

AN ACT

To further amend title 54 of the Code of the Federated States of Micronesia, as amended, by further amending section 222, as enacted by Public Law No. 9-139 and as amended by Public Laws Nos. 10-10, 10-136, 10-149 and 11-43, to modify the exemption from import duty for goods imported for subsequent export, and for other purposes.

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

1 Section 1. Section 222 of title 54 of the Code of the Federated
2 States of Micronesia, as enacted by Public Law No. 9-139 and as amended
3 by Public Laws Nos. 10-10, 10-136, 10-149 and 11-43, is hereby further
4 amended to read as follows:

5 "Section 222. Exemptions.

6 (1) Damaged, pillaged or faulty goods. Upon receipt of a
7 written request within 28 days of the goods' release from
8 Customs control, the Secretary may authorize a refund of the
9 whole or part of the duty paid, where any of the following
10 conditions exist:

11 (a) goods have been damaged, pillaged, lost or
12 destroyed during the voyage;

13 (b) goods have, while subject to the control of
14 Customs, been damaged, pillaged, lost or destroyed; or

15 (c) the Commissioner is satisfied that, owing to a
16 fault or defect in any goods, the importer has received a
17 reduction or a refund, in whole or part, of the price paid for
18 the goods.

19 (2) Goods imported for subsequent export.

20 (a) Upon application to and approval by the Secretary,
21 import duty paid on the following goods shall be refunded:
22 goods imported for processing in the FSM, not otherwise used
23 in the FSM, and subsequently exported from the FSM. For

1 purposes of this subsection, raw materials or ingredients
2 which are worked into or otherwise become part of a different
3 or more finished product are deemed exported when that product
4 is exported.

5 (b) Goods imported for processing are eligible for the
6 duty refund when the finished products which the imported
7 goods were processed into have been loaded on an aircraft or
8 vessel for direct removal from the FSM and that aircraft or
9 vessel has departed from the port. After they have been so
10 loaded, the goods shall again be subject to import duty if
11 they are unloaded or used in the FSM. With respect to
12 importers primarily engaged in importing for processing and
13 subsequent export, the Secretary shall provide for waiving, by
14 regulation rather than collecting and subsequently refunding,
15 duties.

16 (c) Upon application to and approval by the Secretary,
17 import duty shall be waived on the following goods: goods
18 imported for transshipment through the FSM, not to be used in
19 the FSM, which are securely stored while in the FSM and which
20 are exported from the FSM within a reasonable time of import
21 to the FSM, as defined by regulation. Should these goods not
22 be exported within a reasonable time, the importer will be
23 subject to a penalty equal to one-quarter of the import duty
24 that would have been due if the goods were to be used in the
25 FSM. Should these goods be unloaded or used in the FSM, they

1 will be subject to the full import duty.

2 (d) The burden of proving that goods imported are for
3 subsequent export shall be upon the importer/exporter as
4 specified in regulations.

5 (3) Goods carried in per trip abroad. Each time an
6 individual person enters or returns to the FSM from a foreign
7 jurisdiction, he or she is entitled to bring into the FSM the
8 following goods duty free, provided that such goods are for
9 that person's own personal use or consumption and not for
10 resale or exchange, and provided further that such person is
11 permitted by applicable State law to possess, use, and consume
12 such goods:

13 (a) up to 200 cigarettes;

14 (b) up to one pound of tobacco or twenty cigars;

15 (c) up to 52 fluid ounces or 1500 milliliters of
16 distilled alcoholic beverages; and

17 (d) up to two hundred dollars (\$200) worth of goods
18 other than tobacco products, beer and malt beverages,
19 distilled alcoholic beverages, and wine.

20 (4) Visitors' personal effects. A visitor to the FSM may
21 import bona fide personal effects into the FSM duty free,
22 provided the goods are for the visitor's own personal use and
23 will be taken with the visitor when he or she
24 leaves the country.

1 (5) Returning goods. Goods produced or properly entered in
2 the FSM which are subsequently removed from the FSM may be
3 returned to the FSM duty free. The burden shall be on the
4 owner of the goods to establish that the goods were either
5 produced in the FSM or previously and properly entered.

6 (6) Goods used in foreign aid projects. An international
7 organization, foreign contractor, or other foreign entity may
8 import goods into the FSM duty free in connection with the
9 performance of services or other conduct of business in
10 furtherance of a foreign aid agreement entered into by the
11 FSM, the terms of which require that such import shall not be
12 subject to taxation by the FSM; provided that if and when such
13 goods are subsequently sold in the FSM, import duty shall be
14 due based on the sale amount. The duty, together with
15 penalties and interest, shall be the joint and several
16 personal liability of the importer and the purchaser and shall
17 be secured by first liens on the goods and on the importer's
18 property as hereinafter provided.

19 (7) Certain fishing vessels and equipment. Fishing vessels
20 basing in the Federated States of Micronesia under a valid
21 permit or license issued pursuant to title 24 of the Code of
22 the Federated States of Micronesia shall not be subject to the
23 import duty on either the vessel or equipment installed in the
24 vessel.

25 (8) Parcels which would generate a de minimis duty.

1 Parcels mailed or otherwise sent into the FSM, which would
2 otherwise generate a de minimis duty, shall be exempt from
3 import duty, provided that such goods are for the recipient's
4 own personal use or consumption and not for resale or
5 exchange. Parcels with values up to the amount specified in
6 subsection (3)(d) of this section, shall be exempt."

7 Section 2. The Secretary of the Department of Finance shall
8 promulgate regulations, within 90 days of enactment of the amendment to
9 this section, for the proper administration of the amendments to this
10 section. Such regulations will provide for the conditions upon which
11 the Secretary will waive the import duty for importers primarily
12 engaged in importing for processing and subsequent export under
13 subparagraph (2)(b) of section 222. The regulations shall
14 provide the procedure to satisfy the requirements that goods be
15 "securely stored" and exported within a "reasonable time" under
16 subparagraph (2)(c) of section 222. The regulations will also specify
17 what proof an importer/exporter must provide under subparagraph (2)(d)
18 of section 222 in order that goods imported for transshipment through
19 the FSM will be duty free.

20 Section 3. This act shall become law upon approval by the
21 President of the Federated States of Micronesia or upon its becoming
22 law without such approval.

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1/15, 2000

