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GOVERNOR
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February 17, 2012

THE HONORABLE MARK MAILLO
President
Senate
11th Chuuk State Legislature
Weno, Chuuk, FM 96942

THE HONORABLE INNOCENTE ONEISOM
Speaker
House of Representatives
11th Chuuk State Legislature
Weno, Chuuk, FM 96942

RE: CSL NO. 11-12-04

Dear President Maillo and Speaker Oneisom:

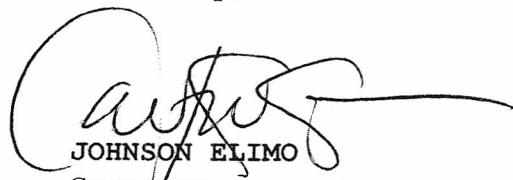
I am respectfully transmitting the attached Act No. 11-14 which I signed into a law and assigned the corresponding number as Chuuk State Law No. 11-12-04. I congratulate your able leadership for passing this very important tax reform law which put Chuuk State as the first State of the FSM to pass the said law.

While this law will enable us to have a unified tax administration, we certainly hope that other FSM States will follow soon.

Once again, your capable leadership have shown that Chuuk State can be worthy of being emulate in terms of reforms.

Thank you and I remain.

Sincerely,



JOHNSON ELIMO
Governor

Enclosure : CSL 11-12-04

File (with enclosures)

AN ACT

To establish the State Revenue Administration Act to govern and regulate the administration and collection of all State taxes, and for other purposes.

Be it enacted by the Chuuk State Legislature:

1 **Section 201. Short Title**

2 This Act may be cited as the Revenue Administration Act of 2010.

3 **Section 202. Definitions**

4 Wherever used in this Act, unless the subject matter, context, or sense otherwise
5 requires:

6 (1) “Arrangement” means any contract, agreement, plan, or understanding
7 whether express or implied and whether or not enforceable in legal proceedings;

8 (2) “Associate” has the meaning given in the Value Added Tax Act;

9 (3) “Attorney General” means the Attorney General of the State of Chuuk;

10 (4) “Authority” means the FSM Unified Revenue Authority established under
11 Title 54 of the Federated States of Micronesia Code;

12 (5) “Board” means the Board of Directors of the Authority;

13 (6) “CEO” means the Chief Executive Officer of the authority;

14 (7) “Director” means the Director of the Chuuk State Office of Administrative
15 Services;

16 (8) “FSM” means the Federated States of Micronesia;

17 (9) “Governor” means the Governor of the State of Chuuk;

18

19 (10) “Late payment interest” means late payment interest imposed under
20 section 291;

21 (11) “Objection decision” means the decision referred to in section 231(5);

22

1 (12) "Person" means an individual, company, corporation, partnership,
2 unincorporated association or other business entity, trust, estate, government, political
3 subdivision of a government, or public international organization;

4 (13) "Prescribed" means prescribed by the Director of Administrative Services
5 by regulation;

6 (14) "Representative" means -

7 (a) in the case of an individual under a legal disability, the guardian or
8 manager who receives or is entitled to receive income on behalf, or for the benefit of the
9 individual;

10 (b) in the case of a company or corporation, the chief executive
11 officer, public officer, managing director, or any director of the company;

12 (c) in the case of a partnership, any partner in the partnership;

13 (d) in the case of a trust, any trustee of the trust;

14 (e) in the case of an unincorporated association or other business
15 entity (other than a company, corporation, or partnership), any individual responsible for
16 accounting for the receipt or payment of moneys or funds on behalf of the association;

17 (f) in the case of the National or a State Government, or a local
18 authority in FSM, any individual responsible for accounting for the receipt or payment of
19 moneys or funds on behalf of the Government or local authority;

20 (g) in the case of a foreign government, political subdivision of a
21 foreign government, or public international organization, any individual responsible for
22 accounting for the receipt or payment of moneys or funds in FSM on behalf of the
23 government, political subdivision of the government, or organization;

24 (h) in the case of a non-resident person, any person controlling the
25 person's affairs in FSM, including any manager of any business of such person and, in
26 relation to customs, the person's customs agent; or

27 (i) in the case of a person to whom section 243 applies, the trustee of
28 the person under that section, and includes any person that the CEO has, by notice in
29 writing, declared to be a representative of a person for the purposes of this Act;

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- 1 (15) "Revenue law" means a State law which imposes a tax;
- 2 (16) "Revenue officer" means the CEO and any officer of the Authority;
- 3 (17) "Self-assessment" means a self-assessment of the VAT or any other State
4 tax;
- 5 (18) "Self-assessment return" means a tax return required to be furnished by a
6 self-assessment taxpayer;
- 7 (19) "Self-assessment taxpayer" means a person liable for the VAT;
- 8 (20) "State" means the State of Chuuk;
- 9 (21) "State Government" means the Government of the State of Chuuk;
- 10 (22) "Tax" means any State tax, or penalty (other than a fine) imposed under a
11 revenue law, and includes an installment of tax;
- 12 (23) "Tax assessment" means –
- 13 (a) a self-assessment;
- 14 (c) an assessment under this Subchapter III, including an amended
15 assessment; and
- 16 (d) an assessment of penalty under section 293;
- 17 (24) "Tax decision" means –
- 18 (a) a tax assessment; or
- 19 (b) a decision in relation to a revenue law on any matter left to the
20 discretion, judgment, direction, opinion, approval, consent, satisfaction, or determination
21 of the CEO, other than such decision made by the CEO in relation to the making of a tax
22 assessment or such action taken under subchapter VI;
- 23 (25) "Tax period" means –
- 24 (a) in the case of VAT, the VAT period; and
- 25 (b) in any other State tax, the period for which such tax is reported;
- 26 (26) "Tax return" means a return required to be filed under a revenue law;
- 27 (27) "Taxpayer" means a person liable for any tax imposed under a revenue
28 law; and
- 29 (28) "VAT" means valued added tax imposed under a revenue law.

Section 203. References to Terms Used in Other Laws

When this Act applies in respect of a revenue law, any term not defined in this Act has the meaning that it has for the purposes of the revenue law.

Section 204. Administration and Collection

(a) (1) Unless otherwise required by law for a particular tax, the Authority is hereby designated as an agent of the State to administer revenue laws and collect taxes, subject to the following conditions: The Authority shall be governed and shall abide by this Act and all other State Acts and regulations that apply to the administration of revenue laws and collection of taxes;

(b) The Authority perform the functions as the administrator of revenue laws and collector of taxes under the legal supervision and advice of the Attorney General or such other attorney as the Attorney General may authorize;

(c) The Authority shall provide such status report on tax administration and collection as the Director may periodically require;

(d) The authority shall answer to oversight by the State Legislature; and

(e) The Authority shall refer a criminal violation of a revenue law to the Attorney General for prosecution.

(2) The Authority's responsibility to administer taxes shall commence twelve (12) months after the effective date of the FSM Unified Revenue Authority Act for taxes under the TSL5-119, as amended, and thirty (30) months after the effective date of the same Act for the VAT and any other tax then in effect, provided that the Governor may prescribe a different date for commencement by executive order.

Section 205. Chuuk Representative.

The Governor shall appoint subject to the advice and consent of the Senate, a representative of Chuuk State to the Board of Directors of the FSM Revenue Authority. The person appointed shall serve for a period of four years unless sooner removed by the Governor, dies, resign or has been incapacitated or disabled which renders him unable or unfit to perform the duties as a member of the Board for at least six (6) months.

1 **Section 206. Qualifications.**

2 The person appointed shall possess the following qualifications:

- 3 1) An expert in taxation or at least familiar with all the tax laws, policies, rules
4 and regulations of the State and FSM National Government;
- 5 2) Shall not be convicted of any felony, even if pardoned;
- 6 3) Shall not have been disqualified or suspended from practice of the person's
7 profession;
- 8 4) Shall not been adjudged bankrupt; and
- 9 5) Has no outstanding tax liability from Chuuk State or FSM National
10 Government.

11 During the period of membership to the Board of Directors of the FSM Revenue
12 Authority, the Chuuk State representative shall maintain the above qualifications
13 otherwise he will be considered automatically removed.”

14 **Subchapter II - Tax Returns**

15 **Section 211. Extension of Time to File a Tax Return**

16 (1) A taxpayer required to file a tax return may apply, at any time and in
17 writing, to the CEO for an extension of time to file the return.

18 (2) The CEO may, upon satisfaction that there is reasonable cause (as defined
19 in regulations issued from time to time by the Director), grant an application under
20 subsection (1) and must serve notice of the decision on the applicant.

21 (3) An extension of time granted under this section does not change the date
22 for payment of tax due as specified in the revenue law under which the return has been
23 made, but shall extend the date from which penalties shall be payable with respect to the
24 late filing of a return.

25 **Section 212. Tax Return Duly Made**

26 A tax return purporting to be filed by or on behalf of a taxpayer is treated as
27 having been filed by the taxpayer or with the taxpayer's authority unless the contrary is
28 proved.

1 **Subchapter III – Tax Decisions**

2 **Section 221. Self-assessments**

3 For the purposes of this Act -

4 (a) A self-assessment taxpayer who has filed a self-assessment return is
 5 treated as having made an assessment of the amount of tax payable for the tax period to
 6 which the return relates being that amount as set out in the return; and

7 (b) A self-assessment return furnished by a self-assessment taxpayer is treated
 8 as a notice of the assessment served by the CEO on the taxpayer on the date the return
 9 was filed.

10 **Section 222. Assessment of Person who fails to file a Tax Return**

11 (1) If a taxpayer liable for tax on an assessment basis under a revenue law
 12 fails to file a tax return for a tax period as required under the revenue law, the CEO may,
 13 at any time, make an assessment of the tax payable by the taxpayer.

14 (2) The CEO must serve a taxpayer assessed under subsection (1) with notice
 15 of the assessment as soon as is practicable after making the assessment. The notice must
 16 state -

17 (a) the amount of tax payable;

18 (b) the amount of interest or penalty (if any) payable in respect of the
 19 tax payable;

20 (c) the tax period in respect of which the assessment relates;

21 (d) the date of issue of the notice; and

22 (e) the due date for payment of the tax payable under the notice.

23 **Section 223. Advanced Tax Assessments**

24 (1) If, in any tax period –

25 (a) a taxpayer liable for tax on an assessment basis under a revenue
 26 law ceases to carry on a trade, business, profession, vocation, or employment; or

27 (b) the CEO has reasonable grounds to believe that a taxpayer liable
 28 for tax on an assessment basis under a revenue law may leave, or has left, Chuuk State
 29 without filing a return as required under the revenue law for the tax period, the CEO may

1 make an assessment of the tax payable for the tax period and the tax is payable on the
2 date set out in the notice of assessment served on the taxpayer.

3 (2) The CEO must serve a taxpayer assessed under subsection (1) with notice,
4 in writing, of the assessment as soon as is practicable after making the assessment, and
5 such notice must set out the matters specified in section 222(2).

6 (3) An assessment made under subsection (1) can be amended under section
7 224 so that the taxpayer is assessed in respect of the whole of the tax period to which the
8 assessment under subsection (1) relates.

9 **Section 224. Amendment of Tax Assessments**

10 (1) Subject to this section, the CEO may amend a tax assessment by making
11 such alterations or additions to the assessment as the CEO considers necessary to ensure
12 that a taxpayer is liable for the correct amount of tax payable in respect of the tax period
13 to which the assessment relates.

14 (2) A self-assessment taxpayer can apply to the CEO within the time specified
15 in subsection (3)(b) for the CEO to make an amendment in accordance with subsection
16 (1) to a self-assessment and the CEO shall serve the taxpayer with notice of the decision
17 on the application as soon as is practicable after the making of the assessment.

18 (3) The amendment of a tax assessment under subsection (1) may be made –

19 (a) in the case of fraud or willful neglect, within six years of the date
20 the CEO served notice of the assessment on the taxpayer or within one year after the
21 fraud or willful neglect is discovered, whichever is the later; or

22 (b) in any other case, within six years of the date the CEO served
23 notice of the assessment on the taxpayer.

24 (4) As soon as practicable after making an amended assessment under this
25 section, the CEO must serve the taxpayer with notice of the amended assessment.

26 (5) Subject to subsection (6), if a notice of assessment (referred to as the
27 “original assessment”) has been amended under subsection (1), the CEO may further
28 amend the original assessment within the later of –

1 (a) six years after the CEO served notice of the original assessment on
2 the taxpayer; or

3 (b) one year after the CEO served notice of the amended assessment
4 on the taxpayer.

5 (6) If subsection (5)(b) applies, the CEO is limited to amending the alterations
6 and additions made in the amended assessment to the original assessment.

7 (7) An amended assessment is treated in all respects as a tax assessment for
8 the purposes of this Act [other than subsection (1) or (2)] and the revenue law under
9 which the original assessment has been made.

10 (8) The making of an amended assessment does not preclude the liability for
11 any interest and penalty in relation to the tax assessed under amended assessment arising
12 from the date that tax was due under the original assessment.

13 **Section 225. Validity of Tax Decisions**

14 The validity of a tax decision, a notice of a tax decision, or any other document
15 purporting to be made or executed under a revenue law -

16 (a) cannot be quashed or deemed to be void or voidable for want of
17 form; or

18 (b) is not affected by reason of any immaterial mistake, defect, or
19 omission therein, if it is, in substance and effect, in conformity with the law under which
20 it has been made, issued, or executed and the person assessed, or intended to be assessed
21 or affected by the decision or document, is designated in it according to common
22 understanding.

23 **Section 226. Correctness of Tax Decisions**

24 (1) Except in proceedings under Subchapter IV -

25 (a) no tax decision can be disputed in any Court or in any other
26 proceedings on any ground whatsoever;

27 (b) the production of the original notice of a tax assessment or a
28 document under the hand of the CEO purporting to be a copy of a notice of such

1 assessment is conclusive evidence of the making of the assessment and that the amount
2 and particulars of the assessment are correct; and

3 (c) in the case of a self-assessment taxpayer, the production of the
4 original self-assessment return or a document under the hand of the CEO purporting to be
5 a copy of such return is conclusive evidence of the contents of the return.

6 (2) A Court must, in all proceedings, take judicial notice of the signature of
7 the CEO in either the original or copy of a notice of a tax decision.

8 **Section 227. Rectification of Mistakes.**

9 If the CEO is satisfied that an order made or document issued by the CEO under a
10 tax law contains a mistake that is apparent on the face of the record or document and the
11 mistake does not involve a dispute as to the interpretation of the law or facts of the case,
12 the CEO may, for the purposes of rectifying the mistake, amend the order or document
13 any time before the expiry of six years from the date of making or issuing the order or
14 document.

15 **Subchapter IV: Objections and Appeals**

16 **Section 231. Objection to Tax Decision**

17 (1) A person dissatisfied with a tax decision must lodge an objection to the
18 decision with the CEO within 30 days of service of the notice of the decision.

19 (2) If the CEO has amended an assessment under section 224, the taxpayer
20 has no further right of objection that the taxpayer would have had if the amendment had
21 not been made, except to the extent that by reason of the amendment a fresh liability is
22 imposed on the taxpayer or an existing liability is increased.

23 (3) An objection must substantially comply with the prescribed form and state
24 fully and in detail the grounds upon which the person objecting relies to support the
25 objection.

26 (4) A person may apply, in writing, to the CEO for an extension of time to
27 lodge an objection and the CEO may, if satisfied there is reasonable cause, grant an
28 application under this section and must serve notice of the decision on the applicant as
29 soon as is practicable after making the decision.

1 (5) Subject to subsection (6), the CEO must consider the objection and either
2 allow the objection in whole or part, or disallow it, and the CEO's decision is referred to
3 as an "objection decision".

4 (6) The CEO is not required to consider an objection unless and until the
5 person objecting has complied with all the requirements under this Act or the revenue law
6 to which the objection relates in relation to the making of tax returns and payment of tax.

7 (7) The CEO must serve notice of the objection decision, and the grounds
8 thereof, on the person objecting as soon as practicable after making the decision.

9 **Section 232. Judicial Review**

10 (1) A person dissatisfied with an objection decision may institute an action for
11 review in a Court of competent jurisdiction in Chuuk State. Such action is commenced by
12 filing a petition, within sixty days after service of notice of the objection decision, setting
13 forth –

14 (a) assignments of errors alleged to have been committed by the CEO
15 in making the objection decision;

16 (b) the facts relied upon to sustain such assignments of errors; and

17 (c) a prayer for appropriate relief.

18 (2) The CEO is the defendant in proceedings under subsection (1).

19 (3) The payment of the amount of tax in dispute, in whole or part, after the
20 filing of a petition under subsection (1) does not deprive the Court of jurisdiction.

21 (4) When the decision of the Court or an appeal therefrom becomes final, the
22 CEO must, upon presentment of a certified copy of the decree, make such adjustments as
23 are necessary to correct, amend, or abate the assessment, and determine whether an
24 additional amount of tax is to be assessed.

25 (5) This section shall not condition or limit the right of a taxpayer to seek
26 immediate judicial review of any action taken or to be taken under Subchapter VI hereof.

27 **Section 233. General Provisions Relating to Objections and Appeals**

28 (1) In any proceeding under this Subchapter –

1 (a) in the case of a tax assessment, the burden is on the taxpayer to
2 prove that the assessment is excessive; or

3 (b) in the case of a tax decision (other than a tax assessment), the
4 burden is on the person objecting to the decision to prove that the decision should not
5 have been made or should have been made differently.

6 (2) In an action for review by a Court under section 232, the person
7 bringing the action is limited to the grounds stated in the person's objection to the CEO.

8 (3) To the extent necessary for the making of a decision and when
9 presented, the reviewing Court shall decide all relevant questions of law and fact,
10 interpret constitutional and statutory provisions, and determine the meaning or
11 applicability of the terms of any action taken by the CEO.

12 (4) The reviewing Court shall –

13 (a) compel any action of the CEO unlawfully withheld or
14 unreasonably delayed;

15 (b) hold unlawful and set aside any actions and decisions of the CEO
16 found to be –

17 (i) arbitrary, capricious, an abuse of discretion, or otherwise
18 not in accordance with law;

19 (ii) contrary to constitutional right, power, privilege, or
20 immunity;

21 (iii) in excess of statutory jurisdiction, authority, or limitations,
22 or a denial of legal rights;

23 (iv) without substantial compliance with the procedures
24 required by law; or

25 (v) unwarranted by the facts.

26 (5) Subject to subsection (6), the tax due under a tax assessment is payable
27 notwithstanding that an objection has been lodged or an action for judicial review under
28 section 232 has been instituted by the taxpayer in respect of the assessment.

1 (6) The CEO may, upon application in writing by a taxpayer, agree to stay
2 recovery of tax in dispute under a tax assessment up to a maximum of 50% of the
3 disputed tax, but only if the taxpayer has paid the entire amount of tax due under the
4 assessment that is not in dispute.

5 **Subchapter V: Recovery of Unpaid Tax**

6 **Section 241. Payment of Tax**

7 (1) A taxpayer must pay tax in the prescribed manner.

8 (2) Any unpaid tax may be sued for and recovered in any Court of competent
9 jurisdiction by the CEO suing in his or her official capacity as collection agent for the
10 State Government.

11 (3) In any suit under subsection (2), the production of a certificate signed by
12 the CEO stating the name and address of the taxpayer and the amount of tax due is
13 sufficient evidence that the amount of tax is due by the taxpayer and sufficient authority
14 for the Court to give judgment with full costs of suit against the taxpayer.

15 **Section 242. Extension of Time to Pay Tax**

16 (1) A taxpayer may apply, in writing, to the CEO for an extension of time to
17 pay tax due under a revenue law.

18 (2) If an application has been made under this section, the CEO may, having
19 regard to the circumstances of the case, and subject to such other conditions as the
20 Director may require by regulation –

21 (a) grant the taxpayer an extension of time for payment of the tax due;
22 or

23 (b) require the taxpayer to pay the tax due in such installments as the
24 CEO may determine, and the CEO must serve the taxpayer with written notice of the
25 decision.

26 (3) If a taxpayer permitted to pay tax by installments defaults in the payment
27 of an installment, the whole balance of the tax outstanding, at the time of default, is
28 immediately payable.

1 (4) The grant of an extension of time or permission to pay tax due by
2 installments does not preclude the liability for late payment interest arising from the
3 original date the tax was due for payment.

4 **Section 243. Trustees, Liquidators, and Executors**

5 (1) In this section,

6 “trustee” means –

7 (a) a liquidator of a company being wound up;

8 (b) a receiver for debenture holders who has taken possession of any
9 assets of a company;

10 (c) a trustee in bankruptcy;

11 (d) a mortgagee in possession;

12 (e) an executor or administrator of an estate; or

13 (f) any other person holding a similar office or acting in a similar
14 capacity; and

15 “taxpayer”, in relation to a trustee, means the person whose assets are in the possession or
16 control of the trustee, including if the trustee is an executor or administrator, the estate of
17 the deceased person.

18 (2) A trustee must, within 14 days after becoming a trustee in respect of, or
19 assuming the control of assets of a taxpayer in the capacity as trustee, give written notice
20 thereof to the CEO.

21 (3) The CEO must notify the trustee, in writing, of the amount of any tax that
22 is payable by the taxpayer and such notice must be served on the trustee within one
23 month of the CEO being served with a notice under subsection (2).

24 (4) Subject to subsection (5), a trustee –

25 (a) must not, without the leave of the CEO, dispose of any asset of the
26 taxpayer until a notice has been served on the trustee under subsection (3);

27 (b) must set aside, out of the assets available for the payment of tax
28 due by the taxpayer, assets to the value of the amount notified under subsection (3), or the
29 whole of the assets if their value is less than the amount notified; and

1 (c) is, to the extent of the value of the assets required to be set aside,
2 liable for the tax due by the taxpayer.

3 (5) A trustee may pay the expenses properly incurred by the trustee in the
4 capacity as such, including the trustee's remuneration, in priority to the amount notified
5 under subsection (3).

6 (6) If two or more persons are trustees in respect of a taxpayer, the obligations
7 and liabilities under this section apply jointly and severally to the trustees but may be
8 discharged by any of them.

9 (7) The amount that a trustee is liable for under subsection (4)(c) is treated as
10 if it were tax payable by the trustee as taxpayer for the purposes of this subchapter,
11 subchapter VI, and section 271.

12 **Section 244. Recovery of Unpaid Tax from Third Party**

13 (1) In this Section, "payer" means a person who –

14 (a) owes or may subsequently owe money to a taxpayer;

15 (b) holds or may subsequently hold money, for or on account of, a
16 taxpayer;

17 (c) holds money on account of some other person for payment to a
18 taxpayer; or

19 (d) has authority from some other person to pay money to a taxpayer.

20 (2) This section applies if a taxpayer is liable to pay tax and the tax has not
21 been paid by the taxpayer by the due date for payment. This remedy shall be in addition
22 to any right of levy and execution set forth in Subchapter VI.

23 (3) If this section applies, the CEO may, by notice in writing, require a payer
24 in respect of the taxpayer to pay the amount specified in the notice to the CEO, being an
25 amount that does not exceed the amount of tax that has not been paid.

26 (4) A payer must pay the amount specified in a notice under subsection (3) by
27 the date specified in the notice, being a date that is not before the date that the amount
28 owed to the taxpayer becomes due to the taxpayer or held on the taxpayer's behalf.

1 (5) If a notice served under subsection (3) requires a payer to deduct amounts
2 from wages or salaries, the amount required to be deducted by the payer from each
3 payment must not exceed twenty percent of the amount of each payment of wages or
4 salaries.

5 (6) If a person served with a notice under subsection (3) is unable to comply
6 with the notice by reason of lack of moneys owing to, or held for, the taxpayer, the
7 person must notify the CEO, in writing, setting out the reasons for the person's inability
8 to comply.

9 (7) If a notice is served on the CEO under subsection (6), the CEO may, by
10 notice in writing -

11 (a) accept the notification and cancel or amend the notice issued under
12 subsection (3); or

13 (b) reject the notification.

14 (8) The CEO must, by notice in writing to the payer, revoke or amend a notice
15 served under subsection (3) if the taxpayer has paid the whole or part of the tax due or
16 has made an arrangement satisfactory to the CEO for payment of the tax.

17 (9) A copy of a notice served on a payer under this section must be served on
18 the taxpayer.

19 (10) An amount deducted from a payment by a payer pursuant to a notice
20 served on a payer under this section is held by the payer in trust for the Authority.

21 (11) A payer making a payment under this section is treated as acting under the
22 authority of the taxpayer and of all other persons concerned and is hereby indemnified in
23 respect of the payment.

24 (12) The CEO must apply any amount paid by a payer under this section to the
25 tax owing by the taxpayer.

26 (13) A payer who, without reasonable cause, fails to comply with a notice
27 under this section is personally liable for the amount specified in the notice.

1 (14) The amounts referred to in subsections (10) and (13) are treated as if they
2 were tax payable by the payer as taxpayer for the purposes of this Subchapter, Subchapter
3 VI, and sections 271.

4 **Section 245. Seizure of Goods**

5 (1) In addition to any other right of levy and execution set forth in Subchapter
6 VI hereunder, the CEO or a revenue officer authorized by the CEO in writing for the
7 purposes of this section may seize any goods if the VAT or other State tax that is payable
8 in respect of such goods or the supply thereof has not been paid or the CEO or authorized
9 officer has reasonable grounds to believe that such VAT or State tax will not be paid.

10 (2) Any goods seized under this section must be stored in a place approved by
11 the CEO or authorized officer for the storage of seized goods.

12 (3) If goods have been seized under subsection (1), the CEO or authorized
13 officer must, as soon as is practicable after the seizure, serve on the owner of the goods or
14 the person who had custody or control of the goods immediately before the seizure, a
15 notice in writing –

16 (a) identifying the goods;

17 (b) stating that the goods have been seized under this section and the
18 reason for seizure; and

19 (c) setting out the terms of subsections (6), (7), and (8).

20 (4) The CEO or authorized officer is not required to serve a notice under
21 subsection (3) if, after making reasonable enquiries, the CEO or authorized officer does
22 not have sufficient information to identify the person on whom the notice should be
23 served.

24 (5) If subsection (4) applies, the CEO or authorized officer may serve a notice
25 under subsection (3) on any person claiming the goods, provided the person has given the
26 CEO or authorized officer sufficient information to enable the notice to be served.

27 (6) The CEO or authorized officer may authorize any goods seized under
28 subsection (1) to be released to the person on whom a notice under subsection (3) has
29 been served if that person has paid, or makes an arrangement satisfactory to the CEO or

1 authorized officer for payment of, the VAT or State tax that is payable in respect of the
2 goods or the supply thereof.

3 (7) Unless subsection (6) applies, the CEO or authorized officer must detain
4 the goods seized under subsection (1) –

5 (a) in the case of perishable goods, for such period as the CEO or
6 authorized officer considers reasonable having regard to the condition of the goods; or

7 (b) in any other case, for ten days after seizure of the goods.

8 (8) If the detention period in subsection (7) has expired, the CEO or
9 authorized officer may, unless otherwise instructed by an order of a competent court, sell
10 the goods by public auction or, in the case of perishable goods, may sell the goods in
11 such manner as the CEO or authorized officer determines, and apply the proceeds of sale
12 as follows –

13 (a) first towards the cost of taking, keeping, and selling the goods
14 seized;

15 (b) then towards payment of any VAT or other State tax that is
16 payable in respect of the goods or the supply thereof; and

17 (c) then towards payment of any other State tax due by the person
18 whose goods have been seized; and

19 (d) the remainder of the proceeds, if any, must be paid to the person
20 whose goods have been seized.

21 (9) If the proceeds of disposal are less than the sum of the cost of taking,
22 keeping, and selling the goods seized and the tax due, the CEO or authorized officer may
23 proceed under this Act to recover the difference.

24 (10) The costs of taking, keeping, and selling the seized goods is treated as if
25 they were tax payable by the person whose goods have been seized as taxpayer for the
26 purposes of this Subchapter and section 271.

27 (11) The burden of initiating post-seizure hearings to contest the seizure of goods
28 shall be upon the person who owns the seized goods.

1 **Section 246. CEO May Require Security**

2 The CEO may, for the purposes of securing payment of any tax that is or will become
3 due, require a taxpayer to give security in such amount and in such manner as the CEO
4 thinks fit.

5 **Section 247. Taxpayer Leaving FSM**

6 (1) If the CEO has reasonable grounds to believe that a taxpayer may leave
7 the State before the due date for payment of any tax and the taxpayer has not made an
8 arrangement satisfactory to the CEO for payment of the tax, the tax is due on such date as
9 specified by the CEO by notice in writing to the taxpayer.

10 (2) If the CEO has reasonable grounds to believe that a taxpayer may leave
11 the State without paying tax due, the CEO may issue a certificate containing those
12 grounds and the particulars of the tax due to the Attorney General and request the
13 Attorney General to enjoin the taxpayer from leaving the State until the taxpayer -

14 (a) makes payment of the tax due in full; or

15 (b) makes an arrangement satisfactory to the CEO for payment of the
16 tax due.

17 (3) The CEO must serve a copy of a certificate issued under subsection (2) on
18 the taxpayer named in the certificate if it is practicable to do so.

19 (4) Payment of the tax specified in the certificate to an immigration officer or
20 the production of a certificate signed by the CEO stating that the tax has been paid or
21 satisfactory arrangements for payment have been made is sufficient authority for
22 allowing the taxpayer to leave the State.

23 **Section 248. Temporary Closure of Business**

24 (1) If a taxpayer fails to pay VAT or other State tax on or before the due date,
25 the CEO or revenue officer authorized by the CEO, for the purposes of this section may,
26 notify the taxpayer in writing of the intention to close down part or the whole of the
27 taxpayer's business unless the taxpayer pays the tax due within seven days of the date of
28 the notice.

1 (2) If a taxpayer fails to comply with a notice under subsection (1), the CEO
 2 or authorized officer may issue an order to close down part or the whole of the business
 3 of that person for a period not exceeding 14 days.

4 (3) The CEO or authorized officer may, at any time, enter any premises
 5 described in an order issued under subsection (2) for the purposes of executing the order
 6 and shall require a police officer to be present while the order is being executed.

7 (4) The CEO or authorized officer shall affix, in a conspicuous place on the
 8 front of the premises of the business or part of the business which has been closed under
 9 an order issued under subsection (2), a notice in the following words "CLOSED
 10 TEMPORARILY FOR NOT COMPLYING WITH TAX OBLIGATIONS BY ORDER
 11 OF THE CEO OF THE UNIFIED REVENUE AUTHORITY UNDER SECTION 248
 12 OF THE STATE REVENUE ADMINISTRATION ACT".

13 (5) If the tax due is paid in full within the period of closure, or a satisfactory
 14 arrangement is reached with the CEO with respect to payment of the tax, the order issued
 15 under subsection (2) ceases to have effect and the CEO must immediately arrange for
 16 removal of the notice referred to in subsection (4).

17 **Subchapter VI: Levy and Execution**

18 **Section 251. Tax as Lien on Property**

19 (1) If any taxpayer neglects or refuses to pay or collect and pay any tax that is
 20 due after assessment or demand for payment as provided in this Act, the amount of the
 21 tax shall be a lien in favor of the Authority on all the property of that taxpayer as allowed
 22 hereunder.

23 (2) The lien imposed by subsection (1) of this section shall arise at the time that
 24 the assessment or demand has been made as provided in this Act, and shall continue until
 25 the liability for payment of the amount assessed or demanded is satisfied or extinguished.

26 (3) As against any mortgagee, pledgee, purchaser, judgment creditor, lien or
 27 other encumbrance for value, the lien imposed by subsection (1) shall not be considered
 28 to have arisen or have any effect whatever unless notice of the lien has been filed.
 29 Against all subsequently arising interests, the lien shall have priority.

1 (4) The notice of lien must be filed in the court of competent jurisdiction in the
2 State in which the property is located and a copy thereof sent by certified or registered
3 mail to the taxpayer not less than 45 days after the assessment or demand for payment as
4 provided in this Act. The notice of lien:

5 (a) shall identify the taxpayer whose liability for taxes is sought to be
6 enforced, the type or nature of the tax, the amount of the tax due on the date that the
7 notice is filed plus any penalty or interest that may be chargeable, the date or approximate
8 date on which the tax became due, and the date on which the assessment or demand for
9 payment was delivered or mailed; and

10 (b) shall state (i) that the Authority claims a lien for the entire amount
11 of tax asserted to be due, including applicable interest and penalties, and including any
12 additional amounts that may become due after the notice is filed, and (ii) that the lien
13 may result in levy and sale of the property if the amounts asserted to be due are not paid
14 in full.

15 (5) Notwithstanding any other provision of this Act, the following described
16 property shall be exempt from the taking of liens and subsequent attachment and
17 execution as imposed under this Act:

18 (a) *Personal and household goods.* All necessary household furniture,
19 cooking and eating utensils, and all necessary wearing apparel, bedding, and provisions
20 for household use sufficient for four months;

21 (b) *Necessities for trade or occupation.* All tools, implements, utensils,
22 work animals and vehicles that are not used for personal transportation, including travel
23 from residence to place of employment and return thereto, and equipment necessary to
24 enable the person against whom the attachment or execution is issued to carry on his
25 usual occupation; and

26 (c) *Certain Interests in land.* All interests in land, exclusive of
27 leasehold interests, except where such interests can be shown to have been acquired to
28 avoid attachment or execution with respect to the cause of action to which the attachment
29 or execution is ordered, or where attachment or execution against such interest in land is

1 specifically permitted under a real property mortgage statute or real property deed of trust
2 statute for the State in which the interest is located.

3 **Section 252. Warrant for collection of tax; issuance; effect; levy and sale.**

4 (1) If, within thirty (30) day's time following filing of the notice of lien pursuant to
5 section 251, the delinquent taxpayer fails or refuses to pay all sums secured by the same,
6 or to enter into other arrangements for the payment of the same, as provided in this Act,
7 the Authority may issue a tax warrant for the enforcement of such lien and for the
8 collection of any tax secured by the lien. Upon issuing the tax warrant, any property of
9 the delinquent taxpayer, authorized by the tax warrant for attachment or execution, may
10 be levied and converted to money in accordance with this Act.

11 (2) A levy shall be executed by taking possession of the taxpayer's property pursuant
12 to authority contained in the tax warrant or by serving the warrant upon the taxpayer,
13 upon any other person in possession of property of the taxpayer, or upon any person or
14 depository, including any officer or employee of any governmental entity, subdivision or
15 agency, who owes or who will owe money to the taxpayer, who is holding funds of the
16 taxpayer, and ordering him to reveal the extent thereof and surrender it to the State
17 forthwith or agree to surrender it or the proceeds therefrom in the future, but, in any case,
18 on the terms and conditions stated in the tax warrant.

19 (3) The tax warrant shall be directed to and executed by the Attorney General.
20 Except as provided otherwise by this Act, the tax warrant shall be levied and the sale or
21 other disposal made in the same manner and with the same effect as a levy and sale under
22 a writ of execution.

23 (4) A tax warrant shall:

- 24 (a) bear on its face a statement of the authority for its issuance;
- 25 (b) identify the taxpayer whose liability for taxes is sought to be
26 enforced, the amount thereof, and the date or approximate date on which the tax became
27 due;
- 28 (c) state that the Authority claims a lien for the entire amount of tax
29 asserted to be due, including applicable interest and penalties;

1 (d) order the person on whom it is served to reveal all property in his
2 possession, custody or control that belongs to the taxpayer and the extent of his own
3 interest therein; and to reveal the amount and kind of property of the taxpayer that, to the
4 best of his knowledge, is in the possession, custody or control of others;

5 (e) order the person on whom it is served to surrender the property
6 forthwith, but may allow him to agree, in writing, to surrender the property or the
7 proceeds therefrom on a certain date in the future when the taxpayer's right to it would
8 otherwise mature;

9 (f) state on its face the penalties for willful failure by any person upon
10 whom it is served to comply with its terms; and

11 (g) be attested to under oath by the CEO.

12 (5) Whenever any property upon which levy has been made by virtue of a tax
13 warrant is not sufficient to satisfy the claim for which levy is made, the CEO, thereafter,
14 and as often as may be necessary, may proceed in like manner to obtain tax warrants
15 upon any other property of the taxpayer against whom the claim exists, until the amount
16 due from the taxpayer is fully paid.

17 **Section 253. Surrender of property subject to levy; penalty and notice.**

18 (1) Upon receipt of a tax warrant issued pursuant to section 252, any person in
19 possession or control of property subject to levy under the tax warrant shall immediately
20 surrender the property or discharge the obligation to the CEO, but not that part of the
21 property that is already the subject of a bona fide attachment, execution, levy or other
22 similar process.

23 (2) Any person who receives a tax warrant and wrongfully fails or refuses to
24 comply therewith shall be liable in his own person and estate to the Authority in a sum
25 equal to the value of the property not so surrendered or paid over, but not exceeding the
26 amount of the taxes for the collection of which such levy has been made, together with
27 penalties and interest on such sum from the date of such levy, plus the costs of executing
28 the warrant.

1 (3) As soon as practicable after the levy, the CEO shall notify the taxpayer of the
2 amount and kind of property seized and of the total amount demanded in payment of tax.

3 **Section 254. Notice of sale; redemption.**

4 (1) As soon as practicable after the levy and seizure of the property pursuant to
5 section 252, the CEO shall decide on a date, time and place for the sale of any property,
6 excepting cash or liquid deposits, which may be immediately applied pursuant to section
7 256, and shall make a diligent inquiry as to the identity and whereabouts of the owner of
8 the property and persons having an interest therein, and shall notify the owner and such
9 persons of the time and place for the sale.

10 (2) Notice of the sale must be given to the delinquent taxpayer, in writing, at least
11 thirty (30) days before the date set for the sale. Such notice shall contain a description of
12 the property to be sold, a statement of the amount due, including interest, penalties and
13 costs, the name of the delinquent taxpayer, and a statement that, unless the amount due
14 plus interest, penalties and costs are paid on or before the time fixed in the notice for the
15 sale, the property, or so much of it as is necessary, will be sold in accordance with law
16 and the notice.

17 (3) No sale of imperishable property shall be held until after the expiration of
18 thirty (30) days from the date of the levy thereon, provided that perishable property may
19 be sold immediately after seizure without notice of the sale. The CEO shall make special
20 efforts pursuant to rules and regulations to give notice of the sale to persons with a
21 particular interest in special property, and, apart from the requirements stated above, shall
22 advertise the sale in a manner appropriate to the kind of property to be sold.

23 (4) If any property of the taxpayer subject to levy cannot be reasonably divided
24 so as to enable the CEO to sell a part thereof to raise the whole amount of the tax and
25 expenses, the whole of the taxpayer's interest in the property shall be sold.

26 (5) The levy and sale shall not be made, or the levy and sale shall be terminated
27 and released if the taxpayer pays the entire amount due, furnishes security, or makes
28 other arrangements for payment that are acceptable to the CEO as provided in this Act.
29 Upon making such payment or arrangements the CEO shall restore the property to the

1 taxpayer, and all further proceedings in connection with the levy and sale of the property
2 shall cease from the time of the payment or signing of an agreement with the Authority.

3 **Section 255. Sale; delivery of bill of sale; disposition of unsold portion.**

4 (1) Except as provided in subsection (4) of this section, the Authority shall sell the
5 property, excluding cash and liquid deposits, at a public auction and in accordance with
6 the notice of sale, and shall deliver to the purchaser a bill of sale for the property sold.

7 (2) Except as provided in subsection (4) of this section, payment must be in full,
8 in cash or its equivalent, and made immediately after the acceptance of a bid for the
9 property.

10 (3) The unsold portion of any property seized may be left at the place of sale at
11 the risk and cost of the delinquent taxpayer.

12 (4) The foregoing notwithstanding, stocks, bonds, certificates of deposit,
13 promissory notes or other securities which have a specific value or prevailing market
14 price may be sold by the Authority at a private sale at a price not lower than the specific
15 price or prevailing market price, or may otherwise be liquidated to their cash value in
16 accordance with the regulations promulgated by the CEO. No such liquidation may
17 occur sooner than the date scheduled for the sale as stated in the notice.

18 **Section 256. Proceeds of levy and sale.**

19 (1) Money realized by levy or sale under this act shall be first applied against the
20 expenses of the proceedings.

21 (2) The amount remaining, if any, then shall be applied to the liability for the tax,
22 interest and penalties for which the levy was pursued.

23 (3) Except as provided in subsection (4) of this section, the balance, if any, shall
24 be returned to the taxpayer or the person legally entitled thereto and a receipt obtained.

25 (4) If, before the sale, any person having an interest in or lien upon the property
26 files with the Authority notice of his interest or lien, the Authority shall withhold any
27 excess, pending a determination of the rights of the respective parties to it by a court of
28 competent jurisdiction.

1 **Subchapter VII: Record Keeping and Information Collection**

2 **Section 261. Accounts and Records**

3 (1) Every taxpayer must, for the purposes of a revenue law, maintain in the
4 State such accounts, documents, and records (including in electronic form) as may be
5 required under the revenue law and such accounts, documents, and records must be
6 retained by the taxpayer for six years after the end of the tax period to which they relate.

7 (2) If any accounts, documents, or records referred to subsection (1) are not in
8 English, the CEO may, by notice in writing, require the person keeping the accounts,
9 documents, or records to provide, at the person's expense, a translation into English by a
10 translator approved by the CEO.

11 **Section 262. Power to Enter and Search**

12 (1) For the purposes of administering a revenue law, the CEO or a revenue
13 officer authorized by the CEO, in writing, for the purposes of this section --

14 (a) must have, upon presentation of a warrant issued by a court of
15 competent jurisdiction, full and free access to any premises, place, property, book, record,
16 or data storage device;

17 (b) may, upon presentation of a warrant issued by a court of competent
18 jurisdiction, make an extract or copy of any accounts, documents, books, or records
19 (including in electronic form) to which access is obtained under paragraph (a);

20 (c) may, upon presentation of a warrant issued by a court of competent
21 jurisdiction, seize any accounts, documents, books, or records that, in the opinion of the
22 CEO or authorized officer, affords evidence that may be material in determining the tax
23 liability of a taxpayer;

24 (d) may retain any accounts, documents, books, or records seized
25 under paragraph (c) for as long as they may be required for determining a taxpayer's tax
26 liability or for any proceeding under a revenue law; and

27 (e) may, if a hard copy or copy on data storage media of information
28 stored on a data storage device is not provided, seize and retain the device for as long as
29 is necessary to copy the information required.

1 (2) A revenue officer is not entitled to enter or remain on any premises or
2 place if, upon request by the owner or lawful occupier, the officer is unable to produce
3 the CEO's written authorization permitting the officer to exercise powers under
4 subsection (1).

5 (3) The CEO or authorized officer may require a police officer to be present
6 for the purposes of exercising powers under this section.

7 (4) Upon presentation by the CEO or authorized officer of a warrant issued by
8 a court of competent jurisdiction, the owner or lawful occupier of the premises or place to
9 which an exercise of power under subsection (1) relates must provide all reasonable
10 facilities and assistance to the CEO or authorized officer.

11 (5) A person whose accounts, documents, books, or records have been seized
12 under subsection (1) may examine them and make copies, at the person's expense, during
13 office hours.

14 (6) A person whose data storage device has been seized under subsection (1)
15 may have access to the device during office hours on such terms and conditions as the
16 CEO or authorized officer may specify.

17 (7) The CEO or authorized officer must sign for all accounts, documents,
18 books, records, or data storage devices removed and retained under this section and
19 return them to the owner within 14 days of the conclusion of the investigation to which
20 they relate and all related proceedings.

21 (8) This section has effect notwithstanding --

22 (a) any law relating to privilege or the public interest with respect to
23 the giving of information or the production of any property, accounts, documents, books,
24 or records (including in electronic form); or

25 (b) any contractual duty of confidentiality.

26 **Section 263. Administrative Summons**

27 (1) The CEO may, for the purposes of administering any revenue law, by
28 notice in writing, require any person --

29 (a) to furnish such information as the CEO may require;

1 (b) to attend and give evidence concerning that person's or any other
2 person's tax affairs; or

3 (c) to produce all accounts, books, documents, and records (including
4 in electronic form) in the person's custody or under the person's control relating to that
5 person's or any other person's tax affairs.

6 (2) If a notice served under subsection (1) requires the production of accounts,
7 books, documents, or records (including in electronic form), it is sufficient if such
8 accounts, books, documents, or records are described in the notice with reasonable
9 certainty.

10 (3) A notice issued under this section must be served personally upon the
11 person to whom it is directed or left at the person's last known usual place of business or
12 abode and the certificate of service signed by the person serving the notice is conclusive
13 evidence of the facts stated therein.

14 (4) The CEO may require the information or evidence referred to in
15 subsection (1) to be given on oath, verbally or in writing, and, for that purpose, the CEO
16 may administer the oath.

17 (5) This section has effect notwithstanding –

18 (a) any law relating to privilege or the public interest with respect to
19 the giving of information or the production of any property, accounts, documents, books,
20 or records (including in electronic form); or

21 (b) any contractual duty of confidentiality.

22 **Section 264. Audit of Taxpayer's Tax Affairs**

23 (1) The CEO may select any taxpayer for an audit of the taxpayer's tax affairs
24 for the purpose of a revenue law having regard to –

25 (a) the taxpayer's history of compliance or non-compliance with the
26 revenue law or any other revenue law;

27 (b) the amount of tax payable by the taxpayer;

28 (c) the class of business conducted by the taxpayer; or

1 (d) any other matter that the CEO considers relevant to ensuring the
2 collection of tax due.

3 (2) The fact that a taxpayer has been audited in relation to a tax period does
4 not preclude the taxpayer from being audited again in the relation to the next and
5 following tax periods if there are reasonable grounds for the audits, particularly having
6 regard to the matters referred to in subsection (1).

7 (3) An audit of a taxpayer's tax affairs may be conducted for the purposes of
8 more than one revenue law.

9 **Section 265. Taxpayer Identification Numbers**

10 The CEO may assign or cancel a Taxpayer Identification Number respecting a
11 taxpayer pursuant to the FSM Revenue Administration Act.

12 **Section 266. Quotation of Taxpayer Identification Number**

13 The CEO may require a taxpayer to state the taxpayer's Taxpayer Identification
14 Number in any tax return, notice, or other document used for the purposes of any revenue
15 law.

16 **Subchapter VIII: Representatives**

17 **Section 271. Liabilities and Obligations of Representatives**

18 (1) Every representative of a taxpayer is responsible for performing any duties
19 or obligations imposed by a revenue law on the taxpayer, including the payment of tax.

20 (2) A representative making a payment of tax on behalf of a taxpayer is
21 treated as acting under the authority of the taxpayer and is hereby indemnified in respect
22 of the payment.

23 (3) Subject to subsection (4), any tax that, by virtue of subsection (1), is
24 payable by a representative of a taxpayer is recoverable from the representative only to
25 the extent of any assets of the taxpayer that are in the possession or under the control of
26 the representative.

27 (4) Subject to subsection (5), a representative is personally liable for the
28 payment of any tax due by the representative in that capacity if, while the amount
29 remains unpaid, the representative disposes of or parts with any moneys or funds

1 belonging to the taxpayer that are in the possession of the representative or which come
2 to the representative after the tax is payable, if such tax was required by law to have been
3 paid from or out of such moneys or funds.

4 (5) Nothing in subsection (3) prevents a representative paying an amount on
5 behalf of a taxpayer that has priority over the revenue payable by the taxpayer

6 (6) If there are two or more representatives of a taxpayer, the duties or
7 obligations referred to in this section apply jointly and severally to the representatives but
8 may be discharged by any of them.

9 (7) Nothing in this section relieves a taxpayer from performing any duties or
10 obligations imposed on the taxpayer under a revenue law that the representative of the
11 taxpayer has failed to perform.

12 (8) The amount that a representative is liable for under subsection (4) is
13 treated as if it were tax payable by the representative for the purposes of Subchapters V
14 and VI, and section 291.

15 **Section 272. Liability for Tax Payable by a Company Left with Insufficient**
16 **Assets**

17 (1) This section applies if an arrangement has been entered into with the
18 intention of rendering a company unable to satisfy a current or future tax liability under a
19 revenue law.

20 (2) Subject to subsection (3), if this section applies, every person who was a
21 director or controlling shareholder of the company at the time the arrangement was
22 entered into is jointly and severally liable for the tax liability of the company.

23 (3) The amount that a person is liable for under subsection (2) is treated as if
24 it were tax payable by the person for the purposes of Subchapters V and VI, and section
25 291.

26 (4) A director of a company is not liable under this section for the tax liability
27 of the company if the CEO is satisfied that the director derived no financial or other
28 benefit from the arrangement and --

1 (a) the director has on becoming aware of the arrangement, formally
2 recorded with the company his or her dissent and notified the CEO, in writing, of the
3 arrangement; or

4 (b) the director satisfies the CEO that, at the time the arrangement was
5 entered into –

6 (i) the director was not involved in the executive management
7 of the company; and

8 (ii) the director had no knowledge of, and could not reasonably
9 have been expected to know of the arrangement.

10 (5) For the purposes of this section, a controlling shareholder of a company is
11 any person who beneficially holds, either alone or together with an associate or associates

12 (a) more than fifty per cent (50%) of the voting rights in the company;

13 (b) more than fifty per cent (50%) of the rights to dividends; or

14 (c) more than fifty per cent (50%) of the rights to capital.

15 **Subchapter IX: Rulings**

16 **Section 281. Binding Public Rulings**

17 (1) The CEO may make a public ruling in accordance with section 282 setting
18 out the CEO's interpretation on the application of a revenue law.

19 (2) A public ruling made in accordance with section 282 is binding on the
20 CEO until withdrawn.

21 (3) A public ruling is not binding on a taxpayer.

22 **Section 282. Making a Public Ruling**

23 (1) The CEO shall print and maintain a gazette of public rulings to be made
24 available free of charge to the public. The CEO shall make a public ruling by publishing
25 a notice of the ruling in such gazette.

26 (2) A public ruling must state that it is a public ruling and have a number and
27 subject heading by which it can be identified.

28 (3) A public ruling applies from the date specified in the ruling and if no date
29 is specified, from the date of publication in the gazette identified in subsection (1).

Section 283. Withdrawal of a Public Ruling

(1) The CEO may withdraw a public ruling, in whole or part, by publishing notice of the withdrawal in the gazette identified in section 282.

(2) If legislation is passed, or the CEO makes another public ruling, that is inconsistent with an existing public ruling, the existing ruling is treated as withdrawn to the extent of the inconsistency.

(3) The withdrawal of a public ruling, in whole or part, has 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 gazette; or

(b) if subsection (2) applies, from the effective date of the inconsistent legislation or public ruling.

(4) A public ruling that has been withdrawn in whole or in part –

(a) continues to apply to a transaction commenced before the public ruling was withdrawn; and

(b) does not apply to a transaction commenced after the ruling was withdrawn to the extent that the ruling is withdrawn.

Section 284. Binding Private Rulings

(1) Subject to section 285, the CEO shall, upon application in writing by a taxpayer, issue to the taxpayer a private ruling setting out the CEO's position regarding the application of a revenue law to a transaction entered into, or proposed to be entered into, by the taxpayer.

(2) If the taxpayer has made a full and true disclosure of all aspects of the transaction relevant to the making of a private ruling and the transaction has proceeded in all material respects as described in the taxpayer's application for the ruling, the ruling is binding on the CEO in relation to the taxpayer.

(3) A private ruling is not binding on the taxpayer to whom it is issued.

(4) If a private ruling is inconsistent with an existing public ruling, the private ruling has priority to the extent of the inconsistency.

1 **Section 285. Refusing an Application for a Private Ruling**

2 (1) The CEO may refuse an application for a private ruling if –

3 (a) the CEO has already decided the matter that is the subject of the
4 application in a tax assessment;

5 (b) The CEO is of the opinion that an existing public ruling adequately
6 covers the matter that is the subject of the application;

7 (c) the application relates to a matter that is the subject of a tax audit
8 or an objection;

9 (d) the application is frivolous or vexatious;

10 (e) the arrangement to which the application relates has not been
11 carried out and there are reasonable grounds to believe that it will not be carried out;

12 (f) the applicant has not provided the CEO with sufficient information
13 to make a private ruling; or

14 (g) in the opinion of the CEO, it would be unreasonable to comply
15 with the application having regard to the resources needed to comply and any other
16 matters the CEO considers relevant, such as disadvantage to other taxpayers.

17 (2) The CEO shall serve the applicant with a written notice of the refusal to
18 make a private ruling.

19 **Section 286. Making a Private Ruling**

20 (1) The CEO must make a private ruling unless section 285 applies.

21 (2) The CEO makes a private ruling by serving written notice of the ruling on
22 the applicant.

23 (3) The CEO may make a private ruling on the basis of assumptions about a
24 future event or other matter as considered appropriate.

25 (4) A private ruling must set out the matter ruled on, identifying –

26 (a) the taxpayer;

27 (b) the revenue law relevant to the ruling;

28 (c) the tax period to which the ruling applies;

29 (d) the arrangement to which the ruling relates; and

1 (e) any assumptions on which the ruling is based.

2 (5) A private ruling is made at the time the applicant is served with notice of
3 the ruling and remains in force for the period specified in the ruling.

4 (6) The making of a private ruling is not a tax decision for the purposes of this
5 Act.

6 **Section 287. Withdrawal of a Private Ruling**

7 (1) The CEO may, for reasonable cause, withdraw a private ruling, in whole
8 or part, by written notice served on the applicant.

9 (2) If legislation is passed, or the CEO publishes a public ruling, that is
10 inconsistent with a private ruling, the private ruling is treated as withdrawn to the extent
11 of the inconsistency.

12 (3) The withdrawal of a private ruling, in whole or part, has effect –

13 (a) if subsection (1) applies, from the date specified in the notice of
14 withdrawal; or

15 (b) if subsection (2) applies, from the date of application of the
16 inconsistent legislation or public ruling.

17 (4) A private ruling that has been withdrawn –

18 (a) continues to apply to a transaction commenced before the ruling
19 was withdrawn; and

20 (b) does not apply to a transaction commenced after the ruling was
21 withdrawn to the extent that the ruling is withdrawn.

22 (5) A decision to withdraw a private ruling is not a tax decision for the
23 purposes of this Act.

24 **Section 288. Publication of Private Rulings**

25 The CEO shall include in the gazette or other publication referred to in section
26 282(1) an edited version of a binding private ruling issued to a taxpayer. The edited
27 version must not disclose the identity of the taxpayer.

28 **Subchapter X: Interest, Penalties, Offenses and Others**

Section 291. Late Payment Interest

(1) A person who fails to pay any tax due on or before the due date for payment is liable for late payment interest at the rate of six percent per annum on the amount unpaid calculated from the date the payment was due to the date the payment is made.

(2) Late payment interest paid by a person under subsection (1) must 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 an amount referred to in section 243(7), 244(14), or 271(8) payable by the person, is borne personally by the person and is not recoverable from any other person.

(4) Late payment interest payable under this section is simple interest.

(5) Late payment interest payable under this section is treated as tax payable by a taxpayer for the purposes of Subchapter V and sections 271.

(6) Late payment interest payable under this section is in addition to any penalty or sanction imposed under this Subchapter.

Section 292. Penalties

There shall be the following tax penalties:

(a) Penalty for Failure to File a Tax Return or Lodge Other Document.

(1) A person who fails to file a tax return or lodge any other document as required under any revenue law is liable --

(i) in the case of a failure to file a tax return under which tax is payable, for a penalty of 1% of the amount of tax payable under the return for each month or part month that the return remains unfiled; or

(ii) in any other case, for a penalty of \$10 for each day of default.

(2) A taxpayer served with a notice of assessment by the CEO under section 222 is liable for a penalty of 25 percent of the tax assessed (taking into account

1 any subsequent amendment of the assessment) in addition to the penalty imposed
2 under item (a)(1)(i).

3 (3) For the purposes of item (a)(1)(ii), a person ceases to be in default
4 at the time the document is received by the CEO.

5 (b) **Penalty for Failure to Pay Tax By Due Date**

6 (1) A taxpayer who fails to pay tax when due is liable for a penalty
7 equal to 10 percent of the amount of tax due for each month, or part of a month, that the
8 tax remains unpaid subject to a maximum penalty of 100 percent of the unpaid tax.

9 (2) The penalty imposed under paragraph (b)(1) is in addition to
10 interest payable under section 291 for late payment of tax. The ceiling on the amount of
11 penalty payable under paragraph (b)(1) does not apply to or take into account interest
12 payable under section 291.

13 (3) The reference to "tax" in paragraph (b)(1) does not include
14 penalty.

15 (c) **Penalty for Failure to Maintain Proper Records**

16 A taxpayer who fails to maintain accounts, documents, or records as required
17 under a revenue law is liable –

18 (1) if the failure was knowingly or recklessly made, for a penalty equal
19 to 50 percent of the amount of tax payable by the taxpayer for the tax period to which the
20 failure relates; or

21 (2) in any other case, for a penalty equal to ten percent of the amount
22 of tax payable by the taxpayer for the tax period to which the failure relates.

23 (d) **Penalty for Making False or Misleading Statement**

24 (1) This section applies to a person –

25 (i) who makes a statement to a revenue officer that is false or
26 misleading in a material particular or omits from a statement made to a revenue officer
27 any matter or thing without which the statement is false or misleading in a material
28 particular; and

1 (ii) the tax liability of any person computed on the basis of the
 2 statement is less than it would have been if the statement had not been false or misleading
 3 (the difference being referred to as the “tax shortfall”).

4 (2) Subject to paragraph (3), a person to whom this subsection applies
 5 is liable –

6 (i) if the statement or omission was made knowingly or
 7 recklessly, for a penalty equal to 50 percent of the tax shortfall; or

8 (ii) in any other case, for a penalty equal to ten percent of the
 9 tax shortfall.

10 (3) No penalty is payable under paragraph (2) if –

11 (i) the person who made the statement did not know and could
 12 not reasonably be expected to know that the statement was false or misleading in a
 13 material particular; or

14 (ii) the tax shortfall arose as a result of a self-assessment
 15 taxpayer taking a reasonably arguable position on the application of a revenue law to the
 16 taxpayer’s circumstances in filing a self-assessment return.

17 (4) Nothing in paragraph (3) prevents the imposition of late payment
 18 interest under section 291 in respect of a tax shortfall if the tax is not paid by the due
 19 date.

20 (5) A reference in this subsection to a statement made to a revenue
 21 officer means a statement made in writing or orally to a revenue officer acting in the
 22 performance of the officer’s duties under a revenue law, and includes a statement made -

23 (i) in any application, certificate, declaration, notification, tax
 24 return, objection, or other document furnished or lodged under a revenue law;

25 (ii) in any information required to be furnished under a revenue
 26 law;

27 (iii) in any document furnished to a revenue officer;

28 (iv) in answer to a question asked of a person by a revenue
 29 officer; or

1 (v) to another person with the knowledge or reasonable
 2 expectation that the statement would be passed on to a revenue officer.

3 **Section 293. Collection of Penalty**

4 (1) A liability for penalty is calculated separately with respect to each section
 5 imposing penalty under this Subchapter.

6 (2) If a penalty has been paid under this Act and the CEO institutes a
 7 prosecution this Subchapter in respect of the same act or omission, the CEO must refund
 8 the amount of the penalty paid, and no penalty is payable unless the prosecution is
 9 withdrawn.

10 (3) The CEO must –

11 (a) make an assessment of penalty imposed under this Subchapter; and

12 (b) serve a notice of the assessment on the person subject to the
 13 penalty, which notice must state the amount of penalty payable and the due date for
 14 payment.

15 (4) A person liable to pay a penalty may apply, in writing, to the CEO for
 16 remission of the penalty payable.

17 (5) The CEO may, upon application under subsection (4) or on the CEO's
 18 own motion, remit, in whole or in part, any penalty payable by a person.

19 **Section 294. Offenses**

20 The following shall be offenses:

21 (a). **Offense for Failure to File Tax Return** A taxpayer who,
 22 without reasonable excuse, fails to file a tax return by the due date shall be guilty
 23 of an offense and, upon conviction thereof, shall be subject to a fine not less than
 24 \$100 and not exceeding \$500, or, if a natural person, imprisoned for not more
 25 than six months, or both.

26 (b). **Offense for Failure to Comply with Obligations under this Act**

27 A person -

28 (1) who fails to -

29 (i) comply with section 243;

1 (ii) comply with a notice served on the person under section
2 244;

3 (iii) provide security as required under section 246;

4 (iv) provide facilities and assistance as required by section
5 262(4); or

6 (v) to comply with a notice under section 263; or

7 (2) knowing that a certificate has been issued under section 247(2)
8 leaves or attempts to leave the State without paying the tax due or making an
9 arrangement satisfactory to the CEO for payment, is guilty of an offense and, upon
10 conviction thereof, shall be subject to a fine not less than \$100 and not exceeding \$500,
11 or, if a natural person, imprisoned for not more than six months, or both.

12 (c). **Offense for Failure to Maintain Proper Records.** (1) A
13 taxpayer who intentionally, knowingly or recklessly fails to maintain accounts,
14 documents, or records as required under a revenue law is guilty of an offense and,
15 upon conviction thereof, shall be subject to a fine not less than \$200 and not
16 exceeding \$1,000, or, if a natural person, imprisoned for not more than one year,
17 or both.

18 (2) The State business license and foreign investment permit of the
19 taxpayer convicted of an offense under this subsection shall be subject to revocation
20 under the State Business License Act and the Foreign Investment Permit Act.

21 (d). **Offense for Improper Use of Taxpayer Identification Number**

22 (1) A person who knowingly uses a false Taxpayer Identification Number on any
23 tax return or document prescribed or used for the purposes of a revenue law is
24 guilty of an offense and, upon conviction thereof, shall be subject to a fine not
25 less than \$200 and not exceeding \$1,000, or, if a natural person, imprisoned for
26 not more than one year, or both.

27 (2) A person who uses the Taxpayer Identification Number of another
28 person is treated as having used a false Taxpayer Identification Number, unless the

1 Taxpayer Identification Number has been used with the permission of that other person
2 on a document relating to the tax affairs of that other person.

3 (3) A person who fails to apply for cancellation of the person's Taxpayer
4 identification Number as required under section 266 is guilty of an offense and, upon
5 conviction thereof, shall be subject to a fine not less than \$100 and not exceeding \$500.

6 **(e). Offense for Making False or Misleading Statement** (1) A person
7 who intentionally, knowingly or recklessly --

8 (i) makes a statement to a revenue officer that is false or
9 misleading in a material particular; or

10 (ii) omits from a statement made to a revenue officer any
11 matter or thing without which the statement is false or misleading in a material particular
12 is guilty of an offense and, upon conviction thereof, shall be subject to a fine not less than
13 \$500 and not exceeding \$50,000, or, if a natural person, imprisoned for not more than
14 one year, or both.

15 (2) Section 292(d)(5) applies in determining whether a person has
16 made a statement to a revenue officer.

17 **(f). Offense for Obstruction of Revenue Officer** A person who
18 purposefully and unlawfully impedes, interferes with, or obstructs a revenue
19 officer in the performance of duties under any revenue law is guilty of an offense
20 and, upon conviction thereof, shall be subject to a fine not less than \$200 and not
21 exceeding \$1,000, or, if a natural person, imprisoned for not more than one year,
22 or both.

23 **(g). Offense for Aiding or Abetting a Taxation Offense** A person who
24 aids, abets, assists, incites, or induces another person to commit an offense under
25 a revenue law (referred to as the "principal offense") is guilty of an offense and,
26 upon conviction thereof, shall be liable for the same penalty as imposed for the
27 principal offense.

28 **(h). Offense Relating to Seized Goods or Temporarily Closed Premises**
29 A person who intentionally or knowingly --

1 (1) takes any goods that have been seized under section 245 or that are
 2 the subject of a warrant under subchapter VI or that are in premises the subject of an
 3 order under section 248; or

4 (2) before or at or after any seizure of goods under section 245 or
 5 proceedings under subchapter VI, staves, breaks or destroys any goods, or documents
 6 relating to any goods, to prevent –

7 (i) the seizure or the securing of the goods; or

8 (ii) the proof of an offense; or

9 (3) enters premises the subject of an order under section 248 without
 10 the permission of the CEO shall be guilty of an offense and, upon conviction thereof,
 11 shall be subject to a fine not less than \$200 and not exceeding \$1,000, or, if a natural
 12 person, imprisoned for not more than one year, or both.

13 **(i). Offenses by Revenue Officers** (1) A revenue officer who directly
 14 or indirectly asks for, or takes in connection with any of the officer’s duties, any
 15 payment or reward whatsoever, whether pecuniary or otherwise, or promise or
 16 security for any such payment or reward, not being a payment or reward that the
 17 officer is lawfully entitled to receive, is guilty of an offense and, upon conviction
 18 thereof, shall be subject to a fine not less than \$500 and not exceeding \$50,000 or
 19 imprisoned for not more than one year, or both.

20 (2) A revenue officer who enters into or acquiesces in any agreement
 21 to –

22 (i) do any act or thing;

23 (ii) abstain from doing any act or thing;

24 (iii) permit or connive in the doing of any act or thing; or

25 (iv) conceal any act or thing,

26
 27 whereby the State Government is or may be defrauded of revenue, or that is contrary to
 28 the provisions of a revenue law or to the proper execution of the officer’s duty is guilty of

1 an offense and, upon conviction thereof, shall be subject to a fine not less than \$500 and
2 not exceeding \$50,000 or imprisoned for not more than one year, or both.

3 (3) A person who directly or indirectly offers or gives to a revenue
4 officer any payment or reward whatsoever, whether pecuniary or otherwise, or any
5 promise or security for any payment or reward, not being a payment or reward that the
6 officer is lawfully entitled to receive, is guilty of an offense and, upon conviction thereof,
7 shall be subject to a fine not less than \$500 and not exceeding \$50,000, or, if a natural
8 person, imprisoned for not more than one year, or both.

9 (4) A person who proposes or enters into any agreement with a
10 revenue officer in order to induce the officer to --

11 (i) do any act or thing;

12 (ii) abstain from doing any act or thing;

13 (iii) permit or connive in the doing of any act or thing; or

14 (iv) conceal any act or thing,

15 whereby the State Government is or may be defrauded of revenue, or that is contrary to
16 the provisions of a revenue law or to the proper execution of the officer's duty is guilty of
17 an offense and, upon conviction thereof, shall be subject to a fine not less than \$500 and
18 not exceeding \$50,000, or, if a natural person, imprisoned for not more than one year, or
19 both.

20 (5) For the purposes of this section, a revenue officer includes any
21 person employed or engaged by the Authority in any capacity, and includes a director or
22 former director of the Board, a member or former member of a committee of the Board, a
23 person invited to a Board or committee meeting, or a former officer or employee of the
24 Authority.

25 **(j). Offenses by Companies** (1) If an offense under a revenue law or
26 this Act is committed by a company, the offense is treated as having been
27 committed by every person who, at the time the offense was committed, was --

28 (i) the chief executive officer, public officer, managing
29 director, a director, company secretary, or other similar officer of the company; or

1 (ii) acting or purporting to act in that capacity.

2 (2) It is an affirmative defense that --

3 (i) the offense was committed without that person's consent or
4 knowledge; or

5 (ii) the person, having regard to the nature of the person's
6 functions and all the circumstances, had exercised reasonable diligence to prevent the
7 commission of the offense.

8 (k). **Court Order to Comply with Revenue Law** Upon conviction of a
9 person of an offense under this subchapter, the Court may, in addition to any
10 sanction it may impose for that offense, order the convicted person to do, within
11 the time specified in the order, the act that the person has failed, refused, or
12 neglected to do and, if the person fails to comply with the order, the person shall
13 be guilty of contempt of court and shall be subject to prosecution and punishment
14 under CSL 190-08, as amended.

15 **Section 295. (a). Forms and Notices; Authentication of Documents** (1) A
16 form, notice, tax return, statement, table, or any other document prescribed or published
17 by the CEO for the purposes of any revenue law may be in such form as the CEO
18 determines for the efficient administration of the revenue laws.

19 (2) The CEO must make the documents referred to in subsection (1)
20 available to the public at the offices of the Authority and at such other locations, or by
21 mail or such other means, as the CEO may determine.

22 (3) A notice or other document issued, served, or given by the CEO
23 under a revenue law is sufficiently authenticated if the name or Act of the CEO, or
24 authorized officer, is printed, stamped, or written on the document.

25 (b). **Manner of Lodging Documents** Except as provided in
26 subsection (d), a tax return, application, notice, or other document to be filed with
27 the CEO under the revenue law must be delivered by personal delivery or
28 registered post to an office of the Authority.

1 (c). Service of Notices (1) Subject to subsection (d) and except as
2 otherwise provided in a revenue law, a notice or other document required to be
3 served by the CEO on a person for the purposes of a revenue law is treated as
4 properly served on the person if --

5 (i) personally served on the person;

6 (ii) left at the person's usual or last known place of abode or
7 business in FSM; or

8 (iii) sent by registered post to the person's usual or last known
9 address in FSM.

10 (2) If a notice or other document is served by registered post, service
11 is, in the absence of proof to the contrary, deemed to have been effected at the time at
12 which the notice or other document would be delivered in the ordinary course of post,
13 and in proving such service it is sufficient to prove that the envelope containing the
14 notice or other document was properly addressed and was posted.

15 (3) If the person to whom a notice or other document has been sent by
16 registered post is informed of the fact that there is a registered letter awaiting the person
17 at a Post Office, and the person refuses or fails to take delivery of the letter, and the letter
18 consists of the notice or other document, service of the notice or other document is
19 deemed to have been effected.

20 (4) The validity of service of a notice under a revenue law cannot be
21 challenged after the notice has been wholly or partly complied with.

22 (5) The reference to "person" in this section includes the
23 representative of the person.

24 **Section (d).** Electronic Returns and Notices (1) The CEO may establish
25 and operate a procedure (referred to as the "electronic notice system") for electronic
26 filing of tax returns or other documents to the CEO and electronic service of notices and
27 other documents by the CEO and, for this purpose, the CEO may provide written
28 conditions for --

-
- 1 (i) the registration of taxpayers to participate in the electronic
2 notice system (referred to as “registered users”);
- 3 (ii) the issuing and cancellation of authentication codes to
4 registered users;
- 5 (iii) the tax returns and other documents that may be transmitted
6 through the electronic notice system, including the form and manner in which they are to
7 be transmitted;
- 8 (iv) the correction of errors in or amendments to electronic
9 returns or other documents;
- 10 (v) the use of the electronic notice system, including the
11 procedure applicable if there is a breakdown or interruption in the system;
- 12 (vi) the use in any electronic transmission of symbols, codes,
13 abbreviations, or other notations to represent any particulars or information required
14 under a revenue law; and
- 15 (vii) any other matters for the better provision of the electronic
16 notice system.
- 17 (2) A registered user may, in accordance with the conditions set by the
18 CEO under subsection (1), file a tax return or other document to the computer account of
19 the CEO.
- 20 (3) The CEO may, in accordance with the conditions set by the CEO
21 under subsection (1), serve a notice or other document to the computer account of a
22 registered user.
- 23 (4) If a tax return or other document of a registered user has been
24 transmitted to the computer account of the CEO using the authentication code assigned to
25 the registered user –
- 26 (i) either with or without the authority of the registered user;
27 and
- 28 (ii) before the registered user has applied to the CEO for
29 cancellation of the authentication code, the return or other document is, for the purposes

1 of the revenue law under which it has been filed, presumed to be filed by the registered
2 user unless the registered user proves to the contrary.

3 (5) For the purposes of a revenue law, an electronic tax return, notice,
4 or other document, or a copy thereof, shall not be ruled inadmissible in evidence merely
5 on the basis that it was filed or served without the filing or delivery of any equivalent
6 document or counterpart in paper form.

7 (6) If an electronic tax return, notice, or other document is admissible
8 under subsection (5), it is presumed that, until the contrary is proved, the contents of the
9 electronic return, notice, or other document have been accurately transmitted.

10 (7) Section 225 shall apply to

11 (i) an electronic tax assessment served by the CEO on the
12 basis that the reference in section 225(b) to a copy of a notice of a tax assessment
13 includes a certificate under the hand of the CEO identifying the tax assessment, and
14 stating the authentication code of the registered user and the device involved in the
15 production and transmission of the electronic tax assessment; and

16 (ii) an electronic tax return furnished by a registered user on
17 the basis that the reference in section 225(c) to a copy of a tax return includes a certificate
18 under the hand of the CEO identifying the tax return, and stating the authentication code
19 of the registered user and the device (if known) involved in the production and
20 transmission of the electronic tax return.

21 (8) A person furnishing an electronic tax return or other document on
22 behalf of another person must not divulge or disclose the contents of the return or
23 document, or a copy thereof, without the prior written consent of the CEO.

24 (9) A person who fails to comply with subsection (8) is guilty of an
25 offense and shall, upon conviction thereof, be subject to a fine not exceeding \$500 or
26 imprisoned for not more than six months, or both.

27 (e). **Due Date for Documents and Tax Payments** If the due date for --

28 (1) filing a tax return, application, notice, or other document;

29 (2) the payment of tax; or

1 (3) taking any other action under a revenue law,
2 is a Saturday, Sunday, or public holiday, the due date is the next following business day.

3 **Section 296. Regulations**

4 (1) The Director shall, subject to approval of the Governor, prescribe and
5 have printed necessary regulations for the enforcement of this Act and such regulations
6 shall have force and effect of law.

7 (2) The regulations shall, at a minimum, provide for matters required by this
8 Act to be prescribed by regulation.

9 **Section 297. Transitional**

10 (1) Subject to this section, this Act applies to any act or omission occurring,
11 or any taxation assessment made, before this Act came into force.

12 (2) Any appeal or prosecution commenced before this Act came into force
13 shall be continued and disposed of as if this Act had not come into force.

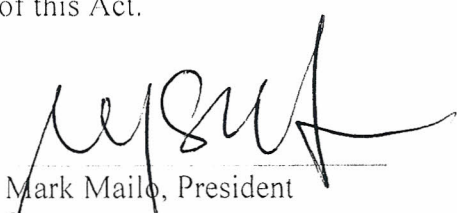
14 (3) If the period for any application, appeal, or prosecution had expired before
15 this Act came into force, nothing in this Act shall be construed as enabling the
16 application, appeal, or prosecution to be made under this Act by reason only of the fact
17 that a longer period is specified in this Act.

18 (4) Any tax liability that arose before this Act came into force may be
19 recovered under this Act, but without prejudice to any action already taken for the
20 recovery of the tax.

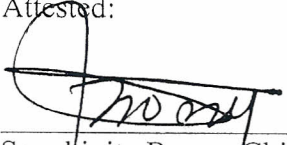
21 **Section 298. Effective Date**

22 This Act shall become law upon approval of the Governor, or upon its becoming
23 law without such approval, and shall take effect upon the commencement of tax
24 administration by the Authority pursuant to Section 204(2) of this Act.

Signed by:



Mark Mailo, President
Senate
Chuuk State Legislature

Attested:




Songkinita Bossy, Chief Clerk
Senate
Chuuk State Legislature

Date: 02/16/12



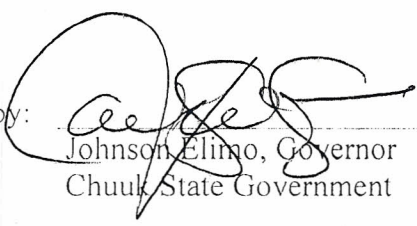
Signed by:
Innocente I. Oneisom, Speaker
House of Representatives
Chuuk State Legislature

Attested:



Florence P. Stanley, Chief Clerk
House of Representatives
Chuuk State Legislature

Date: 2/16/12



Approved by:
Johnson Elimo, Governor
Chuuk State Government

Date: 02/17/12

History : S.B.NO: 11-04;SD1;HD1
: S.S.C.R.NO: 11-1R-2S-01
: H.S.C.R.NO: 11-1R-2S-11