

AN ACT

To levy and collect state taxes, to provide penalties for non-payment of such taxes, to repeal Chapters 1, 5, 9, and 13 of Title 29 of the Truk State Code, and for other purposes.

Be it enacted by the Legislature of Truk State.

Section 1. Title. This Act shall be known and may be cited as the State Tax Act of 1984.

Section 2. Purpose. The purpose of this Act is to levy and collect state taxes in a manner to provide incentives for the exploitation, consumption, sale and export of natural resources of the State, and consistent with this purpose, to exempt the exploitation, consumption, sale and export of natural resources from taxation.

Section 3. Definitions. For the purpose of this Act:

1) "Unprocessed" means substantially in a natural state without having been added to or altered.

2) "Unpackaged" means that for sale to the customer the item to be sold is offered in bulk and not packaged in discrete sale units.

3) "Motor Vehicle" means any self propelled vehicle, including but not limited to automobiles, trucks, jeeps, motorcycles, buses, scooters, dumptrucks, and flatbeds other than heavy equipment.

4) "Boat" means any inboard and outboard motor boats and sailing boats.

5) "Heavy Equipment" means any heavy self propelled equipment including but not limited to dozers, cranes, roadgraders, rollers, backhoes, loaders, and such other related heavy machineries.

6) "Imported" means having been brought or carried into Truk from outside by any means.

Section 4. Excise Tax.

1) There is hereby levied an excise tax at the port of entry on items imported into the State of Truk at the following rates:

- a) beer and malt beverages:
 - i) thirty cents per container of twelve fluid ounces;
 - ii) fifteen cents for every four ounces or fraction thereof, of container of more than twelve fluid ounces;
- b) ten dollars and fifty cents per gallon of distilled beverages;
- c) one dollar and fifty cents per gallon of wine;
- d) five percent ad valorem of motor vehicles;
- e) thirty percent ad valorem of tobacco;
- f) twenty cents per twenty cigarettes;
- g) two cents per cigar, other than tobacco and cigarettes;

h) three percent ad valorem of other items.

2) This Section shall not apply to:

- a) items imported by a government agency or pursuant to a contract with a government agency when that contract expressly exempts the items from the excise tax and approved by the Governor;
- b) items in transit to outside of the State;
- c) medicine, baby food, unprocessed and unpackaged items;
- d) sacramental wines imported by religious institutions;
- e) items for personal use with total value of less than one hundred dollars.

Section 5. Room Occupancy Tax. There is hereby levied a tax of ten percent of the occupancy rate of a hotel, motel and apartment room.

Section 6. Motor Vehicle Rental Tax. There is hereby levied a tax of ten percent of the rental rate of a motor vehicle.

Section 7. Boat Rental Tax. There is hereby levied a tax of ten percent of the rental rate of a boat.

Section 8. Due Date. Taxes levied by this act shall attach upon the entry of an item into a port of entry of the State of Truk, the occupancy of a hotel, motel and apartment room, the rental of a motor vehicle and boat. All hotel, motel and apartment room occupancy taxes and all motor vehicle and boat rental taxes that attach during the month shall be paid to the Division of Revenue on or before the fifteen day of the succeeding month. All excise taxes shall be paid to the Division of Revenue prior to the release of the items from the port of entry, except as otherwise provided by regulation. The Chief of the Division of Revenue shall make allowances for payment of taxes outside the Truk Lagoon.

Section 9. Records. The seller of items listed by Section 4 of this act, hotel, motel and apartment proprietors and lessors of motor vehicles and boats shall keep accurate records of all sales, room charges, motor vehicle and boat rentals, and shall provide the Division of Revenue with all accurate records and supporting documents to substantiate the accuracy records.

Section 10. Waybills and Bills of Lading. All carriers entering the State of Truk shall deliver to the Division of Revenue a copy of the air or sea waybill or bill of lading for all items imported into the State of Truk not less than seven days after such items are released from the carrier.

Section 11. Penalties.

1) Sellers of items listed by Section 4 of this act, hotel, motel, and apartment proprietors and lessors of motor vehicles and

boats who fail to collect and timely pay taxes levied by this act shall be charged a penalty of five percent per month on the balance of taxes due and unpaid.

2) Sellers of items listed by Section 4 of this act, hotel, motel and apartment proprietors and lessors of motor vehicles and boats who fail to keep and provide to the Division of Revenue accurate records and supporting documents pursuant to Section 9 of this Act shall be guilty of a misdemeanor and shall upon conviction, be fined not more than \$3,000 for each fiscal quarter such failure occurs.

3) A carrier violating Section 10 of this Act shall be guilty of a misdemeanor and shall, upon conviction, be fined not more than \$3,000.00.

Section 12. Liens. Taxes levied by this act, which are due and unpaid, including penalties charged are debts to the State and shall constitute liens in favor of the State upon all property and rights to property, whether real or personal, belonging to any person, business, association or corporation liable for the tax, and such taxes and penalties may be collected by levy upon such property and rights to property in the same manner as the levy of an execution.

Section 13. Regulations. The Division of Revenue, with the approval of the Governor, shall prescribe such regulations as may be necessary for the collection of all taxes levied under this act, provided, that such regulations promulgated pursuant to this Section shall be reviewed by the Truk State Legislature or a committee it shall designate for that purpose, prior to their effectiveness.

Section 14. General Fund. All taxes, penalties and fines collected pursuant to this act shall be deposited in the General Fund of the State.

Section 15. Damaged or Spoiled Items. Any imported goods, merchandise, or commodities subject to tax, which are damaged or spoiled before they can be sold may be exempted from such tax upon certification of the sanitarian and the tax officer. The tax actually paid on such damaged or spoiled goods, merchandise or commodities may either be refunded or applied to other imported items as the Director may see fit.

Section 16. Repeals. Chapter 1, on Sales Tax; Chapter 5, on Hotel and Motel Occupancy Tax; and Chapter 13, on Motor Vehicle Rental Tax; of Title 29 of the Truk State Code, are hereby repealed.

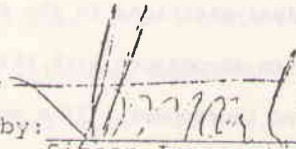
Section 17. Tax Credit. Any item(s) imported from the Federated States of Micronesia that has been taxed by another Federated States of Micronesia State shall receive a tax credit for the amount. This credit shall be applied on the Excise Tax levied on said imports. However, no item imported that is taxed above the Truk State Excise Tax amount will receive a refund or further credit on future shipments.

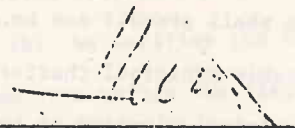
Section 18. Effective Date.

1) This Act shall take effect on October 1, 1984, upon approval by the Governor, or upon its becoming law without such approval.

2) The Chief of the Division of Revenue, with the approval of the Governor, shall establish and prescribe rules and regulations, providing for the payment of taxes after the effective date of this act of items taxable under the sales tax law which were imported into the State prior to

the effective date of this act but remain unsold on October 1, 1984, PROVIDED, HOWEVER, that all items subject to the sales tax not yet sold in Truk after the effective date of this act shall be presumed sold and all taxes imposed by the sales tax law and assessed shall become due and prepayment thereof shall be made twelve months after the effective date of this act, regardless of the status of the sales of such items. Failure or prepayment shall constitute a failure with the penalty imposed by Section 11(1) of this Act.

Signed by: 
Simeon Innocenti, Speaker
Truk State Legislature

Attested to: 
Datsi Albert
Legislative Chief Clerk
Truk State Legislature

Date: Sept. 14, 1984

Dis Approved by: 
Erhart Aten, Governor
Truk State Government

Date: Sept 24, 1984

OVERRIDEN & PASSED THIS
20TH OF NOVEMBER 1984
ON THE TOTAL VOTES OF: 19 - YES
4 - NO
5 - ABSENT