

AN ACT

To further amend chapter 1 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended, by adding a new Subchapter VI, for the purpose of permitting the taxation of unemployment assistance, and for other purposes.

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

1           Section 1. Chapter 1 of title 54 of the Code of the  
2 Federated States of Micronesia (Annotated), as amended, is  
3 hereby amended by creating a new Subchapter VI entitled:  
4 "Unemployment Assistance".

5           Section 2. Chapter 1 of title 54 of the Code of the  
6 Federated States of Micronesia (Annotated), as amended, is  
7 hereby amended by adding a new section 160 to Subchapter VI to  
8 read as follows:

9                   "Section 160. Unemployment assistance.

10                           (1) "Unemployment assistance" means any  
11 remuneration given to residents of the Federated States  
12 of Micronesia to assist in times of unemployment.

13           Section 3. Chapter 1 of title 54 of the Code of the  
14 Federated States of Micronesia (Annotated), as amended, is hereby  
15 amended by adding a new section 161 to Subchapter VI to read as  
16 follows:

17                   "Section 161. Taxation of Unemployment Assistance.

18                           (1) Any unemployment assistance received by a

1 resident of the Federated States of Micronesia from  
2 foreign government grants is subject to ten (10%)  
3 percent taxation unless explicitly prohibited by the  
4 terms and conditions of the foreign assistance.

5 (2) Any unemployment assistance received by a  
6 resident of the Federated States of Micronesia from  
7 foreign government grants is subject to fifteen (15%)  
8 percent deduction for Social Security contribution for  
9 the benefit of the recipient unless explicitly  
10 prohibited by the terms and conditions of the foreign  
11 assistance."

12 Section 4. This act shall become law upon approval by the  
13 President of the Federated States of Micronesia or upon its  
14 becoming law without such approval.

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\_\_\_\_\_, 2020

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21 Re-passed July 2, 2020

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David W. Panuelo  
President  
Federated States of Micronesia

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