Secretary shall serve the taxpayer with notice of the amended assessment.
- (5) Subject to subsection (6), if a notice of assessment (referred to as the "original assessment") has been amended under subsection (1), the Secretary may further amend the original assessment within the later of:
- (a) 3 years after the Secretary served notice of the original assessment on the taxpayer; or

- (b) one year after the Secretary served notice of the amended assessment on the taxpayer.
- (6) If subsection (5)(b) applies, the Secretary shall be limited to amending the alterations and additions made in the amended assessment to the original assessment.
- (7) The making of an amended assessment does not preclude a liability for late payment interest and late payment penalty from arising from the date that tax was originally due.

§112. Defect Not to Affect the validity of Tax Assessment or Document.

If a notice of a tax assessment or any other document purporting to be made under a tax law is, in substance and effect, in conformity with the law under which it has been made and the person assessed, intended to be assessed, or affected by the document is designated in it according to common understanding, the validity of the notice of tax assessment or other document:

- (a) shall not be affected by reason that any of the provisions of the tax law under which it has been made have not been complied with;
- (b) shall not be quashed or deemed to be void or voidable for want of form; and
- (c) shall not be affected by reason of any mistake, defect, or omission therein.

PART IV – TAX DECISIONS, AND OBJECTIONS AND APPEALS

§113. Statement of Reasons for Decision.

- (1) Where the Secretary refuses an application made by a person under a tax law, the notice of refusal shall include a statement of the Secretary's findings on the material facts relevant to, and reasons for, the refusal.
- (2) If the Secretary has failed to provide a person with a statement of findings and reasons as required under subsection (1), the person may, by notice in writing to the Secretary within 7 days after being served with the notice of refusal, request the Secretary to provide a statement of findings and reasons.

- (3) If a person has lodged a notice of request with the Secretary in accordance with subsection (2), the period for challenging the decision to which the request relates shall not commence until the date that the Secretary serves the person with the statement of findings and reasons.

§114. Finality of Tax Assessments.

- (1) A taxpayer dissatisfied with a tax assessment may challenge the tax assessment only under this Part.
- (2) In any proceedings, other than proceedings under this Part:
 - (a) for a self-assessment, the production of the original self-assessment return or a document under the hand of the Secretary purporting to be a certified copy of such return shall be conclusive evidence of the contents of the return; and
 - (b) for any other tax assessment, the production of the original notice of the tax assessment or a document under the hand of the Secretary purporting to be a certified copy of a notice of such assessment shall be conclusive evidence of the making of the assessment and that the amount and particulars of the assessment are correct.
- (3) For the purposes of subsection (2), where a taxpayer files a self-assessment electronically or the Secretary serves notice of a tax assessment on a taxpayer electronically, the certified copy of the return or assessment shall include details of the electronic transmission of the return or assessment.
- (4) A Court shall, in any proceedings, take judicial notice of the signature of the Secretary in either the original or certified copy of a notice of assessment.

§115. Objection to Tax Assessment.

- (1) A tax payer dissatisfied with a tax assessment may lodge an objection to the assessment with the Secretary within sixty days after service of the notice of the assessment.
- (2) If the tax assessment to which an objection relates is an amended assessment, a taxpayer's right to object to the amended assessment shall be limited to the alterations and additions made to the original assessment.

- (3) A taxpayer shall lodge an objection in the approved form and state fully and in detail:
 - (a) the grounds upon which the taxpayer relies to support the objection;
 - (b) the amendments that the taxpayer believes are required to correct the tax assessment; and
 - (c) the reasons for making those amendments.
- (4) A tax payer may apply, in writing, to the Secretary for an extension of time to lodge an objection and the Secretary may, if satisfied there is reasonable cause, grant an application under this section and shall serve notice of the decision on the applicant.

§116. Making an Objection Decision.

- (1) The Secretary shall consider the objection and either allow the objection in whole or part, or disallow it, and the Secretary's decision is referred to as an "objection decision".
- (2) The Secretary shall serve notice of the objection decision on the taxpayer as soon as is practicable after making the decision and the notice shall include the Secretary's findings on the material facts relevant to, and the reasons for, the decision.
- (3) Where the Secretary fails to serve the taxpayer with a notice of an objection decision within 6 months from the date that the taxpayer lodged a valid notice of objection, the taxpayer may elect, by notice in writing to the Secretary, to treat the Secretary as having made a decision to disallow a notice of objection.
- (4) Where a taxpayer has lodged a notice of election under subsection (3), the period under section 17 for filing an appeal to the objection decision treated as made under subsection (3) commences on the date that the taxpayer lodged the notice of election with the Secretary.

§117. Appeal to Court.

- (1) A taxpayer dissatisfied with an objection decision may, within ninety (90) days after being served with notice of the objection decision, file a petition of appeal to the High Court in accordance with the rules applicable to appeals to the High Court.

- (2) A taxpayer appealing an objection decision under subsection (1) shall be limited to the grounds stated in the objection to which the objection decision relates unless the High Court grants the person leave to add new grounds.
- (3) The Secretary shall be the defendant in proceedings under this section.
- (4) The High Court shall hear and determine the appeal and may make such order as it thinks appropriate by reason of its decision, including an order affirming or setting aside the objection decision, or an order referring the case to the Secretary for reconsideration.
- (5) When the decision of the High Court or an appeal therefrom becomes final, the Secretary shall, upon presentation of a certified copy of the decree, make such adjustments as are necessary to correct, amend, or abate the assessment, and to determine whether or not any additional amount of tax should be assessed.
- (6) The payment of tax in dispute after the filing of a petition under subsection (1) shall not deprive the High Court of jurisdiction to hear the appeal.

§118. General Provisions Relating to Objections and Appeals.

- (1) In any proceeding under this Part relating to a tax assessment, the burden shall be on the taxpayer to prove that the assessment is incorrect.
- (2) Subject to subsection (3), the tax due under a tax assessment shall be payable notwithstanding that an objection or petition to the High Court has been lodged by the taxpayer in respect of the assessment.
- (3) The Secretary may, upon application in writing by a taxpayer, agree to stay recovery of the tax in dispute under a tax assessment up to a maximum of 50% of the disputed tax, but only if the taxpayer has paid the entire amount of tax due under the assessment that is not in dispute.

§119. Judicial Review.

For the avoidance of doubt and except as otherwise provided for in this Part and in section 155, nothing in this Part excludes or restricts the right of any

person aggrieved by a decision of the Secretary to challenge the decision by seeking review of the decision by the High Court.

PART V – WITHHOLDING TAX

§120. Filure to Pay Tax Withheld.

- (1) If a withholding agent fails to withhold tax or, having withheld tax, fails to pay the tax to the Secretary as required under a tax law, the withholding agent shall be personally liable to pay the amount of tax to the Secretary and the amount may be recovered by the Secretary under Part VI as if it were tax due by the withholding agent.
- (2) A withholding agent personally liable for an amount of tax under subsection (1) as a result of failing to withhold the tax shall be entitled to recover the tax from the recipient of the payment.
- (3) If a withholding agent fails to withhold tax as required under a tax law, the Secretary may recover the tax from the recipient of the payment provided the total amount recovered does not exceed the tax that should have been withheld.
- (4) Notwithstanding the recovery of any tax under subsection (3), a withholding agent who failed to withhold the tax shall continue to be liable for:
 - (a) any other legal action in relation to the failure;
 - (b) the imposition of late payment interest or penalty in respect of the failure; and
 - (c) the disallowing of a deduction for the expenditure to which the failure relates under section 113(2) of the Net Profit Tax Act.

§121. Indemnity.

A withholding agent who has withheld tax from a payment under a tax law and remitted the tax to the Secretary shall be indemnified against any claim by the recipient of the payment for the withheld amount.

PART VI - COLLECTION AND RECOVERY OF TAX**§122. Tax is in Debt Due to the Republic.**

- (1) Tax payable by a taxpayer is a debt due to the Republic and is payable to the Secretary in the manner prescribed.
- (2) Tax collected by the Secretary under a tax law shall be paid to the Marshall Islands General Fund as revenue realization available for appropriation by the Nitijela.
- (3) The following amounts shall be held in trust for the Republic by the person collecting or deducting the amount:
 - (a) consumption tax collected by a registered person under the Consumption Tax Act (net of any input tax credit allowed);
 - (b) withholding tax collected by a withholding agent under the Net Profit Tax Act or Income Tax Act;
 - (c) an amount deducted from a payment by a payer pursuant to a notice served on a payer under section 30.
- (4) An amount that a withholding agent is required to withhold from a payment under a tax law shall be:
 - (a) a first charge on the payment; and
 - (b) deducted prior to any other amount that the withholding agent may be required to deduct from the payment by virtue of an order of any Court or under any other law.
- (5) In the event of the liquidation or bankruptcy of a person referred to in subsection (3), an amount collected or deducted by the person shall not form part of the estate of the person in liquidation or bankruptcy but shall be paid in full to the Secretary before any distribution of property is made.
- (6) The Secretary may charge a person a service fee where the payment of an amount under a tax law by the person is made to the Division by a credit or debit card, electronic funds transfer, or any other method in relation to which a fee is payable by the Division in respect of the payment.
- (7) A service fee charged under subsection (6) shall not exceed the fee payable by the Division.

§123. Extension of Time to Pay Tax.

- (1) A taxpayer may apply, in writing, to the Secretary for an extension of time to pay tax due under a tax law.
- (2) An application under subsection (1) shall be lodged by the original date on which the tax was due for payment or by such later date as the Secretary may allow.
- (3) If an application has been made under subsection (1), the Secretary may, having regard to the circumstances of the case:
 - (a) grant the taxpayer an extension of time for payment of the tax due; or
 - (b) require the taxpayer to pay the tax due in such installments as the Secretary may determine.
- (4) The Secretary shall serve the taxpayer with written notice of the decision on an application under subsection (3).
- (5) If a taxpayer permitted to pay tax by installments defaults in the payment of an installment, the whole balance of the tax outstanding, at the time of default, is immediately payable unless the Secretary enters into another payment installment arrangement with the taxpayer.
- (6) The grant of an extension of time or permission to pay tax due by installments shall not exclude the liability for late payment interest arising from the original date the tax was due for payment.
- (7) The Secretary may, on his or her own motion, grant taxpayers generally, or a class of taxpayers, an extension of time to pay tax and the extended due date shall apply for all purposes of this Chapter.

§124. Collection of Tax by Suit.

- (1) Tax may be collected by civil suit brought in the name of the Secretary.
- (2) In a civil suit under subsection (1), the production of a certificate signed by the Secretary stating the name and address of the taxpayer and the amount of tax due that is unpaid shall be sufficient evidence of the debt for the Court to give judgment for such amount with full costs against the taxpayer.

§125. Security.

- (1) The Secretary may, if there is reason to believe that a taxpayer will not pay tax when it becomes payable, require a taxpayer, by notice in writing, to give security by bond, deposit, or otherwise, in such amount as the Secretary thinks fit.
- (2) Where a taxpayer who has provided security has defaulted in payment of any tax due under a tax law, the Secretary may apply the security amount in payment of the unpaid tax liability.
- (3) The Secretary shall hold security given by a taxpayer by way of a cash deposit in a separate trust account until the deposit is either applied against the taxpayer's tax liability or returned to the taxpayer.

§126. Seizure and Forfeiture of Goods.

- (1) Subject to subsection (2), the Secretary may enter any premises or place and seize any goods in respect of which the Secretary has reasonable grounds to believe that consumption tax that is, or will become, payable in respect of the supply or import of the goods has not been, or will not be, paid.
- (2) The Secretary shall seize goods under subsection (1) only if the Secretary has been issued with a warrant for seizure by the High Court.
- (3) Any goods seized under this section shall be stored in a place approved by the Secretary for the storage of seized goods.
- (4) If goods have been seized under subsection (1), the Secretary shall, within 7 days after the seizure, serve on the owner of the goods or the person who had custody or control of the goods immediately before the seizure, a notice in writing –
 - (a) identifying the goods;
 - (b) stating that the goods have been seized under this section and the reason for seizure;
 - (c) setting out the terms for release of the goods; and
 - (d) stating that the goods shall be forfeited to the Government if not claimed within the detention period specified in the notice of seizure.
- (5) The detention period for the purposes of subsection (4)(d) shall be:

- (a) for perishable goods, for such period as the Secretary considers reasonable having regard to the condition of the goods; or
 - (b) for any other case, for a period not less than 21 days after seizure of the goods.
- (6) The Secretary is not required to serve a notice under subsection (4) if, after making reasonable enquiries, the Secretary does not have sufficient information to identify the person on whom the notice should be served.
- (7) If subsection (6) applies, the Secretary may serve a notice under subsection (4) on any person claiming the goods, provided the person has given the Secretary sufficient information to enable the notice to be served.
- (8) The Secretary may authorize any goods seized under subsection (1) to be delivered to the person on whom a notice under subsection (4) has been served if that person has paid or made an arrangement satisfactory to the Secretary for payment of the consumption tax that is, or will become, payable in respect of the supply or import of the goods.
- (9) If the detention period specified in a notice served under subsection (4) has expired without the goods being claimed, the Secretary may sell the goods by public auction or, in the case of perishable goods, may sell or dispose of the goods in such manner as the Secretary determines, and shall apply the proceeds of sale as follows:
 - (a) first towards the cost of taking, keeping, and selling the goods seized;
 - (b) then towards payment of any consumption tax that is, or will become, payable in respect of the supply or import of the goods;
 - (c) then towards payment of any other unpaid tax liability of the person whose goods have been seized; and
 - (d) then the remainder of the proceeds, if any, shall be retained by the Secretary on behalf of the Government.
- (10) If the proceeds of disposal are less than the consumption tax due in respect of the goods, the Secretary may proceed under this Part to recover the shortfall.
- (11) The Secretary may request a police officer to:

- (a) be present while the seizure of goods is being executed under this section; and
 - (b) provide any assistance as required by the Secretary in relation to the seizure of the goods.
- (12) The powers in this section shall be exercised only by the Secretary or an authorized tax officer.
- (13) The Secretary, an authorized tax officer, and a police officer shall not be liable for any damage resulting from an exercise of power under this section provided the Secretary, authorized tax officer, or police officer has acted in accordance with the terms of this section and in good faith and has used reasonable force.

§127. Lien on Property.

- (1) Unpaid tax shall be a lien upon any and all property of the taxpayer and may be collected by judicial foreclosure upon such property.
- (2) The Regulations shall provide for the enforcement of the lien.

§128. Levy and Distraint.

- (1) Subject to subsection (3), if a taxpayer fails to pay tax due within ten (10) days after notice and demand, the Secretary may collect such tax by levy upon all property and rights to property (except such property as is exempt by law) belonging to the taxpayer or on which there is a lien under this Part for the payment of such tax.
- (2) The reference to “levy” in subsection (1) includes the power of distraint and seizure by any means.
- (3) The Regulations shall provide for the scope and enforcement of levy and distraint.

§129. Transferred Tax Liabilities.

- (1) Subsection (2) shall apply where all the following conditions are satisfied:
 - (a) a taxpayer (referred to as the “transferor”) has a tax liability or will have a future tax liability in relation to a business carried on by the transferor;

- (b) the transferor has transferred all or some of the assets of the business to an associate (referred to as the “transferee”); and
 - (c) the transfer was entered into with the purpose, or purposes that include the purpose, of rendering the transferor unable to satisfy the tax liability.
- (2) Where the conditions in subsection (1) are satisfied, the transferee shall be personally liable for the unpaid tax liability (referred to as the “transferred liability”) of the transferor in relation to the business but only to the extent of the value of the transferred assets.
- (3) Subsection (4) shall apply where all the following conditions are satisfied:
- (a) an entity (referred to as the “original entity”) has ceased to carry on business in the Republic, including an entity that has been liquidated, wound up, or otherwise ceased to exist;
 - (b) the original entity has an unpaid tax liability, including a tax liability that may arise after the original entity has ceased to carry on business; and
 - (c) the same persons that were the beneficial owners of 25% or more of the membership interests in the original entity are the beneficial owners of 25% or more of the membership interests in another entity (referred to as the “successor entity”) that carries on the same or similar business to that carried on by the original entity.
- (4) Where the conditions in subsection (3) are satisfied, the successor entity shall be liable for the unpaid tax liability of the original entity.
- (5) Subsection (2) shall not preclude the Secretary from recovering the whole or part of the transferred tax liability from the transferor and subsection (4) does not preclude the Secretary from recovering the whole or part of the unpaid tax liability from the original entity or an appointed person in relation to the original entity.

§130. Collection of Tax from Third Party.

- (1) This section applies if a taxpayer is, or will become liable to pay tax and:
- (a) the tax has not been paid by the taxpayer by the due date for payment; or

- (b) the Secretary has reasonable grounds to believe that the taxpayer will not pay the tax by the due date for payment.
- (2) If this section applies to a taxpayer, the Secretary may, in respect of the taxpayer and by notice in writing, require a person (referred to as the "payer") who:
- (a) owes or may subsequently owe money to the taxpayer;
 - (b) holds or may subsequently hold money, for or on account of, the taxpayer;
 - (c) holds money on account of some other person for payment to the taxpayer; or
 - (d) has authority from some other person to pay money to the taxpayer,
- to pay the amount specified in the notice to the Secretary, being an amount that shall not exceed the amount of the unpaid tax or the amount that the Secretary reasonably believes may not be paid by the taxpayer by the due date.
- (3) A payer shall pay the amount specified in a notice under subsection (2) by the date specified in the notice, being a date that is not before the date that the amount owed by the payer to the taxpayer becomes due to the taxpayer or held on the taxpayer's behalf.
- (4) If a notice served under subsection (2) requires a payer to deduct amounts from a pension, salary, wages, or other similar remuneration payable at fixed intervals to the taxpayer, the amount required to be deducted by the payer from each payment shall not exceed 20 per cent (20%) of the amount of each payment of a pension, salary, wages, or other similar remuneration.
- (5) If a payer served with a notice under subsection (2) is unable to comply with the notice, the payer shall notify the Secretary, in writing within fourteen (14) days after receipt of the notice, setting out the reasons for the payer's inability to comply.
- (6) A person who has notified the Financial Secretary under subsection (5) shall not deal with any moneys to which the subsection (2) notice relates before being served with a notice of decision under subsection (7) or the period referred to in subsection (7) has expired without a notice of decision being served on the person.

- (7) If a notice is served on the Secretary under subsection (5), the Secretary shall, by notice in writing within 14 days of the notification under subsection (5):
 - (a) accept the notification and cancel or amend the notice issued under subsection (2); or
 - (b) reject the notification.
- (8) The Secretary shall, by notice in writing to the payer, revoke or amend a notice served under subsection (2) if the taxpayer has paid the whole or part of the tax due or has made an arrangement satisfactory to the Secretary for payment of the tax.
- (9) A copy of a notice served on a payer under this section shall be served on the taxpayer.
- (10) A payer making a payment under this section shall be treated as acting under the authority of the taxpayer and of all other persons concerned and is hereby indemnified in respect of the payment.
- (11) A payer who, without reasonable cause, fails to comply with a notice under this section is personally liable for the amount specified in the notice and the amount may be recovered by the Secretary as if it were tax due.

§131. Departure Prohibition Order.

- (1) If the Secretary has reasonable grounds to believe that a person may depart the Republic without paying tax that is or will become payable by the person or an entity in which the person is a controlling member, the Secretary may apply to the High Court for an order (referred to as a “departure prohibition order”) preventing the person from leaving the Republic without paying the tax or providing security for payment of the tax.
- (2) An application under subsection (1) may be made by the Secretary to a Judge in Chambers and be accompanied by an affidavit in support disclosing sufficient information to satisfy the Judge that it is necessary to issue a departure prohibition order against the person named in the application.
- (3) A copy of a departure prohibition order issued in respect of a taxpayer shall, as soon as practicable, be served by the High Court on the

taxpayer, and upon the Commissioner of Public Safety and the Director of Immigration Division.

- (4) If a departure prohibition order is issued in respect of a taxpayer, the Commissioner of Public Safety and the Director of Immigration Division shall exercise the powers that they lawfully possess, or cause an officer under their direction to exercise such powers, so far as is necessary to prevent the taxpayer from departing the Republic, including the removal and retention of the taxpayer's passport, identity card, visa, or other travel document authorizing the taxpayer to depart the Republic.
- (5) A person the subject of a departure prohibition order must be refused customs or immigration clearance.
- (6) A departure prohibition order remains in force until revoked by the High Court and has effect throughout the Republic, including aboard any vessel or aircraft within the territory of the Republic.
- (7) The High Court shall revoke a departure prohibition if the taxpayer makes:
 - (a) payment in full of the tax payable or that will become payable by the taxpayer; or
 - (b) an arrangement is entered into that is satisfactory to the Secretary for payment of the tax that is or will become payable by the taxpayer.
- (8) As soon as practicable after making a decision to revoke a departure prohibition order, the High Court shall serve notice of revocation on the taxpayer and on any person on whom a copy of the departure prohibition order was served.
- (9) The powers in this section shall be exercised only by the Secretary or an authorized tax officer.

PART VII – REFUND OF TAX AND RELIEF FROM TAX

§132. Refundable Tax Credits.

- (1) If the refundable tax credits allowed to a taxpayer for a tax period exceed the taxpayer's tax liability to which the credits relate for the period, the taxpayer's tax return for the period shall be treated as an application for a refund of the excess credit.

- (2) Where the Secretary is satisfied that a taxpayer has an excess of refundable tax credits for a tax period, the Secretary shall apply the excess in the following order:
 - (a) first, in payment of any unpaid tax of the taxpayer under any tax law; and
 - (b) then, subject to subsections (2) and (3), refund the remainder, if any, to the taxpayer within 28 days after the taxpayer has furnished the tax return to which the refund relates.
- (2) With the written agreement of the taxpayer, an amount referred to in subsection (2)(b) may be carried forward for the payment of any future tax liability of the taxpayer under any tax law.
- (3) If, at the time that an amount is to be refunded to a taxpayer under subsection (2)(b), the taxpayer has failed to file a tax return under any tax law for a tax period, the Secretary may withhold payment of the refund until the taxpayer has filed all outstanding tax returns.
- (4) In this section, "refundable tax credit" means:
 - (a) credit for tax withheld from wages and salaries of an employee under section 103 of the Income Tax Act; and
 - (b) credit for installments of net profit tax allowed under section 141(8) of the Net Profit Tax Act.

§133. Refund of Overpaid Tax.

- (1) A taxpayer may apply to the Secretary for a refund of the tax paid for a tax period that is in excess of the tax liability assessed to or payable by the taxpayer for that period.
- (2) An application for a refund under subsection (1) shall be made to the Secretary in the approved form within one year after the date on which the tax was paid.
- (3) Where a taxpayer has made an application under subsection (1) and the Secretary is satisfied that tax has been overpaid by a taxpayer under a tax law, the Secretary shall:
 - (a) first, apply the amount of the overpayment against any tax owing by the taxpayer under any tax law; and
 - (b) then, subject to subsections (4) and (5), refund the balance (if any) to the taxpayer.

- (4) With the written agreement of the taxpayer, an amount referred to in subsection (3) (b) may be carried forward for the payment of any future tax liability of the taxpayer under any tax law.
- (5) If, at the time that an amount is to be refunded to a taxpayer under subsection (3)(b), the taxpayer has failed to file a tax return under any tax law for a tax period, the Secretary may withhold payment of the refund until the taxpayer has filed all outstanding tax returns.
- (6) This section shall not apply to refundable tax credits subject to section 130.

§134. Recovery of Erroneously paid Refund.

- (1) If the Secretary has erroneously paid a refund to a taxpayer under a tax law, the taxpayer shall be liable to repay the amount of the erroneous refund by the date specified in a notice of demand served on the taxpayer by the Secretary.
- (2) If a refund has been erroneously paid due to an error made by the taxpayer in claiming the refund, the taxpayer shall be liable for late payment interest calculated for the period commencing on the date that the refund was erroneously paid and ending on the date that the refund was repaid.
- (3) The Secretary may recover an amount payable by a taxpayer under this section as if the amount is tax due.

§135. Power of Secretary in Respect of Small Amounts.

Despite anything in any tax law, the Secretary may refrain from issuing a notice of a tax assessment or collecting or refunding tax or late payment interest if the balance payable (including after allowance of a tax credit for installments of tax or withholding tax paid under the Net Profit Tax Act, or an input tax credit under the Consumption Tax Act) does not exceed \$20.

§136. Relief in Cases of Serious Hardship.

- (1) If the Secretary is satisfied that:
 - (a) the payment of the full amount of tax owing by a taxpayer will cause serious hardship to the taxpayer; or

- (b) owing to the death of a taxpayer, the payment of the full amount of tax owing by the deceased will cause serious hardship to the dependents of the deceased, the Secretary may release the taxpayer or the executor of the deceased's estate wholly or in part from payment of the tax due.
- (2) If the Secretary makes a decision under subsection (1) to release a taxpayer or executor from a tax liability and the tax has been paid, the Secretary shall refund the amount of tax released under subsection (1).
- (3) No amount of tax in excess of \$10,000 shall be remitted or refunded under this section except with the approval of the Minister.
- (4) If a decision of the Secretary under subsection (1) to release a taxpayer or executor from tax is based on fraudulent or misleading information, the tax liability released shall be reinstated.

PART VIII – RECORDS

§137. Recods.

- (1) A taxpayer shall, for the purposes of a tax law and subject to that law, maintain in the Republic, in English or Marshallese, such records (including in electronic format) as may be required under the tax law.
- (2) Subject to subsection (3), records referred to in subsection (1) shall be retained for:
 - (a) for records required to be maintained for the purposes of the gross revenue tax imposed under section 16(1)(a) of the Net Profit Tax Act, two years after the later of:
 - (i) the end of the tax period to which they relate; or
 - (ii) the date that the tax return for the tax period to which they relate was filed with the Secretary; or
 - (b) in any other case, six years after the later of:
 - (i) the end of the tax period to which they relate; or
 - (ii) the date that the tax return for the tax period to which they relate was filed with the Secretary.
- (3) For a person carrying a net loss forward under section 119 of the Net Profit Tax Act, the record retention period specified in subsection (2) commences after the earlier of:

- (a) the end of the tax period that the net loss is actually carried forward to and fully deducted under section 19 of the Net Profit Tax Act; or
 - (b) the end of the net loss carries forward period specified in section 19 of the Net Profit Tax Act.
- (4) If the records of a taxpayer are not in the English or Marshallese language, the Secretary may, by notice in writing, require the taxpayer to provide, at the taxpayer's expense, a translation into the English or Marshallese language by a translator approved by the Secretary by the date specified in the notice or such later date as the Secretary may allow.
- (5) A taxpayer shall not use untranslated records referred to in subsection (4) as evidence in challenging a tax assessment to which the records relate.
- (6) To avoid doubt, a reference in a tax law to records of a taxpayer includes all source and underlying documents relating to transactions entered into by the taxpayer, including, invoices, purchase orders, delivery dockets, receipts, contracts, and Customs documentation.

§138. Beneficial Owner Information.

- (1) An entity must maintain records identifying any individual who:
- (a) is the beneficial owner of 25 per cent or more of the membership interests in the entity;
 - (b) is the beneficial owner of 25 per cent or more of the voting rights in the entity;
 - (c) is the beneficial owner of 25 percent or more of the rights to dividends, income, or capital in the entity;
 - (d) has the right, directly or indirectly, to appoint or remove a majority of the members of the board of directors or other management body of the entity; or
 - (e) has the right to exercise, or is actually exercising, significant influence or control over the entity.

§139. Required Use of Electronic Fiscal Devices.

- (1) The Regulations may provide for the following:

- (a) the obligatory use by taxpayers or classes of taxpayers of electronic fiscal devices;
 - (b) the conditions for the use of electronic fiscal devices, including the real-time transmission of sales data to the Division; and
 - (c) the information required to be included on a receipt produced by an electronic fiscal device.
- (2) In this section, “electronic fiscal device” means an electronic point of sale device into which a taxpayer enters data relating to the supply of goods or services by the taxpayer and out of which an invoice and receipt for the supply is issued.

PART IX – INVESTIGATIONS

§140. Examination of Books and Witnesses.

- (1) The Secretary may, by notice in writing:
 - (a) examine any documents that may be relevant or material for the purposes of a tax law;
 - (b) summons a taxpayer, an officer or employee of a taxpayer, or any person having control, possession, custody, or care of documents of the business of a taxpayer, or any other person who the Secretary may deem proper, to appear before the Secretary at a time and place named in the summons and to produce such documents (including in electronic format), and to give such testimony, under the oath, as may be relevant or material for the purposes of a tax law;
 - (c) take such testimony of the person concerned, under oath, as may be relevant or material for the purposes of a tax law; or
 - (d) inspect all daily sales records and to obtain correct copies of such records for the purposes of a tax law.
- (2) If any person is summonsed under this section to appear, testify, or produce documents, the District Court or High Court shall have jurisdiction by appropriate process to compel such attendance, testimony, or production of documents.
- (3) Whenever any person summonsed under this section neglects or refuses to obey such summons, or produce documents or other data, or to give testimony, as required, the Attorney-General may apply to

the District Court or to the High Court for an attachment against the person for contempt.

- (4) It shall be the duty of the Judge to hear an application under subsection (3), and, if satisfactory proof is made, to issue an attachment, directed to a proper officer, for the arrest of such person, and upon the person being brought before the Judge to proceed to a hearing of the case, and upon such hearing the Judge shall have power to make such order as the Judge shall deem proper, not inconsistent with the law for the punishment of contempt, to enforce obedience to the requirements of the summons and to punish such person for default or disobedience.
- (5) This section shall have effect notwithstanding:
 - (a) any law relating to privilege or the public interest with respect to the giving of information or the production of any property or documents (including in electronic form); or
 - (b) any contractual duty of confidentiality.

§141. Power to Enter and Search.

- (1) Subject to subsection (2), for the purposes of administering any tax law, the Secretary:
 - (a) has the right, at all times and with or without notice, to full and free access to any premises, place, property, records, or data storage;
 - (b) may make an extract or copy of any documents or information stored on a data storage device to which access is obtained under paragraph (a);
 - (c) may seize any documents that, in the opinion of the Secretary, afford evidence that may be material in determining the tax liability of a taxpayer;
 - (d) may retain any documents seized under paragraph (c) for as long as they may be required for determining a taxpayer's tax liability or for any proceedings under a tax law; and
 - (e) may, if a hard or electronic copy of information stored on a data storage device is not provided, seize and retain the device for as long as is necessary to copy the information required.
- (2) The Secretary shall enter premises or a place under subsection (1) only if the Secretary has been issued with a warrant for entry and seizure

- by the High Court unless the Secretary has reasonable grounds to believe that there is a serious risk to the revenue if there is no immediate entry of the premises or place.
- (3) A tax officer authorized for the purposes of this section is not entitled to enter or remain on any premises or place if, upon request by the owner or lawful occupier, the officer is unable to produce the Secretary's written authorization permitting the officer to exercise powers under subsection (1).
 - (4) The Secretary may require a police officer to be present for the purposes of exercising powers under this section.
 - (5) The owner or lawful occupier of the premises or place to which an exercise of power under subsection (1) relates shall provide all reasonable facilities and assistance to the Secretary including:
 - (a) answering questions, orally or in writing, relating to the investigation to which the exercise of power relates;
 - (b) providing access to records stored on a data storage device, including the entering of a password or other basis of authentication for access to the device or facility; and
 - (c) providing access to decryption information necessary to decrypt data to which access is sought under this section.
 - (6) A person whose documents have been seized under subsection (1) may examine them and make copies, at the person's expense, during office hours.
 - (7) A person whose data storage device has been seized under subsection (1) may have access to the device during office hours on such terms and conditions as the Secretary may specify.
 - (8) The Secretary shall sign for all documents or data storage devices removed and retained under this section and, subject to subsection (1)(e), return them to the owner within fourteen (14) days after the conclusion of the investigation to which they relate and all related proceedings.
 - (9) The Secretary, or an authorized tax officer, and a police officer shall not be liable for any damage resulting from an exercise of power under this section provided the Secretary, authorized tax officer, or police officer has acted in accordance with the terms of this section and in good faith and has used reasonable force.

- (10) This section shall have effect notwithstanding:
- (a) any law relating to privilege or the public interest with respect to access to premises or places, or the production of any property or documents (including in electronic format); or
 - (b) any contractual duty of confidentiality.
- (11) The powers in this section can be exercised only by the Secretary or an authorized tax officer.

§142. Tax Information Exchange Agreements.

- (1) If a power provided for under this Part is required, under a Tax Information Exchange Agreement, to be exercised by the Minister, the reference to the Secretary in this Part includes a reference to the Minister.
- (2) If a Tax Information Exchange Agreement having legal effect in the Republic provides for exchange of information, or reciprocal assistance in the recovery of tax or service of process, the Secretary shall use the powers available under this Chapter or any other law to meet the Republic's obligations under the agreement on the basis that a reference in this Chapter or other law to:
- (a) "tax" includes a foreign tax to which the exchange of information or reciprocal assistance relates;
 - (b) "unpaid tax" includes an amount of foreign tax specified in paragraph (a) that has not been paid by the due date;
 - (c) "taxpayer" includes a person liable for an amount of foreign tax specified in paragraph (a); and
 - (d) "tax law" includes the law under which foreign tax specified in paragraph (a) is imposed.
- (3) For the purposes of this Part, "tax law" includes the Tax Information Exchange Agreement.

PART X – TAXPAYER IDENTIFICATION NUMBER

§143. Taxpayer Identification Numbers.

- (1) The Secretary may, for the purposes of identification and cross-checking, issue a number to be known as a Taxpayer Identification

Number ("TIN") to a taxpayer in accordance with this Part and a taxpayer shall use a TIN as required under the tax laws.

- (2) In this Part, "taxpayer" includes a person who commences an activity that may result in the person being a taxpayer,

§144. Application for a Taxpayer Identification Number.

- (1) A taxpayer shall apply for a TIN within 15 days of becoming a taxpayer.
- (2) An application for a TIN shall be:
 - (a) in the approved form;
 - (b) accompanied by documentary evidence of the person's identity as prescribed; and
 - (c) lodged in the prescribed manner.

§145. Issue of Taxpayer Identification Number.

- (1) The Secretary shall issue a TIN to an applicant under section 144 if satisfied that the applicant is required to apply for a TIN and the applicant's identity has been established.
- (2) The Secretary shall refuse an application under section 144 if:
 - (a) the Secretary is not satisfied as to the applicant's true identity;
 - (b) the applicant has already been issued with a TIN that is still in force; or
 - (c) the Secretary is not satisfied that the applicant is a taxpayer.
- (3) The Secretary shall serve the applicant with written notice of the decision to refuse an application under this section within fourteen days after making the decision.
- (4) The Secretary may, without an application being made, issue a TIN by written notice to any person who is a taxpayer.
- (5) The Secretary shall issue a TIN to a person by serving the person with written notice of the TIN.
- (6) A TIN shall be issued for the purposes of all tax laws and a taxpayer shall have only one TIN at any time.

§146. Use of Taxpayer Identification Number.

- (1) A taxpayer shall state their TIN:
 - (a) on any tax return, notice, or other document filed, lodged, or used for the purposes of a tax law;
 - (b) in any correspondence with the Division; and
 - (c) as otherwise required under a tax law.
- (2) A TIN is personal to the taxpayer to whom it has been issued and, subject to subsection (3), shall not be used by another person.
- (3) A representative of a taxpayer may use the taxpayer's TIN if:
 - (a) the taxpayer has given written permission to the representative to use the TIN; and
 - (b) the representative uses the TIN only in respect of the tax affairs of the taxpayer and only to the extent provided for in the written permission referred to in paragraph (a).

§147. Notification of Changes.

- (1) A taxpayer shall notify the Secretary, in writing, of a change in any of the following within 14 days after the change occurred:
 - (a) the taxpayer's name, physical or postal address, telephone or fax details, constitution, or principal activity or activities;
 - (b) the address from which, or name under which, any business is carried on by the taxpayer, including the taxpayer's internet address or social media account;
 - (c) for a taxpayer that is an entity, the beneficial owner or owners of the entity;
 - (d) the details of a taxpayer's account with a bank or other financial institution;
 - (e) the taxpayer's electronic mail address used for communication with the Secretary; and
 - (f) the representative of the taxpayer.
- (2) The notification of changes:
 - (a) under subsection (1) by a taxpayer, shall be treated as satisfying any obligation to notify the same changes in relation to a

registration of the taxpayer for the purposes of a particular tax under another tax law; and

- (b) referred to in subsection (1) by a taxpayer under another tax law, shall be treated as satisfying any obligation to notify the same changes under subsection (1).

§148. Cancellation of Taxpayer Identification Number.

- (1) The Secretary shall, by notice in writing, cancel a person's TIN if:
 - (a) the person is an individual who has died;
 - (b) the person is an entity that has been liquidated or has otherwise ceased to exist;
 - (c) the person is an individual leaving the Republic permanently unless the person continues, or is reasonably likely to continue, to require the TIN;
 - (d) the TIN has been issued to the person under an identity that is not the person's true identity; or
 - (e) the person had been previously issued with a TIN that is still in force.
- (2) The representative of a person referred to in subsection(1)(a) or (b) shall notify the Secretary, in writing, when the administration of the estate of the deceased individual is complete, or the entity has been liquidated or otherwise ceased to exist.
- (3) An individual referred to in subsection (1)(c) shall notify the Secretary, in writing, that he or she is leaving the Republic permanently at least 7 days before the date of departure.
- (4) The Secretary may, at any time, by notice in writing, cancel the TIN issued to a taxpayer and issue the taxpayer with a new TIN.
- (5) The Secretary shall re-issue a TIN cancelled under this section if the taxpayer had not discharged all the taxpayer's tax liabilities at the time that the TIN was cancelled.

PART XI – REPRESENTATIVES**§149. Representative.**

- (1) The following are treated as a representative of a person for the purposes of this Chapter:
 - (a) for an individual under a legal disability, the guardian or other legal representative who receives or is entitled to receive income on behalf, or for the benefit of the individual;
 - (b) for a corporation, the chief executive officer, managing director, secretary, treasurer, or a resident director of, or a person with a controlling interest in, the company;
 - (c) for an unincorporated body or association of persons, an individual responsible for accounting for the receipt or payment of moneys or funds on behalf of the association or body;
 - (d) for a partnership, a resident person who is a partner in the partnership;
 - (e) for a trust, a trustee of the trust;
 - (f) for a taxpayer to whom section 52 applies, the appointed person in relation to the taxpayer under that section;
 - (g) for the Government or a local authority in the Republic, an individual responsible for accounting for the receipt or payment of moneys or funds on behalf of the Government or local authority;
 - (h) for a foreign government, political subdivision of a foreign government, or international organization, an individual responsible for accounting for the receipt or payment of moneys or funds in the Republic on behalf of the government, political subdivision of the government, or organization;
 - (i) for a non-resident person, a person controlling the person's affairs in the Republic, including a manager of any business of such person in the Republic;
 - (j) for a United States contractor, the Commanding Officer of the United States defense site where the contractor is based;
 - (k) for any person (including a person referred to in paragraphs (a) – (i)), an agent or representative of the person as provided for

under a tax law or specified by the Secretary, by notice in writing, to the person.

(2) A representative of a taxpayer shall be an individual residing in the Republic.

(3) In this section:

“resident person” and “non-resident person” have their meanings in the Net Profits Tax Act 2025; and

“United States contractor” means a person present in the Republic for the purpose of executing contracts with the Government of the United States or a person who is a subcontractor under such contracts, in support of the Armed Forces of the United States and designated as such by the United States Government.

§150. Liabilities and Obligations of Representative.

- (1) A representative of a taxpayer shall be responsible for performing any duties or obligations imposed by a tax law on the taxpayer, including the filing of returns and payment of tax and other amounts owing by the taxpayer.
- (2) A representative making a payment of tax on behalf of a taxpayer shall be treated as acting under the authority of the taxpayer and is hereby indemnified in respect of the payment.
- (3) If there are two or more representatives of a taxpayer, the duties or obligations referred to in this section shall apply jointly and severally to the representatives but may be discharged by any of them.
- (4) Subject to subsection (5), any tax that, by virtue of subsection (1), is payable by a representative of a taxpayer shall be recoverable from the representative only to the extent of the assets of the taxpayer that are in the possession or under the control of the representative.
- (5) Nothing in this section shall relieve a taxpayer from performing any duties or obligations imposed on the taxpayer under a tax law that the representative of the taxpayer has failed to perform.

§151. Personal Liability of Representative.

- (1) A representative shall be personally liable for the payment of any tax due by the representative in that capacity if, while the amount remains unpaid, the representative:
 - (a) alienates, charges, or disposes of any moneys received or accrued in respect of which the tax is payable; or
 - (b) disposes of or parts with any assets or funds belonging to the taxpayer that are in the possession of the representative or which come to the representative after the tax is payable if such tax could legally have been paid from or out of such funds or the proceeds of sale of such assets.
- (2) Nothing in subsection (1) shall prevent a representative paying an amount on behalf of a taxpayer that has priority, in law or equity, over the tax payable by the taxpayer.
- (3) The Secretary may recover an amount that a representative is personally liable for under subsection (2) as if the amount were tax due.

§152. Appointed Person.

- (1) This section shall apply to a person (referred to as an "appointed person") who is:
 - (a) an administrator, executor, receiver, trustee-in-bankruptcy, or liquidator appointed to manage, administer, liquidate, or wind up the affairs of a taxpayer, including a deceased taxpayer; or
 - (b) a mortgagee that has taken possession of mortgaged property in the Republic belonging to a taxpayer.
- (2) An appointed person shall notify the Secretary in writing of:
 - (a) the appointment referred to in subsection(1)(a) within 14 days after the date of the appointment; or
 - (b) the taking possession of the property referred to in subsection (1)(b) within 14 days after the date of taking possession of the property.
- (3) The Secretary shall notify an appointed person, in writing, of the amount of any tax that is or will become payable by the taxpayer whose assets are in the possession, or under the control, of the

- appointed person, and the notice shall be served on the appointed person within 28 days after the Secretary received the notice under subsection (2).
- (4) An appointed person shall not, without leave of the Secretary, part with any money or asset held in the capacity as an appointed person until both the following conditions are satisfied:
- (a) the appointed person has furnished all outstanding tax returns of the taxpayer, including an advance return if required by the Secretary under section 6; and
 - (b) the appointed person has been served with a notice under subsection (3) or the 28-day period has expired without the notice being served on the appointed person.
- (5) Subject to subsections (6) and (7), an appointed person:
- (a) shall set aside, out of the proceeds of sale of any assets of the taxpayer, the amount specified by the Secretary in a notice served on the appointed person under subsection (3), or any other amount as agreed in writing between the appointed person and the Secretary; and
 - (b) shall be personally liable for the amount required to be set aside and any late payment interest payable in respect of the unpaid amount.
- (6) Subject to subsection (7), if the proceeds of sale of any property of a taxpayer are less than the amount notified by the Secretary under this section, the appointed person shall set aside the entire proceeds of sale to meet the amount notified by the Secretary under this section.
- (7) Nothing in subsections (5) and (6) shall prevent an appointed person from paying the following in priority to the amount notified under subsection (3):
- (a) a debt incurred before service of the notice under subsection (3) on the appointed person that has priority, in law or equity, over the tax referred to in the notice served under subsection (3); and
 - (b) the expenses properly incurred by the appointed person in the capacity as such, including the person's remuneration for acting as an appointed person.

- (8) If two or more persons are appointed persons in respect of a taxpayer, those persons shall be jointly and severally liable for the obligations and liabilities arising under this section.
- (9) For the purposes of this section and the definition of “representative” in section 49, a person shall cease to be an appointed person in relation to a taxpayer:
 - (a) for a mortgagee-in-possession, on the date that the person ceases to have control over the mortgaged property; or
 - (b) for any other appointed person, on the date that the person ceases to hold the position of an appointed person.
- (10) In this section, “taxpayer” includes a deceased taxpayer.

§153. Liability for Tax Payable by an Entity in Financial Difficulties.

- (1) Subject to subsection (2), if an arrangement has been entered into with the intention or effect of rendering an entity unable to satisfy a current or future tax liability under a tax law, every person who was a director or controlling member of the entity at the time the arrangement was entered into shall be jointly and severally liable for the tax liability of the entity.
- (2) A director of an entity shall not be liable under subsection (1) for the tax liability of the entity if the Secretary is satisfied that the director derived no financial or other benefit from the arrangement and:
 - (a) the director has on becoming aware of the arrangement formally recorded with the entity his/her dissent and notified the Secretary, in writing, of the arrangement; or
 - (b) the director satisfies the Secretary that, at the time the arrangement was entered into:
 - (i) the director was not involved in the executive management of the entity; and
 - (ii) the director had no knowledge of and could not reasonably have been expected to know of the arrangement.
- (3) A reference in this section to a tax liability includes any late payment interest in relation to the liability.

- (4) In this section, “arrangement” means any contract, agreement, plan, or understanding whether express or implied and whether or not enforceable in legal proceedings.

PART XII – PUBLIC RULINGS

§154. Binding Public Rulings.

- (1) The Secretary may make a public ruling in accordance with section 155 setting out the Secretary’s interpretation on the application of a tax law.
- (2) A public ruling made in accordance with section 155 shall be binding on the Secretary until withdrawn.
- (3) A public ruling shall not be binding on a taxpayer.
- (4) A public ruling sets out the Secretary’s opinion on the application of a tax law in the circumstances specified in the ruling and shall not be treated as a decision of the Secretary for the purposes of this Chapter (including section 119) or any other law.
- (5) No guidelines, publication, or other advice (oral or in writing) provided by the Division shall be binding on the Secretary except a public ruling binding under this section.

§155. Making a Public Ruling.

- (1) A public ruling shall state that it is a public ruling and have a number and subject heading by which it can be identified.
- (2) A public ruling shall apply from the date specified in the ruling and if no date is specified, from the date of publication in the public media.
- (3) A public ruling shall not apply before the date of publication unless it is for the benefit of taxpayers.
- (4) The Secretary shall make public rulings permanently available to the public in such manner as the Secretary determines.

§156. Withdrawal of a Public Ruling.

- (1) The Secretary may withdraw a public ruling, in whole or part, by publishing notice of the withdrawal in the public media.

- (2) A public ruling (referred to as the “existing ruling”) shall be treated as withdrawn to the extent that the existing ruling is inconsistent with:
 - (a) any legislation that is passed after publication of the existing ruling;
 - (b) another public ruling published after publication of the existing ruling; or
 - (c) a later decision of a Court is handed down that is inconsistent with the existing ruling.
- (3) The withdrawal of a public ruling, in whole or part, shall have effect:
 - (a) if subsection (1) applies, from the date specified in the notice of withdrawal and if no date is specified, from the date notice of the withdrawal is published in the media;
 - (b) if subsection (2)(a) or (b) applies, from the date of application of the inconsistent legislation or public ruling; or
 - (c) if subsection (2)(c) applies, from the date that the decision of the Court was handed down.
- (4) Despite subsection (3)(a), a public ruling shall not be withdrawn under subsection (1) before the date of publication of the notice of withdrawal unless the withdrawal of the ruling is for the benefit of taxpayers.
- (5) A public ruling that has been withdrawn in whole or in part:
 - (a) shall continue to apply to a transaction commenced before the public ruling was withdrawn; and
 - (b) shall not apply to a transaction commenced after the ruling was withdrawn to the extent that the ruling is withdrawn.

PART XIII – FORMS AND NOTICES

§157. Approved Form.

- (1) A tax return, notice, or other document shall be lodged or filed by a taxpayer in the approved form where:
 - (a) it is in the form approved by the Secretary for the particular tax return, notice, or document; and
 - (b) it contains the information (including any attached documents required) and is signed as required by the form.

- (2) Subject to subsection (3), the Secretary shall immediately notify a taxpayer, in writing, where a document lodged or filed by the taxpayer does not satisfy subsection (1).
- (3) The Secretary may decide to accept a document that is not lodged or filed in the approved form where the document has been lodged or filed in a form that contains substantially the information required by the approved form for the document.

§158. Forms and Notices; and Authentication of Documents.

- (1) Subject to the Regulations, a form, notice, tax return, statement, table, or other document approved or published by the Secretary for the purposes of any tax law may be in such form as the Secretary determines for the efficient administration of the tax laws.
- (2) The Secretary shall make the documents referred to in subsection (1) available to the public at the offices of the Division and at such other locations, or by mail or such other means, as the Secretary may determine.
- (3) A notice or other document issued, served, or given by the Secretary under a tax law shall be sufficiently authenticated if the name or title of the Secretary is printed, stamped, or written on the document.

§159. Manner of Lodging Documents.

Subject to this Chapter and except as otherwise provided in a tax law, a tax law, application, notice, or other document to be lodged with the Secretary under a tax law shall be delivered by personal delivery or normal post to an office of the Division, or by such other means as prescribed.

§160. Service of Notices.

- (1) A taxpayer must state in each tax return filed by the taxpayer an address in the Republic for service of notices and such address applies for the purposes of all tax laws.
- (2) Subject to this Chapter and except as otherwise provided in a tax law or regulations made under this Chapter, a notice or other document required to be served by the Secretary on a person for the purposes of a tax law shall be treated as properly served on the person:

- (a) where the notice or other document is served personally on the person;
 - (b) if an address for service is provided as specified in subsection (1), where the notice or other document is left at, or sent by registered or normal post to, the address for service stated in the most recently filed tax return of the taxpayer including an address for service;
 - (c) if no address for service is provided in a tax return, when the notice or other document is left at, or sent by registered or normal post to, the person's usual or last known address in the Republic; or
 - (d) transmitted electronically to the person in accordance with section 163 to the person's last known electronic contact information as stated in any communication by the person with the Commissioner.
- (3) If a notice or other document is served by normal post, service shall, in the absence of proof to the contrary, be deemed to have occurred at the time at which the notice or other document would be delivered in the ordinary course of the post, and in proving such service it is sufficient to prove that the envelope containing the notice or other document was properly addressed and posted.
- (4) The service of a notice or other document sent by registered post to a person shall be treated as served at the date that the person is informed that the registered post is awaiting collection at a Post Office, and, if the person refuses or fails to take delivery of the registered post, service of the notice or other document shall be deemed to have been effected.
- (5) The validity of service of a notice shall not be challenged after the notice has been wholly or partly complied with.
- (6) In this section, "person" includes the person's representative.

§161. Due Date for Documents and Tax Payments.

- (1) If the due date for:
 - (a) filing or lodging of a tax return, application, notice, or other document;
 - (b) payment of tax; or

(c) taking any other action under a tax law,
is a Saturday, Sunday, or public holiday in the Marshall Islands, the due date shall be the next following business day.

- (2) Subject to subsection (3), a person may apply, in writing, to the Secretary for an extension of time to lodge a notice or document required under a tax law.
- (3) Subsection (2) applies only in relation to a notice or document for which there is no specific provision for an application for an extension of time under this Chapter or the tax law requiring the lodging of the notice or document.
- (4) The Secretary may, upon satisfaction that there is reasonable cause, grant an application under subsection (2) and shall serve notice of the decision on the applicant.

§162. Rectification of Mistakes.

If a notice of assessment served, or document issued, by the Secretary under a tax law contains a mistake which is apparent from the record and the mistake does not involve a dispute as to the interpretation of the law or facts of the case, the Secretary may, for the purposes of rectifying the mistake, amend the assessment or document any time before the expiry of three years from the date of serving the notice of assessment or issuing the document.

§163. Electronic Communications and Payments.

- (1) The Regulations may provide for the following to be done electronically:
 - (a) the lodging of an application for a TIN;
 - (b) the filing or lodging of a tax return, notice, or other document with the Secretary;
 - (c) the payment of tax;
 - (d) the payment of a refund of tax;
 - (e) the service of any document by the Secretary; and
 - (f) the doing of any other act or thing that is required or permitted to be done under a tax law.
- (2) Subsections (3) – (7) shall apply where the Regulations provide for the actions in subsection (1) to be done electronically.

- (3) Subject to subsection (5), the Secretary may require that a person or class of persons shall do any act or thing referred to in subsection (1) electronically.
- (4) Subject to subsection (5), the Secretary may do any act or thing referred to in subsection (1) electronically.
- (5) Subsections (3) and (4) shall not apply to a person if the Secretary is satisfied that the person does not have the capacity to receive or make communications or payments electronically.
- (6) For the avoidance of doubt, an electronic communication made by, or to, the Secretary under subsection (2) or (3) shall be treated as a notice in writing for the purposes of the tax laws.
- (7) A taxpayer who files a tax return and pays tax electronically under this section shall continue to furnish tax returns and pay tax in that manner unless otherwise authorized by the Secretary to use some other method of filing a return or paying tax.
- (8) A taxpayer who fails to file a tax return or pay tax electronically as required under subsection (7) shall be liable to pay a manual processing fee as prescribed in the Regulations unless the taxpayer provides the Secretary with adequate reasons for the failure.

PART XIV – ADMINISTRATION OF THE TAX LAWS

§164. Secretary to Administer Tax Laws.

The Secretary shall be responsible for administration of the tax laws.

§165. Tax Officers.

- (1) A tax officer shall be appointed by the Secretary.
- (2) A tax officer shall not exercise a power, or perform a duty or function, under a tax law that:
 - (a) relates to a person in respect of which the tax officer has or had a personal, family, business, professional, employment, or financial relationship; or
 - (b) otherwise involves a conflict of interest.
- (3) A tax officer shall not:

- (a) prepare a tax return on behalf of a taxpayer;
- (b) provide tax advice to a taxpayer other than as required in the ordinary course of the tax officer's employment;
- (c) act as a tax accountant or tax consultant other than where the tax officer is acting in an honorary capacity; or
- (d) accept employment from any person preparing tax returns or giving tax advice.

§166. Delegation.

- (1) The Secretary may, by written instrument, delegate to a tax officer any of his or her duties, powers, and functions under the tax laws other than this power of delegation.
- (2) Subject to subsection (3), a delegation by the Secretary may be made:
 - (a) subject such restrictions and conditions as the Secretary thinks fit;
 - (b) to a particular person or to a specified class of persons; or
 - (c) generally, or in relation to a particular matter.
- (3) The powers of the Secretary under sections 126, 128, 131, and 141 shall be specifically delegated to a tax officer (referred to as an "authorized tax officer") and cannot form part of a general delegation of powers under subsection (1).
- (4) A delegation made under this section shall be revocable by the Secretary by written instrument at will.
- (5) A delegation made under this section shall not prevent the Secretary from performing or exercising a delegated duty, power, or function.
- (6) A reference in a tax law to the Secretary shall, in relation to a delegated duty, power, or function, include a reference to the delegate.

§167. Secrecy of Sensitive Tax Information.

- (1) A tax officer shall keep secret all sensitive tax information that is, or has been, in the officer's possession or knowledge in connection with the performance of his or her duties as a tax officer.
- (2) Nothing in subsection (1) prevents a tax officer from disclosing sensitive tax information to the following:

- (a) another tax officer for the purposes of any duty, power, or function under a tax law;
 - (b) a Customs officer for the purposes of any duty, power, or function under a tax law;
 - (c) a Court to the extent necessary for any proceedings under a tax law;
 - (d) the Attorney General or other legal representative of the Government for the purposes of taking legal action against a taxpayer or other person under a tax law or reviewing any action brought by a taxpayer under a tax law against the Secretary;
 - (e) a specified Government official in accordance with a Memorandum of Understanding entered into between the Ministry and the Office of the official, including a Memorandum of Understanding providing for information sharing entered into in accordance with the Regulations;
 - (f) the competent authority of the government of a foreign country with which the Republic has entered into a Tax Information Exchange Agreement providing for the exchange of information but only to the extent permitted under that agreement; or
 - (g) any person with the written consent of the person to whom the document or information relates.
- (3) Despite subsection (2), the Secretary may determine that particular sensitive tax information is not to be disclosed if the disclosure is reasonably likely to adversely affect the integrity of the tax system or prejudice the operation of a tax law.
- (4) A tax officer shall disclose sensitive tax information under subsection (2)(e) to a specified Government official only to the extent permitted under the Memorandum of Understanding between the Division and the Office of the Official.
- (5) A tax officer shall disclose sensitive tax information in any other case under subsection (2) only to the minimum extent necessary to achieve the object for which the disclosure is permitted.
- (6) Despite subsection (2) and subject to subsection (7), any documents or information obtained by the Marshall Islands competent authority

from the competent authority of a country with which the Republic has entered into a Tax Information Exchange Agreement may be disclosed only to the extent permitted under the agreement.

- (7) Subsection (6) shall apply only to the extent that the documents or information have not been obtained by the Marshall Islands competent authority or the Secretary from the taxpayer or from other sources.
- (8) Subject to subsection (9), subsection (1) shall apply to a person receiving sensitive tax information under subsection (2) as if the person were a tax officer.
- (9) A person to whom subsection (8) applies may disclose sensitive tax information received to another person only with the written approval of the Secretary or as permitted under a Memorandum of Understanding referred to in subsection (2)(e).
- (10) Nothing in this section prevents the Secretary or a delegated tax officer from compiling and publishing statistics or tax information from tax returns generally provided there is no reference to a particular return or divulging of the contents of a particular return.
- (11) In this section:
 - “Customs officer” means a person who is a Customs officer under the Customs legislation;
 - “sensitive tax information”:
 - (a) means information that relates to the tax affairs of an individual or entity:
 - (i) that identifies, or is reasonably capable of being used to identify, the individual or entity, directly or indirectly; or
 - (ii) that may reasonably be regarded as private, commercially sensitive, or otherwise confidential; or
 - (iii) the release of which may result in loss, harm, or prejudice to the individual or entity; but
 - (b) does not include aggregate or statistical data that may contain information about an individual or entity to the extent that the information does not satisfy paragraph (a);

“specified Government official” means:

- (a) Customer Inspector;

- (b) Tax Compliance Officer;
- (c) Tax Auditor;
- (d) Taxpayer Services Officer; or
- (e) any other Government official treated as a specified Government official under the Regulations or a Memorandum of Understanding referred to in subsection (2)(e); and

“tax officer” includes:

- (a) a person employed or engaged by the Division in any capacity;
- (b) a former Secretary, or former tax officer, employee, or contractor of the Division; and
- (c) a police officer when performing duties under this Chapter.

PART XV – INTEREST, ADMINISTRATIVE PENALTIES AND OFFENCES

§168. Late Payment Interest.

- (1) A person who fails to pay tax on or before the due date for payment shall be liable for late payment interest at the rate of six percent (6%) per annum on the unpaid tax calculated from the date the payment is due until the date the payment is made.
- (2) Late payment interest paid by a person under subsection (1) shall be refunded to the person to the extent that the principal amount to which the interest relates is found not to have been payable.
- (3) Late payment interest payable by a person in respect of withholding tax payable or an amount referred to in section 130(11), 151(3), or 152(5)(b) shall be borne personally by the person and shall not be recoverable from any other person.
- (4) Late payment interest payable under this section shall be simple interest and shall not exceed the principal amount to which the interest relates.
- (5) Late payment interest payable under this section shall be in addition to any penalty imposed under Division II or any sanction imposed under Division III in respect of the same act or omission.

- (5) The Secretary shall serve a taxpayer liable for late payment interest with notice of the amount of the late payment interest payable by the taxpayer and the due date for payment.
- (6) The Secretary may include notice of the amount of late payment interest payable by a taxpayer in any other notice, including a notice of a tax assessment, served by the Secretary on the taxpayer.
- (7) The Secretary may recover any unpaid late payment interest as if it were tax due.

DIVISION II – ADMINISTRATIVE PENALTIES

§169. Penalties Relating to TINs.

- (1) A person who, without reasonable cause, fails to apply for a TIN as required under this Act shall be liable for a penalty equal to \$50 for each month or part of a month for the period:
 - (a) commencing from the month immediately following the month in which the person was first required to apply for a TIN; and
 - (b) ending on the earlier of the month immediately preceding:
 - (i) the month the person lodges an application for a TIN; or
 - (ii) the month the Secretary issues the person with a TIN on the Secretary's own motion.
- (2) A person shall be liable for a penalty equal to \$100 if the person:
 - (a) contravenes section 146(1); or
 - (b) fails to notify a change in circumstances as required under section 47.
- (3) Except when section 146(3) applies, a person shall be liable for a penalty equal to \$500 if the person:
 - (a) provides their TIN for use by another person; or
 - (b) uses the TIN of another person.
- (4) A person who fails to comply with section 148(2) or (3) shall be liable for a penalty equal to \$500.

§170. Late Filing Penalty.

- (1) A person who fails to file a tax return or other document by the due date or, if the Secretary has extended the due date under section 5, the extended due date, shall be liable:
 - (a) for a failure to file a tax return under which tax is payable, for a penalty equal to 20% of the amount of tax payable under the return; or
 - (b) for any other tax return or document, for a penalty equal to \$10 for each day of default.
- (2) For the purposes of subsection (1)(b), a person ceases to be in default at the time the document is received by the Secretary.

§171. Late Payment Penalty.

- (1) A taxpayer who fails to pay tax by the due date or, if the Secretary has extended the due date under section 21, the extended due date, shall be liable for a penalty equal to 25% of the amount of unpaid tax.
- (2) Any penalty paid by a taxpayer under this section shall be refunded to the taxpayer to the extent that the tax to which the penalty relates is found not to have been payable.
- (3) In this section, "tax" does not include penalty.

§172. Penalty for Failure to Maintain Proper Records.

- (1) Subject to Subsection (2), a taxpayer who fails to keep, retain, or maintain records as required under a tax law shall be liable:
 - (a) if the failure is knowingly or recklessly made, for a penalty equal to 75% of the amount of tax payable by the taxpayer under the tax law for the tax period to which the failure relates; or
 - (b) in any other case, for a penalty equal to 20% of the amount of tax payable by the taxpayer under the tax law for the tax period to which the failure relates or \$500.
- (2) If no tax is payable by a taxpayer for the tax period to which the failure referred to in subsection (1) relates, the taxpayer shall be liable for a penalty equal to \$500.

§173. Tax Shortfall Penalty.

- (1) This section shall apply to a person:
 - (a) who makes a statement to a tax officer that is false or misleading in a material particular or omits from a statement made to a tax officer any matter or thing without which the statement is false or misleading in a material particular; and
 - (b) the tax liability of the person or of another person calculated on the basis of the statement is less than it would have been if the statement had not been false or misleading (the difference being referred to as the "tax shortfall").
- (2) Subject to subsections (3) and (4), a person to whom this section applies shall be liable:
 - (a) if the statement or omission was made knowingly or recklessly, for a penalty equal to 75% of the tax shortfall; or
 - (b) in any other case, for a penalty equal to 20% of the tax shortfall.
- (3) The amount of penalty imposed under subsection (2) on a person shall be increased by:
 - (a) ten percentage points if this is the second application of this section to the person; or
 - (b) twenty-five percentage points if this is the third or a subsequent application of this section to the person.
- (4) The amount of penalty imposed under subsection (2) on a person shall be reduced by ten percentage points if the person voluntarily discloses the statement to which the section applies prior to the earlier of:
 - (a) discovery by the Secretary of the tax shortfall; or
 - (b) the commencement of an audit of the tax affairs of the person to whom the statement relates.
- (5) No penalty shall be payable under subsection (2) if:
 - (a) the person who made the statement did not know and could not reasonably be expected to know that the statement was false or misleading in a material particular;
 - (b) the tax shortfall arose as a result of a self-assessment taxpayer taking a reasonably arguable position on the application of a tax law to the taxpayer's circumstances in filing a self-assessment return; or

- (c) the statement was made due to a clerical or similar error, other than a repeated clerical or similar error.
- (6) A position taken by a taxpayer in making a self-assessment that is contrary to a ruling issued by the Secretary and in force at the time the statement was made is not a reasonably arguable position for the purposes of subsection (5)(b) unless the position of the Secretary in the rulings is held by a Court to be incorrect.
- (7) The application of subsection (5) does not prevent the imposition of late payment interest under section 68 in respect of a tax shortfall if the tax is not paid by the due date for payment.
- (8) For the purposes of this section, a statement made to a tax officer includes a statement made, in writing or orally:
 - (a) in any application, certificate, declaration, notification, tax return, objection, or other document filed or lodged with the Secretary under a tax law;
 - (b) in any information required to be furnished to the Secretary under a tax law;
 - (c) in any document furnished to a tax officer;
 - (d) in answer to a question asked of a person by a tax officer; or
 - (e) to another person with the knowledge or reasonable expectation that the statement would be passed on to a tax officer.

§174. False or Misleading Statement Penatly.

- (1) A person who makes a statement to a tax officer that is false or misleading as specified in section 173(1)(a) but which does not result in a tax shortfall shall be liable for a false or misleading statement penalty equal to\$1,000.
- (2) No false or misleading statement penalty shall be payable under subsection (2) in the circumstances specified in section 173(5).
- (3) Section 173(8) shall apply in deternuing whether a person has made a statement to a tax officer.

§175. Tax Avoidance and Evasion Penalties.

- (1) If the Secretary has applied a tax avoidance provision in assessing a taxpayer, the taxpayer shall be liable for a tax avoidance penalty not exceeding 100% of the avoided tax.
- (2) A taxpayer shall be liable for a tax evasion penalty if:
 - (a) the taxpayer evades, attempts to evade, or does any act with intent to evade tax; or
 - (b) the taxpayer defaults in the performance of any duty imposed on the taxpayer under a tax law with intent to evade tax.
- (3) The amount of a tax evasion penalty payable for contravention of subsection (2) shall be equal to 150% of the evaded tax.
- (4) In this section, "tax avoidance provision" means:
 - (a) section 135 of the Net Profits Tax Act; and
 - (b) section 152 of the Consumption Tax Act.

§176. Consumption Tax Penalties.

- (1) Subject to subsection (2), a person who, without reasonable excuse, fails to apply for registration as required by section 112 or 157 of the Consumption Tax Act shall be liable for a penalty equal to double the amount of consumption tax payable for the period:
 - (a) commencing on the day on which the person was first required to apply for registration; and
 - (b) ending on the earlier of the day the person lodges an application for registration or the person is registered by the Secretary on the Secretary's own motion.
- (2) If no consumption tax is payable for the period specified in subsection (1), the person shall be liable for a penalty equal to \$1,000.
- (3) A consumption tax registered person shall be liable for a penalty equal to \$500 if the person:
 - (a) fails to display the person's consumption tax registration certificate, or a copy thereof, as required by section 115(1) of the Consumption Tax Act;

- (b) fails to specify their consumption registration details on any website or social media account through which the person carries on their enterprise;
 - (c) fails to notify the Secretary of a change in circumstances as required by section 115(3) of the Consumption Tax Act;
 - (d) fails to apply for cancellation of registration as required by section 16 of the Consumption Tax Act;
 - (e) applies for cancellation of registration when still required to be registered;
 - (f) fails to provide a tax invoice, credit note, or debit note as required by sections 139 and 140 of the Consumption Tax Act;
 - (g) fails to comply with a request under section 142 of the Consumption Tax Act; or
 - (h) issues multiple tax invoices, credit notes, or debit notes in contravention of section 143(2) of the Consumption Tax Act.
- (4) A person shall be liable for a penalty equal to \$1,000 if the person:
- (a) issues a tax invoice, credit note, or debit note otherwise than as required by the Consumption Tax Act; or
 - (b) charges another person consumption tax otherwise than as required by the Consumption Tax Act.
- (5) A consumption tax registered person whose registration is cancelled under section 116 of the Consumption Tax Act shall be liable for a penalty equal to \$500 if the person fails to comply with section 17(1)(a) or (c) of the Consumption Tax Act.

§177. Withholding Tax Penalties.

- (1) A withholding agent shall be liable for a penalty if the withholding agent:
- (a) fails to withhold tax as required under a tax law from a payment made by the withholding agent; or
 - (b) withholds tax from a payment made but fails to remit the withheld tax to the Secretary by the due date.
- (2) For the purposes of subsection (1)(b), tax shall be treated as having been withheld from a payment made by a withholding agent if the

withholding agent pays the net amount of the payment to the recipient of the payment.

- (3) The penalty payable under subsection (1) shall be \$100 for each day or part day that the withholding tax remains unpaid.
- (4) The penalty imposed under subsection (3) shall be in addition to late payment interest payable by a withholding agent under section 168(3) in respect of any unpaid withholding tax.
- (5) The penalty payable by a withholding agent in respect of any unpaid withholding tax is borne personally by the withholding agent and is not recoverable from any other person.

§178. Penalties Relating to Appointed Persons.

An appointed person who fails to comply with section 152 shall be liable for a penalty equal to \$500 for each failure.

§179. Miscellaneous Penalty.

A person, other than a tax officer, who, without reasonable excuse, fails to comply with an obligation under a tax law shall be liable for a penalty equal to \$100.

§180. General Provisions Relating to Penalty.

- (1) A liability for penalty shall be calculated separately with respect to each section in this Division.
- (2) A person shall not be liable for penalty if the person has been convicted of an offence for the same act or omission.
- (3) If a penalty has been paid under this Division and the Secretary institutes a prosecution under Division III of this Part in respect of the same act or omission, the Secretary shall refund the amount of the penalty paid, and no penalty shall be payable unless the prosecution is withdrawn.
- (4) A person is liable for penalty only if the Secretary:
 - (a) makes an assessment of penalty imposed under this Division;and

- (b) serves notice of the assessment on the person subject to the penalty stating the amount of penalty payable and the due date for payment.
- (5) A person liable to pay a penalty may apply in writing to the Secretary for remission of the penalty payable and such application shall include the reasons for the remission.
- (6) The Secretary may, upon application under subsection (5) or on the Secretary's own motion, remit, in whole or in part, any penalty payable by a person except a penalty imposed under section 173.

DIVISION III – TAXATION OFFENCES

§181. Offences for Failure to File and Tax Return or Provide Information.

- (1) A taxpayer who, without reasonable excuse, fails to file a tax return by the due date, or within such further time as the Secretary may allow under section 105 shall be guilty of an offence and upon conviction shall be liable for a fine not exceeding \$1,000 or to imprisonment for a term not exceeding 1 year, or to both a fine and imprisonment.
- (2) A taxpayer who fails to furnish any information required by the Secretary under section 104(2) by the due date, or within any further time as the Secretary may allow under section 61, shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$1,000.

§182. Offence for Failure to Comply with Obligations under this Act.

- (1) A person who:
 - (a) knowingly sells, leases, or otherwise disposes of any real or personal property that is the subject of a lien under section 127;
 - (b) without reasonable cause fails to:
 - (i) comply with a notice served on the person under section 130(2) or to comply with section 130(6);
 - (ii) comply with a notice under section 140; or
 - (iii) provide facilities and assistance as required by section 141(5); or

- (c) contravenes a departure prohibition order issued under section 131, shall be guilty of an offence and upon conviction shall be liable for a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 2 years, or to both a fine and imprisonment.

§183. Offence for Failure to Maintain Records.

A taxpayer who knowingly or recklessly fails to keep, retain, or maintain records as required under a tax law shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$5,000 or to imprisonment for a term not exceeding 2 years, or to both a fine and imprisonment.

§184. Offence for Improper Use of Taxpayer Identification Number.

- (1) A person who knowingly uses a false Taxpayer Identification Number on any tax return or document prescribed or used for the purposes of a tax law shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.
- (2) A person who uses the Taxpayer Identification Number of another person shall be treated as having used a false Taxpayer Identification Number, except where section 146(3) applies.
- (3) A person who, fails to apply for cancellation of the person's Taxpayer Identification Number as required under section 148 shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$1,000 or to imprisonment for a term not exceeding 1 year, or to both a fine and imprisonment.
- (4) A person who, fraudulently obtains a Taxpayer Identification Number using false or forged documents shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.

§185. Fraudulent records, statements, and documents.

- (1) A person shall be guilty of an offence if the person:
- (a) maintains fraudulent records;
 - (b) deliberately or recklessly makes a false or misleading statement, or material omission, referred to in section 173(1)(a); or

- (c) furnishes or lodges a fraudulent document with the Secretary.
- (2) A person shall be guilty of an offence under subsection (1) regardless of whether the records, statement, or document relate to the person's tax liability or to the tax liability of another person.
- (3) Section 173(8) shall apply in determining whether a person has made a statement referred to in section 173(1)(a).
- (4) A person who is guilty of an offence under subsection (1) shall upon conviction be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.

§186. Tax Evasion.

A taxpayer who:

- (a) evades, attempts to evade, or does any act with the intent to evade tax; or
- (b) defaults in the performance of any duty imposed on the taxpayer under a tax law with intent to evade tax,

shall be guilty of an offence and upon conviction, be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.

§187. Offence for Obstruction of Tax Officer.

- (1) A person who obstructs a tax officer in the performance of duties under a tax law shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.
- (2) In this section, "tax officer" includes:
 - (a) a person employed or engaged by the Division in any capacity; and
 - (b) a police officer when performing duties under this Chapter.

§188. Offence for Relating to Seized Goods.

A person who:

- (a) recovers or attempts to recover any goods that have been seized under section 126 or are the subject of a levy under section 128; or
- (b) before, at, or after any seizure of goods under section 126 or 128, staves, breaks, or destroys any goods, or documents relating to any goods, to prevent:
 - (i) the seizure or the securing of the goods; or
 - (ii) the proof of an offence,

shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$5,000 or imprisonment for a term not exceeding 2 years, or both a fine and imprisonment.

§189. Offence Relating to Withhold Tax.

If a person fails to withhold tax or, having withheld tax, fails to pay the tax to the Secretary as required under a tax law, the person shall be guilty of an offence and upon conviction shall be liable for a fine not exceeding \$5,000 or to a term of imprisonment not exceeding 2 years, or both a fine and imprisonment.

§190. Consumption Tax Offences.

- (1) A person who issues a fraudulent tax invoice, credit note, or debit note shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$10,000 or to a term of imprisonment not exceeding 3 years, or both a fine and imprisonment.
- (2) A person who:
 - (a) knowingly smuggles, unlawfully conveys, or has in the person's possession any smuggled goods subject to consumption tax;
 - (b) knowingly offers for sale smuggled or unlawfully imported goods subject to consumption tax; or
 - (c) receives goods subject to consumption tax knowing the goods to have been smuggled or to have been unlawfully imported,

shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$10,000 or to a term of imprisonment not exceeding 3 years, or both a fine and imprisonment.

§191. Prevention of Price Exploitation on Introduction of Consumption Tax.

- (1) Subject to subsection (3), a person who makes a regulated supply for a price that is excessive having regard to the following:
- (a) the introduction of the Consumption Tax Act;
 - (b) amendments to the Customs legislation and the repeal of local government taxes;
 - (c) the person's costs;
 - (d) supply and demand conditions; and
 - (e) any other relevant matter,

shall be served with a warning notice by the Secretary stating that the person will be prosecuted for an offence if the person repeats the conduct referred to in this subsection.

- (2) A person who makes a regulated supply in contravention of subsection (1) after being served with a warning notice shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$1,000 and a fine of \$5,000 for each subsequent breach.
- (3) No offence shall be committed under subsection (2) if:
- (a) the contravention was due to reasonable mistake; and
 - (b) the person took reasonable precautions and exercised due diligence to avoid contravention of subsection (1).
- (4) The Secretary shall publish guidelines about when prices for regulated supplies may be in contravention of subsection (1).
- (5) In this section:
- “**commencement date**”, in relation to the consumption tax, has the meaning in the Consumption Tax Act; and
- “**regulated supply**” means a supply occurring in the period commencing six months before and ending one year after the commencement date of the consumption tax.

§192. Offences in Relating to Tax Officers.

- (1) A tax officer who:

- (a) directly or indirectly asks for, or takes in connection with any of the officer's duties, any payment or reward whatsoever, whether pecuniary or otherwise, or promise or security for any such payment or reward, not being a payment or reward that the officer was lawfully entitled to receive;
- (b) enters into or acquiesces in any arrangement under which the Government is or may be defrauded of revenue, or that is contrary to a provision of a tax law, or to the proper execution of the officer's duties;
- (c) acts or omits to act so as to give an undue advantage or favor to another person; or
- (d) contravenes section 165(2) or (3), or 167(1),

shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.

(2) A person who:

- (a) directly or indirectly offers or gives to a tax officer any payment or reward whatsoever, whether pecuniary or otherwise, or any promise or security for any payment or reward, not being a payment or reward that the officer was lawfully entitled to receive;
- (b) proposes or enters into any arrangement with a tax officer under which the Government is or may be defrauded of revenue, or that is contrary to a provision of a tax law, or to the proper execution of the officer's duties;
- (c) impersonates a tax officer; or
- (d) contravenes section 167(8),

shall be guilty of an offence and upon conviction shall be liable to a fine not exceeding \$10,000 or to imprisonment for a term not exceeding 3 years, or to both a fine and imprisonment.

(3) In this section,

"payment or reward" includes a payment or reward for the benefit of a tax officer or another person; and

“tax officer” means any person employed or engaged by the Division in any capacity and includes a former tax officer or employee of the Division.

§193. Aiding or Abetting a Taxation Offence.

A person who aids, abets, assists, incites, or induces another person to commit an offence under a tax law (referred to as the “principal offence”) shall be guilty of an offence and upon conviction shall be liable for the same sanction as imposed for the principal offence.

§194. Offences by Entities.

- (1) If an offence under a tax law is committed by an entity, the offence shall be treated as having been committed by every person who, at the time the offence was committed, was:
 - (a) the chief executive officer, managing director, a director, company secretary, treasurer, or other similar officer of the entity; or
 - (b) acting or purporting to act in that capacity.
- (2) Subsection (1) shall not apply to a person if:
 - (a) the offence was committed without the person’s consent or knowledge; and
 - (b) the person, having regard to the nature of the person’s functions and all the circumstances, has exercised reasonable diligence to prevent the commission of the offence.

§195. Application of Chapter.

This Chapter binds the Republic.

§196. Regulations.

- (1) The Minister of Finance may make regulations pursuant to *the Marshall Islands Administrative Procedures Act 1979*:
 - (a) prescribing all matters that are by this Chapter to be prescribed or convenient to be prescribed to give effect to this Chapter;

- (b) providing for the registration of persons preparing tax returns, objections, or otherwise dealing with the Division on behalf of clients for a fee;
 - (c) providing for the filing or lodging of documents, payment of tax, or doing any other act or thing required to be done under a tax law electronically; or
 - (d) providing for the proper and efficient administration of this Chapter.
- (2) Without limiting the general effect of subsection (1), regulations made under that subsection may:
- (a) contain provisions of a saving or transitional nature consequent on the making of this Chapter; or
 - (b) prescribe penalties for the contravention of the regulations.

§197. Transitional, Savings and Repeal.

- (1) Subject to this section, this Chapter shall apply to any act or omission occurring, or any tax assessment made, before the commencement date.
- (2) If the period for any application, appeal, or prosecution had expired before the commencement date, nothing in this Chapter shall be treated as enabling the application, appeal, or prosecution to be made under this Chapter by reason only of the fact that a longer period is specified in this Chapter.
- (3) Any tax liability that arose before the commencement date may be recovered under this Chapter, but without prejudice to any action already taken for the recovery of the tax.
- (4) Subject to subsection (5), the following Parts of Income Tax Act 1989 are hereby repealed:
 - (a) Part VIII, Procedure; and
 - (b) Part IX, Penalties.
- (5) The repealed Parts under subsection (4) shall continue to apply for all purposes whatsoever before the commencement date of this Chapter referred to in section 198(2).

§198. Effective Date.

- (1) This Chapter takes effect on the date of certification in accordance with Article IV of the Constitution and the Rules and Procedures of the Nitijela.
- (2) Subject to subsection (3), this Chapter applies from October 1, 2026.
- (3) The Minister may specify a later commencement date for self-assessment to apply for the purposes of the net profits tax.
- (4) Where a later commencement date for net profits tax applies under subsection (3), the assessment of net profits tax prior to the commencement of self-assessment of the tax shall be specified in the Regulations.

CERTIFICATE

I hereby certify:

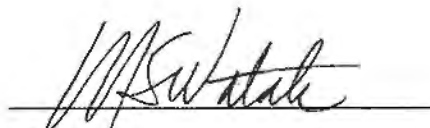
- 1. That Nitijela Bill No: 61ND1 was passed by the Nitijela of the Republic of the Marshall Islands on the _____ day of _____ 2025; and
- 2. That I am satisfied that Nitijela Bill No: 61ND1 was passed in accordance with the relevant provisions of the Constitution of the Republic of the Marshall Islands and the Rules of Procedures of the Nitijela.

I hereby place my signature before the Clerk this _____ day of _____ 2025.



Hon. Brenson S. Wase
Speaker
Nitijela of the Marshall Islands

Attest:



Morean S. Watak
Clerk
Nitijela of the Marshall Islands