



GOVERNMENT OF KOSRAE


Office of the Governor

Post Office Box 158

Kosrae, Federated States of Micronesia 96944

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June 14, 2012


The Honorable Lyndon P. Abraham
Speaker
Tenth Kosrae State Legislature
Tofol, Kosrae FM 96944

Dear Mr. Speaker,

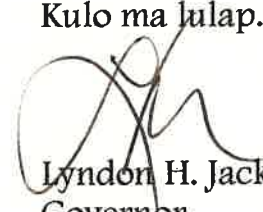
Pain kom a kulo nu sin God ke moul mwowo lasr nukewa.

Nga engan in akkalemnye la nga sign L.B. No. 10-73, L.D.1, su inge a orala
State Law No. 10-38.

“TO AMEND TITLE 9 OF THE KOSRAE STATE CODE BY ADDING A NEW CHAPTER 2
THERETO IMPOSING THE VALUE ADDED TAX; AND FOR OTHER PURPOSES.

Certified copy ke masap se inge pa attached nu ke letter luk.

Kulo ma lulap.


Lyndon H. Jackson
Governor
State of Kosrae

/jpa





TENTH KOSRAE STATE LEGISLATURE

P. O. Box 187

Tofol, Kosrae State

Federated States of Micronesia 96944

Telephone: (691) 370-3019/3177 * Fax: 370-2177

Web Page: www.kosraelegislature.org

Lyndon P. Abraham
SPEAKER

Palikun M. Shrew
VICE SPEAKER


Robert I. Taulung
FLOOR LEADER

LELU:
Bob H. Skilling
Chang B. William
Gibson T. Siba
Lyndon P. Abraham
Tulensa W. Palik

TAFUNSAK:
Alokoa Joab Sigras
Espil Tulensru
Maker L. Palsis
Robert I. Taulung

MALEM:
Jarinson M. Charley
Jefferson M. Timothy
Palikun M. Shrew

UTWE:
Josaiiah F. Waguk
Rinson H. Edmond

May , 2012

The Honorable Lyndon H. Jackson
Governor
State of Kosrae
Kosrae, FM 96944

Dear Governor Jackson:

I have the honor to transmit herewith for your consideration and action L. B. NO. 10-73, L.D. 1, TO AMEND TITLE 9 OF THE KOSRAE STATE CODE BY ADDING A NEW CHAPTER 2 THERETO IMPOSING THE VALUE ADDED TAX; AND FOR OTHER PURPOSES., which passed the Legislature, Fifth Special Session, by two-thirds of the members of the Legislature, a quorum being present.

Respectfully yours,



Tosie K. Elley
Chief Clerk
Tenth Kosrae State Legislature

Enclosures

**TENTH KOSRAE STATE LEGISLATURE
FIFTH SPECIAL SESSION
APRIL 10, 2012**

A BILL FOR AN ACT

**TO AMEND TITLE 9 OF THE KOSRAE STATE CODE BY ADDING A
NEW CHAPTER 2 THERETO IMPOSING THE VALUE ADDED TAX;
AND FOR OTHER PURPOSES.**

INTRODUCED Floor Leader

Robert I. Taulung (By Request)

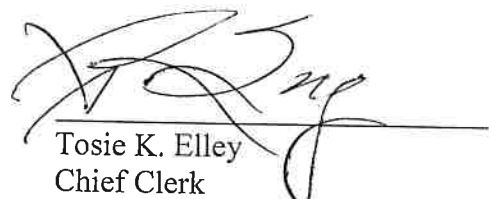
DATE: March 9, 2012

ACTION BY THE LEGISLATURE

PASSED FIRST READING: May 9, 2012

**REFERRING TO: Committee of the Whole
COWR. No. 10-3 – A - 050912**

PASSED SECOND READING: May 11, 2012


Tosie K. Elley
Chief Clerk
KOSRAE STATE LEGISLATURE



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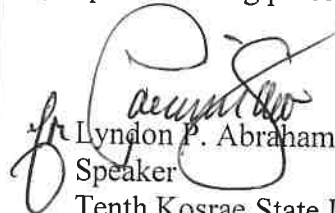
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LEGISLATIVE BILL NO. 10-73, L.D. 1

We hereby certify that the foregoing Bill has passed Second and Final Readings in the Legislature, Fifth Special Session, 2012, by two-thirds of the members of the Tenth Kosrae State Legislature, a quorum being present.


Lyndon P. Abraham
Speaker
Tenth Kosrae State Legislature


Tosie K. Elley
Chief Clerk
Tenth Kosrae State Legislature

A BILL FOR AN ACT

To amend Title 9 of the Kosrae State Code by adding a new Chapter 2 thereto imposing the Value Added Tax; and for other purposes.

BE IT ENACTED BY THE KOSRAE STATE LEGISLATURE

1 Section 1. Chapter 2 of Title 9 is hereby repealed in its entirety.

2 Section 2. A new Chapter 2 of Title 9 is hereby added to read as follows:

3 “Chapter 2. VALUE ADDED TAX ACT OF 2012

4 Subchapter A: General Provisions

5 Section 9.2101. Short Title.

6 This Chapter may be cited as the “Value Added Tax Act of 2012”.

7 Section 9.2102. Definitions. Whenever used in this Chapter, unless the subject matter,
8 context, or sense otherwise requires:

9 (1) “Ancillary transport services” means stevedoring services, lashing and
10 securing services, cargo inspection services, preparation of customs documentation, container
11 handling services, and the storage of transported goods or goods to be transported, but does not
12 include such services supplied directly in connection with an aircraft or ship that is a temporarily
13 imported good.

14 (2) “Associate” has the meaning set forth in Section 9.2103.

15 (3) “Authority” means the FSM Unified Revenue Authority established under
16 Section 711 of the FSM Unified Revenue Authority Act.

17 (4) “Capital asset” means an asset, whether tangible or intangible, acquired by a
18 person for use in the person’s enterprise, but does not include:

(a) an asset acquired for the principal purpose of resale in the ordinary course of carrying on an enterprise, whether or not the asset is to be sold in the form or state in which it was acquired; or

(b) consumables or raw materials.

(5) "CEO" means the means the Chief Executive Officer appointed under Section 731 of the FSM Unified Revenue Authority Act.

(6) "Commencement date" means the date that this Chapter comes into force.

(7) "Consideration", in relation to a supply, means the total of the following amounts:

(a) the amount in money paid or payable by any person, directly or indirectly, for the supply;

(b) the fair market value of an amount in kind paid or payable by any person, directly or indirectly, for the supply; and

(c) any taxes, duties, levies, fees, and charges (including VAT) paid or payable on, or by reason of the supply, then reduced by any price discounts or rebates allowed and accounted for at the time of the supply.

(8) "Consumable stores" means:

(a) goods for consumption by passengers or crew on board an aircraft or ship; or

(b) goods that are necessary to operate or maintain the aircraft or ship, including fuel and lubricants, but not including spare parts and equipment.

(9) "Creditable acquisition", in relation to a taxable person, means:

(a) a taxable supply made to the person;

(b) a taxable import under FSMC Title 54, Section 9.221, made by the person; or

(c) a creditable interstate acquisition of the person.

(10) "Creditable interstate acquisition", in relation to a taxable person, means a supply made to the person that is a taxable supply under a State VAT law.

(11) "Creditable supply" means a taxable or VAT-free supply.

(12) "Employment" means an employer-employee relationship as determined under the usual common law rules and includes activities performed as the holder of an office unless the office is held as part of a business of an office holder.

(13) "Enterprise" has the meaning set forth in Section 9.2104.

(14) "Exempt supply" means a supply specified in Section 9.2203.

(15) "Exempt use" means the use of goods or services to make an exempt supply.

(16) "Face value", in relation to a voucher, means a monetary amount stated on the voucher (whether visibly, electronically, or otherwise), including when the amount is intrinsically connected with the voucher by means of a unique identification number or some other means of linking the voucher with the amount), when the amount represents the value of supplies of goods

or services for which the voucher is redeemable.

(17) "Face value voucher" means a voucher that entitles the holder to receive a supply or supplies of goods or services up to the face value of the voucher.

(18) "Fair market value" has the meaning set forth in Section 9.2106.

(19) "Finance lease" means a lease that is treated under generally accepted accounting principles as a finance lease and is so accounted for by the lessor in its financial accounts.

(20) "Financial services" means –

(a) granting, negotiating, and dealing with loans, credit, credit guarantees, and any security for money, including management of loans, credit, or credit guarantees by the grantor;

(b) transactions concerning money, deposit and current accounts, payments, transfers, debts, checks, or negotiable instruments, other than debt collection and factoring;

(c) transactions relating to financial derivatives, forward contracts, options to acquire financial instruments, and similar arrangements;

(d) transactions relating to shares, stocks, bonds, and other securities, other than custody services;

(e) management of investment funds;

(f) provision or transfer of ownership of an insurance contract or the provision of reinsurance in respect of any such contract;

(g) provision, or transfer of ownership, of an interest in a scheme for the payment or granting of benefits by a benefit fund, provident fund, pension fund, retirement annuity fund, or preservation fund;

(h) a supply of credit under a finance lease, if the credit for the goods is provided for as a separate charge and the charge is disclosed to the recipient of the goods; or

(i) the arranging of any of the services in paragraphs (a) to (h).

(21) "Fishery waters" has the meaning set forth in FSMC Title 24.

(22) "Fishing vessel" has the meaning set forth in FSMC Title 24.

(23) "FSM" means the Federated States of Micronesia.

(24) "FSM Unified Revenue Authority Act" means FSMC, Title 54, Chapter 7.

(25) "Goods" means real or tangible personal property, but does not include money or unimproved land.

(26) "Government entity" means —

(a) the National Government of the FSM, including a department, division, or agency of the Government;

(b) a State, or local government authority, council, or similar body in the FSM;

(c) a foreign government or political subdivision of a foreign government;

or

(d) a person that has the responsibility to issue a license, permit, certificate,

1 concession, authorization, or other document for a fee under:

2 (i) a law of Kosrae State or

3 (ii) a law of the FSM if the license, permit, certificate, concession,
4 authorization, or other document has effect in Kosrae State.

5 (27) "Input tax", in relation to a person, means the VAT payable in respect of a
6 creditable acquisition by a person, and includes an amount that is treated under this Chapter as
7 input tax payable by the person, but does not include a penalty imposed under this Act, a State
8 VAT Law, or the Revenue Administration Act in respect of such acquisition or import.

9 (28) "Input tax credit", in relation to a person, means the credit for input tax
10 allowed to the person under this Chapter.

11 (29) "International transport services" means the services, other than ancillary
12 transport services, of transporting goods or passengers by sea or air –

13 (a) from a place outside the FSM to another place outside the FSM,
14 including, if relevant, any part of the transport that takes place across the territory of Kosrae
15 State;

16 (b) from a place outside the FSM to a place within Kosrae State as the final
17 destination for the transportation; or

18 (c) from a place within Kosrae State as the place where the transportation
19 commenced to a place outside the FSM.

20 (30) "Inventory" means anything produced, manufactured, purchased, or otherwise

1 acquired for sale or exchange, and includes any raw materials or consumables used in the
2 production or manufacturing process and livestock.

3 (31) "Invoice" means any document providing notice of an obligation to make a
4 payment.

5 (32) "Late payment interest" means interest imposed under Section 9.2903.

6 (33) "Lay-by agreement" means a purchase agreement for goods under which:

7 (a) the purchase price is payable by at least one additional payment after the
8 payment of a deposit;

9 (b) delivery of the goods takes place at any time after payment of the
10 deposit; and

11 (c) ownership of the goods is transferred by delivery.

12 (34) "Money" means –

13 (a) any coin or paper currency that is legal tender in the FSM, other than a
14 coin or paper currency that is held as a collector's piece;

15 (b) a bill of exchange, promissory note, bank draft, or postal or money
16 order; or

17 (c) whatever is supplied as payment by way of –

18 (i) credit card or debit card; or

19 (ii) crediting or debiting an account.

20 (36) "Net VAT", in relation to a VAT period, means the net VAT payable for the

period computed under Section 9.207.

(37) "Output tax" means the VAT payable in respect of a taxable supply made by a taxable person and includes an amount that is treated as output tax under this Chapter.

(38) "Person" means an individual, company, corporation, partnership, unincorporated association or other business entity, trust, estate, a government, a political subdivision of a government, or Government entity.

(39) "Phone card" means a card or similar item in whatever form it is issued, including electronically, that entitles the holder to receive telecommunications services up to its face value, and includes a pre-paid Subscriber Identity Module ("SIM") card, a rechargeable card, or a similar item.

(40) "Prescribed" means as set forth in regulations made under this Chapter.

(41) "Recipient", in relation to a supply, means the person or persons to whom the supply is made.

(42) "Registered person" means a person registered under this Act.

(43) "Regulated supply" means a supply occurring in the period commencing six months before and ending one year after the commencement date.

(44) "Relative" in relation to an individual, means—

(a) an ancestor, or a descendant of any of the grandparents, or an adopted child, of the individual;

(b) an ancestor, or a descendant of any of the grandparents, or an adopted

child of a spouse of the individual; or

(c) a spouse of the individual or any person specified in paragraph (a) or (b).

(45) "Revenue Administration Act" means Kosrae State Code Title 9, Chapter 1

(46) "Revenue law" means:

(a) any Chapter under FSMC, Title 54;

(b) a law of the FSM imposing a tax or duty if the law provides that the Authority has responsibility for the administration of the tax or duty;

(c) a law of Kosrae State or any other State imposing a tax or duty if the law provides that the Authority has responsibility for the administration of the tax or duty.

(47) "Revenue Officer" means the CEO and any officer appointed under Section 732 of the FSM Unified Revenue Authority Act.

(48) "Services" means the provision of work or facilities, or anything that is not goods, unimproved land, or money.

(49) "State" means a State of the FSM.

(50) "State VAT Law" means a law of a State (other than Kosrae State) imposing value added tax in that State;

(51) "Supplier", in relation to a supply, means the person or persons who make the supply.

(52) "Supply" means a supply of goods or services.

(53) "Supply of goods" means:

(a) a sale, exchange, or other transfer of the right to dispose of goods as owner; or

(b) the lease of goods under a finance lease.

(54) "Supply of services" means anything done for an economic purpose that is not a supply of goods, unimproved land, or money, including:

(a) the grant, assignment, or surrender of any right;

(b) the making available of any facility or advantage;

(c) the toleration of any situation;

(d) the refraining from the doing of any act; or

(e) the issuing of any license, permit, certificate, concession, authorization, or other document by a Government entity.

(55) "Tax fraction", in relation to a taxable supply, means the fraction computed in accordance with the following formula –

$$r / (1+r)$$

where r is the rate of VAT applicable to the supply as determined under Section 9.2201(1).

(56) "Taxable import" means an import of goods subject to import duty under FSMC, Title 54, Chapter 2.

(57) "Taxable person" means:

(a) a registered person; or

(b) a person who is required to apply for registration but has failed to do so

within the time allowed under Section 9.2301.

(58) "Taxable supply" means:

(a) a supply made in Kosrae State;

(b) anything treated as a taxable supply under this Chapter; or

(c) a supply of goods or services made by a person in connection with the carrying on of an enterprise in Kosrae State to a person for use or consumption in another State, includes a supply in connection with the commencement or termination of an enterprise, but does not include an exempt or a VAT-free supply.

(59) "Telecommunications services" means the transmission, emission, or reception of signals, writing, images, sounds, or information of any kind by wire, radio, optical, or other electromagnetic systems, and includes:

(a) the related transfer or assignment of the right to use capacity for such transmission, emission, or reception; and

(b) the provision of access to global or local information networks, but such services do not include the supply of the underlying writing, images, sounds, or information.

(60) "Temporarily imported goods" means goods temporarily imported into FSM under FSMC, Title 54, Chapter 2.

(61) "Used goods supplier" means a taxable person whose enterprise principally involves the re-supply of used goods in substantially the same state as they were in when

purchased by the person.

(62) "VAT" means the value added tax imposed under Section 9.2201.

(63) "VAT-exclusive fair market value", in relation to a supply, means the fair market value of the supply reduced by an amount equal to the fair market value multiplied by the tax fraction.

(64) "VAT-free supply" means a supply specified in Section 9.2202.

(65) "VAT credit note" means a document that a supplier is required to issue under Section 9.2802(1).

(66) "VAT debit note" means a document that a supplier is required to issue under Section 9.2802(3).

(67) "VAT invoice" means a document required to be issued under Section 9.2801.

(68) "VAT period" means the calendar month.

(69) "Voucher" means a voucher, stamp, token, coupon, or similar article that can be redeemed by the holder only for supplies of goods or services, and includes a phone card but does not include a postage stamp.

Section 9.2103. Associate.

(1) Subject to Subsection (2), two persons are associates if the relationship between them is such that one may reasonably be expected to act in accordance with the intentions of the other, or both persons may reasonably be expected to act in accordance with the intentions of a third person.

(2) Two persons are not associates solely by reason of the fact that one person is an employee of the other or both persons are employees of a third person.

(3) Without limiting the generality of Subsection (1), the following are treated as associates:

(a) an individual and a relative of the individual, except if the CEO is satisfied that neither person may reasonably be expected to act in accordance with the intentions of the other;

(b) a partner in a partnership and the partnership, if the partner, either alone or together with an associate or associates under another application of this Section, controls fifty per cent or more of the rights to income or capital of the partnership;

(c) a trust and a person who benefits or may benefit (including by the exercise of a power of appointment) under the trust;

(d) a shareholder in a company and the company, if the shareholder, either alone or together with an associate or associate under another application of this Section, controls either directly or through one or more interposed persons:

(i) fifty per cent or more of the voting power in the company;

(ii) fifty per cent or more of the rights to dividends; or

(iii) fifty per cent or more of the rights to capital;

(e) two companies, if a person, either alone or together with an associate or associates under another application of this Section, controls either directly or through one or

more interposed persons—

(i) fifty per cent or more of the voting power in both companies,

(ii) fifty per cent or more of the rights to dividends in both companies,

or

(iii) fifty per cent or more of the rights to capital in both companies.

(4) In applying Subsections (3) (b), (d), or (e), holdings that are attributable to a person from an associate are not reattributed to another associate.

Section 9.2104. Enterprise.

(1) Subject to this Section, an enterprise is:

(a) an independent economic activity undertaken for pecuniary profit but does not include an employment, or a hobby or leisure activity; or

(b) an activity of a Government entity that involves the supply of goods or services for a fee, including but not limited to the service of issuing a license, permit, certificate, concession, authorization, or other document for a fee.

(2) Subject to Subsection (4), an enterprise conducted by a taxable person in branches or divisions is treated as a single enterprise for the purposes of this Act.

(3) A person who conducts an enterprise in branches or divisions must be registered in the name of the person and not in the names of the branches and divisions.

(4) A Government entity that is required to register under Section 9.2301(5)(b) and that conducts its enterprise in branches or divisions may register each of those branches or

divisions as single enterprises for the purposes of this Act.

(5) If the enterprise of a person is carried on in more than one State, the reference in this Act to an enterprise of the person is a reference to that part of the enterprise carried on in Kosrae State.

Section 9.2105. Mixed Supplies.

(1) A supply of a particular kind that is ancillary or incidental to a supply of another kind (referred to as the "principal supply"), is treated as part of the principal supply.

(2) Subject to Subsection (1), regulations may provide that a supply of goods and services is a supply of goods or a supply of services or that a supply of more than one kind is a supply of one of those kinds.

(3) A supply of services does not include a supply of services the value of which is treated as part of the taxable amount of a taxable import under Section 9.225 of FSMC, Title 54, Chapter 2.

Section 9.2106. Fair Market Value.

(1) The fair market value of a supply at a particular time is the ordinary open market value of the supply at that time.

(2) If it is not possible to determine the fair market value of a supply at a particular time under Subsection (1), the fair market value is the consideration a similar supply would ordinarily fetch in the open market at that time, adjusted to take account of the differences between the similar supply and the actual supply. A supply is similar to another supply if it is

the same as, or closely resembles, the other supply in character, quality, quantity, functionality, materials, or reputation.

(3) If the fair market value of a supply cannot be determined under Subsection (2), the fair market value is the amount determined by the CEO.

(4) If a provision of this Chapter requires the fair market value to be determined at a particular time for particular goods or services, or for an asset held by a person, that value is worked out by reference to the fair market value of a supply of those goods or services, or that asset, as determined under this Section, at that time.

SUBCHAPTER B: IMPOSITION OF VALUE ADDED TAX

Section 9.2201. Imposition of VAT.

(1) Value added tax is imposed at the rate of 10% on a taxable supply by a taxable person.

(2) The amount of VAT payable in respect of a taxable supply is computed by applying the rate specified in Subsection (1) to the value of the taxable supply.

(3) The VAT payable on a taxable supply must be accounted for to the CEO by the taxable person making the supply in accordance with Subchapter H.

(4) Notwithstanding anything contained in any law, the VAT payable by a taxable person on a taxable supply is recoverable by the supplier from the recipient of the supply.

Section 9.2202. VAT-free Supplies

(1) Subject to Subsection (2), the following supplies are VAT-free supplies:

(a) an export of goods or services;

(b) a supply of international transport services;

(c) a supply of goods in the course of repairing, renovating, modifying, or treating temporarily imported goods if the first-mentioned goods:

(i) are wrought into, affixed to, attached to, or otherwise form part of the temporarily imported goods; or

(ii) are consumable stores that become unusable or worthless as a direct result of being used in the repair, renovation, modification, or treatment process; and

(d) a supply of goods or services as part of the transfer of an enterprise in Kosrae State, or part of an enterprise in Kosrae State, as a going concern by a registered person to another registered person if:

(i) all the goods or services necessary for the continued operation of the enterprise or part of the enterprise are supplied to the transferee;

(ii) the transferor carries on the enterprise until the day of transfer;

(iii) the transferee will not carry on the enterprise to make exempt supplies and will not use the goods or services for private use; and

(iv) the transferor and transferee agree in writing, on or before the date of the transfer, that it will be treated as a transfer of an enterprise or part of an enterprise as a going concern for the purposes of this Act.

(2) A supply of goods is not a VAT-free supply under Subsection (1)(a) if the

goods have been or will be re-imported into FSM.

(3) Goods are exported from FSM if the goods are delivered to, or made available at, an address outside FSM and, for this purpose, evidence of

(a) the consignment or delivery of goods to an address outside FSM; or

(b) the delivery of the goods to the owner, charterer, or operator of a ship or aircraft supplying international transport services for the purposes of carrying the goods outside of FSM, is considered sufficient evidence that the goods have been exported, in the absence of proof to the contrary.

(4) Services are exported from FSM if they are for use or consumption outside the FSM as evidenced by documentary proof acceptable to the CEO.

Section 9.2203. Exempt Supplies.

(1) Subject to Subsection (2), a supply of financial services is an exempt supply.

(2) A supply of financial services is not an exempt supply if, but for Subsection (1), the supply would be a VAT-free supply.

SUBCHAPTER C: REGISTRATION

Section 9.2301. Compulsory and Voluntary Registration.

(1) A person must apply to the CEO for registration for VAT:

(a) at the beginning of any 12 month period, if there are reasonable grounds to expect that the person's VAT turnover for the period will exceed the registration threshold; or

(b) at the end of any period not exceeding 12 months, if in that period the

1 person's VAT turnover for the period exceeds the registration threshold.

2 (2) The registration threshold is \$100,000.

3 (3) Subject to Subsection (4), the VAT turnover of a person for a period is the
4 sum of the following amounts:

5 (a) the value of taxable supplies made by the person in the period;

6 (b) the value of VAT-free supplies made by the person in the period;

7 (c) the value of supplies treated as taxable or VAT-free supplies under a
8 State VAT Law.

9 (4) In determining the VAT turnover for a period:

10 (a) The value of the following supplies is ignored:

11 (i) a supply by way of the sale of a capital asset of the person is
12 ignored; or

13 (ii) a supply made solely as a consequence of the person selling the
14 whole or a part of the person's enterprise, or permanently ceasing to carry on the person's
15 enterprise.

16 (b) The CEO may treat the value of taxable supplies made by the person as
17 including:

18 (i) the value of taxable supplies made by an associate of the person;

19 and

20 (ii) the value of supplies made by an associate of the person that are

1 treated as taxable supplies under a State VAT Law, if the CEO is satisfied that it is appropriate to
2 do so having regard to the nature of the enterprises, the way in which the enterprises of both
3 persons are carried on, and the connections between the persons and their enterprises.

4 (5) A person must apply to the CEO for registration, irrespective of whether the
5 person exceeds the registration threshold, if the person:

6 (a) carries on an enterprise in Kosrae State and is a registered person under
7 a State VAT Law; or

8 (b) is a Government entity carrying on an enterprise.

9 (6) A person who is not required to apply for registration under this Section may
10 apply for registration if the person makes or intends to make taxable supplies or VAT-free
11 supplies.

12 (7) An application for registration must be in the prescribed form and:

13 (a) in the case of an application under Subsection (1), must be filed with the
14 CEO within seven days of becoming required to apply for registration; or

15 (b) in the case of an application under Subsection (5), must be filed with the
16 CEO within seven days before the date the person commences to carry on an enterprise in
17 Kosrae State.

18 Section 9.2302. Registration.

19 (1) The CEO must register a person who has applied for registration if satisfied
20 that the person is required to apply for registration under Section 9.2301(1) or (5).

(2) If the CEO is satisfied that a person who is required to apply for registration has not done so within the time limit specified in Section 9.2301(7), the CEO may register the person.

(3) The CEO must register a person who has applied for registration under Section 9.2301(6) if satisfied that:

- (a) the person is making, or will make taxable or VAT-free supplies;
- (b) the person has a fixed place of business at which the person's enterprise is carried on;
- (c) if the person has commenced carrying on an enterprise, and the person:
 - (i) has kept proper records of its enterprise; and
 - (ii) has complied with its obligations under other revenue laws; and
- (d) there are reasonable grounds to believe that the person will keep proper records and furnish regular and reliable VAT returns.

(4) Subject to Subsection (5), registration takes effect:

- (a) in the case of a person registered under Subsection (1) or (2), from the beginning of the first VAT period after the person was required to apply for registration or such later time as set out in the person's VAT registration certificate; or
- (b) in the case of person registered under Subsection (3), from the date set out in the person's VAT registration certificate.

(5) If a person required to apply for registration has applied within the time

1 specified in Section 9.2301(7) and the person has not been registered by the CEO within the time
2 period specified in Subsection (4)(a), the person's registration takes effect from the beginning of
3 the first VAT period after the person was registered.

4 (6) The CEO must issue a person registered under this Section with a VAT
5 registration certificate in the prescribed form.

6 (7) A registered person must display, in a conspicuous place:

7 (a) the original copy of its VAT registration certificate at the principal place
8 where the person carries on its enterprise; and

9 (b) a certified copy of the certificate obtained from the CEO at every other
10 place at which the person carries on its enterprise.

11 (8) A registered person must notify the CEO, in writing, of any change in the
12 name (including business or other trading name), address, place of business, or nature of the
13 enterprise of the person within 21 days of the change occurring.

14 (9) If the CEO decides not to register a person who has applied for registration,
15 the CEO must, within seven days after making the decision, notify the person in writing stating
16 the reasons for the decision.

17 Section 9.2303. Cancellation of Registration.

18 (1) A registered person who ceases to carry on an enterprise or starts to make only
19 exempt supplies must apply to the CEO in the prescribed form for cancellation of the person's
20 registration within seven days of the date on which the person ceased to carry on an enterprise.

1 If the person is a registered person under the value added tax law of more than one State, the
2 person is required to apply for cancellation of the person's registration under this Subsection
3 only if the person is required to make a similar application under the State VAT Law of all the
4 other States in which the person is registered.

5 (2) Subject to Subsection (3), a registered person to whom Subsection (1) does
6 not apply but who, if they were unregistered, would not be required to apply for registration
7 under Section 9.2301 may apply to the CEO in the prescribed form for cancellation of the
8 person's registration. If a person is a registered person under the value added tax law of more
9 than one State, the person can apply for cancellation of the person's registration under this
10 Subsection only if the person makes a similar application under the State VAT Law of all the
11 other States in which the person is registered.

12 (3) If a person was registered as a result of an application under Section
13 9.2301(6), an application under Subsection (2) can be made only after the expiration of two years
14 from the date of registration, unless the CEO permits an application to be made earlier.

15 (4) The CEO must, by notice in writing, cancel the registration of a person who
16 has applied for cancellation if satisfied that the person is required to apply for cancellation under
17 Subsection (1) or permitted to apply for cancellation under Subsection (2).

18 (5) The CEO must, by notice in writing, cancel the registration of a person who
19 has failed to apply for cancellation of the person's registration as required under Subsection (1),
20 if the CEO is satisfied that the person has ceased to carry on an enterprise or started to make only

1 exempt supplies.

2 (6) The CEO may cancel the registration of a person who does not satisfy the
3 registration threshold in Section 9.2301(2) if the CEO is satisfied that the person:

4 (a) has not kept proper records of its business;

5 (b) has not filed regular and reliable VAT returns; or

6 (c) has not complied with obligations under other revenue laws.

7 (7) The cancellation of a person's registration takes effect from the date set out in
8 the notice of cancellation.

9 (8) A person whose registration is cancelled under this Section is treated as
10 having made a taxable supply of any goods (other than capital goods) that are either on hand at
11 the time the registration is cancelled or that have been subsumed into goods on hand at that time,
12 but only if the person was allowed an input tax credit on acquisition or import of the goods or
13 services.

14 (9) The taxable supply referred to in Subsection (8) is treated as having been
15 made immediately before cancellation of the person's registration and the VAT payable in
16 respect of the taxable supply is the amount of the input tax credit allowed to the person on
17 acquisition or import of the goods.

18 (10) If a person's registration is cancelled under this Section, the person must:

19 (a) immediately cease to hold out that the person is a registered person,
20 including any documentation used by the person;

(b) file a final VAT return and pay all VAT due, including the VAT referred to in Subsection (9), within 15 days after the date of cancellation of the person's registration; and

(c) immediately return the person's VAT registration certificate, and any certified copies thereof, to the CEO.

SUBCHAPTER L: SUPPLIES

Section 9.2401. Time of a Supply.

(1) Subject to this Act, a supply of goods or services occurs on the earlier of:

(a) the date on which the invoice for the supply is issued; or

(b) the date on which any payment (including part payment) for the supply is made.

(2) A supply between associates or by way of a gift occurs:

(a) in the case of goods, on the date the goods are delivered; or

(b) in the case of services, on the date the performance of the services is complete.

(3) A supply of goods under a finance lease occurs on the date of commencement of the lease.

(4) A supply of goods by means of a vending machine, meter, or other device operated by a coin, note, or token occurs on the date the coin, note, or token is taken from the machine, meter, or other device by or on behalf of the supplier.

(5) If services are supplied:

(a) by way of a lease of goods (other than a finance lease); or

(b) progressively under an agreement or law that provides for periodic payments,

then the supply of services (referred to as the "actual supply") is treated as a series of separate, successive supplies of services corresponding to the successive parts of the period of the lease or agreement, or as determined by law, and each successive supply is treated as occurring on the earlier of the date on which the payment for that part of the actual supply is due or received.

Section 9.2402. Supplies in Kosrae State.

(1) A supply of goods occurs in Kosrae State if the goods are delivered or made available by the supplier in the State or, if the delivery or making available involves transportation, the goods are in Kosrae State when the transportation commences.

(2) Subject to this Section, a supply of services occurs in Kosrae State if the place of business of the supplier from which the services are supplied is in Kosrae State.

(3) The supply of the following services occurs in the State if the recipient uses or obtains the advantage of these services in Kosrae State:

(a) a transfer or assignment of, or grant of a right to use, a copyright, patent, trademark, or similar right;

(b) the services of a consultant, engineer, lawyer, architect, or accountant, the processing of data or supplying information, or any similar service;

(c) an advertising service;

(d) the toleration of any situation or the refraining from the doing of any act;
(e) the supply of personnel; or
(f) the service of an agent in procuring a service described in this Subsection.

(4) A supply of transportation services occurs in Kosrae State if the transportation commences in Kosrae State.

(5) A supply of services in connection with real property occurs in Kosrae State if the real property is located in the State.

(6) A supply of services consisting of the issuing of a license, permit, certificate, concession, authorization, or other document occurs in Kosrae State if the license, permit, certificate, concession, authorization, or other document is issued in Kosrae State.

(7) A supply of telecommunications services occurs in Kosrae State if the person who initiates the supply is physically in Kosrae State at the time the supply is initiated, including when the person initiates the supply on behalf of another person.

(8) If a supplier of telecommunications services cannot apply Subsection (7) because it is impractical for the supplier to determine the physical location of the person who initiates the supply due to the type of service or the class of customer to which the person belongs, the supply occurs in Kosrae State if the billing address of the person who initiates the supply for receiving invoices from the supplier is in Kosrae State.

(9) If Subsection (8) applies, the supplier must apply the Subsection to all

supplies of telecommunications services made for that type of service or class of customer.

(10) Subsections (7) and (8) do not apply to supplies made between telecommunications suppliers.

(11) For the purposes of Subsections (7) and (8), the person who initiates a supply of telecommunications services is the person who –

(a) controls the commencement of the supply;

(b) pays for the services; or

(c) contracts for the supply,

and if persons are identified under more than one paragraph for the same supply, the person who initiates the supply is the person who appears in highest listed paragraph.

(12) The billing address of a person who initiates a telecommunications supply is:

(a) the address to which invoices for the supply are mailed; or

(b) if invoices are not mailed then

(i) in the case of an individual, the place where the individual resides;

or

(ii) in the case of any other person, the place where the person who initiates the supply undertakes an enterprise or other activity.

Section 9.2403. Value of a Supply.

(1) Subject to this Section:

(a) the value of a taxable supply made by a taxable person is the

consideration for the supply reduced by an amount equal to the consideration multiplied by the tax fraction; and

(b) the value of any other supply is the consideration for the supply.

(2) The value of a taxable supply made by a registered person to an associate who is not a registered person for no consideration or for a consideration that is less than the fair market value of the supply is the VAT-exclusive fair market value of the supply determined at the time of the supply.

(3) The value of a taxable supply under a finance lease is:

(a) if the lessor and lessee are not associates and an amount is stated as the cost or value of the asset (excluding VAT) in the lease agreement, that amount; or

(b) in any other case, the VAT-exclusive fair market value of the asset at the commencement of the lease.

(4) Except as provided in this Chapter, the value of a supply of goods or services for no consideration is zero.

Section 9.2404. Application of Goods to Private or Exempt Use.

(1) An application of goods or services by a taxable person wholly or partly to a private or exempt use is a taxable supply of the goods or services, but only if the taxable person has been allowed an input tax credit in respect of the acquisition or import of the goods or services, or that part of the goods or services is applied to a private or exempt use.

(2) A taxable supply referred to in Subsection (1) occurs on the date the goods or

services are first applied to private or exempt use.

(3) Subject to Subsection (4), the VAT payable on the taxable supply referred to in Subsection (1) is the amount of the input tax credit allowed to the person in respect of the acquisition or import of the goods or services.

(4) If only part of the goods or services were applied to a private or exempt use, the amount determined under Subsection (3) is reduced by an amount reflecting the extent to which the goods or services were not so applied.

Section 9.2405. Lay-by Sales.

(1) A supply of goods under a lay-by agreement occurs on the date the goods are delivered to the purchaser.

(2) If a lay-by agreement is cancelled and the seller retains any amount paid by the purchaser or recovers any amount owing by the purchaser under the agreement, then:

(a) the cancellation of the agreement is a supply of services by the seller at the time of cancellation; and

(b) the value of the supply:

(i) if the seller is a taxable person at the time of the cancellation, is the amount retained or recovered by the seller reduced by an amount equal to the amount retained or recovered multiplied by the tax fraction; or

(ii) in any other case, the amount retained or recovered by the seller.

Section 9.2406. Rights, Options, and Vouchers.

(1) If a right or option is exercised, the consideration for the supply on exercise of the right or option is limited to the additional consideration (if any) for the supply or in connection with the exercise of the right or option.

(2) The issue of a voucher is not a supply if the voucher:

(a) entitles the holder to receive supplies of goods or services up to a monetary amount on redemption of the voucher; and

(b) is issued for a consideration in money.

(3) If a voucher referred to in Subsection (2) is redeemed for a supply of goods or services, the value of the supply includes the consideration for the voucher.

(4) If:

(a) a taxable person issues a voucher for no consideration; and

(b) the voucher entitles the holder to a discount on the price of goods or services supplied by another person, then the value of the supply of goods or services includes the monetary value of the voucher reduced by an amount equal to the monetary value multiplied by the tax fraction.

(5) A taxable person is entitled to an input tax credit in respect of any amount paid to a supplier in respect of the redemption by the supplier of a voucher referred to in Subsection (4).

(6) The amount of the input tax credit referred to in Subsection (5) is the amount paid to the supplier multiplied by the tax fraction.

(7) The supply of telecommunication services through the use of a phone card acquired in Kosrae State that can be used either in or outside FSM occurs at the time the phone calls are made with the card.

Section 9.2407. Used Goods. The value of a taxable supply by a used goods supplier of used goods purchased from a person who is not a taxable person and re-supplied in substantially the same state as they were in when purchased by the supplier is equal to the amount computed according to the following formula -

$$(A - B) \div C$$

where:

A is the consideration for which the goods are supplied by the used goods supplier;

B is the consideration for which the goods were acquired by the used goods supplier; and

C is the tax fraction.

Section 9.2408. Services Acquired by a Branch in Kosrae State.

(1) If a taxable person carries on an enterprise both in Kosrae State and outside the FSM, that part of the enterprise carried on by the taxable person in Kosrae State (referred to as the "Kosrae State enterprise") is treated as if it were an enterprise separate from that part of the enterprise carried on by the taxable person outside FSM (referred to as the "overseas enterprise").

(2) An internal provision of services from the overseas enterprise of a taxable person to Kosrae State enterprise of the person is treated as a taxable supply made by the taxable

1 person, but only to the extent that the taxable person would not have been entitled to a credit for
2 the full amount of input tax that would have been payable if the person had acquired the services
3 in a creditable acquisition.

4 (3) An internal provision of services treated as a taxable supply under Subsection
5 (2) is treated as having been made at the time the services were performed by the overseas
6 enterprise for a value equal to the fair market value of the services provided.

7 Section 9.2409. Reverse Charge on Acquisition of Foreign Services.

8 (1) If:

9 (a) a person makes a supply of services to a taxable person in Kosrae State;
10 and

11 (b) the supply is not made in the FSM under the value added tax law of any
12 State; and

13 (c) the supply would have been a taxable supply if it had been made in
14 Kosrae State,

15 then the supply is treated as a taxable supply made by the recipient of the supply, but only to the
16 extent the recipient would not have been entitled to a credit for the full amount of input tax
17 payable if the recipient had acquired the services in a creditable acquisition.

18 (2) A supply treated as a taxable supply made by the recipient of the supply under
19 Subsection (1) is treated as having been made at the time the services were performed for a value
20 equal to:

(a) if the supplier and recipient are associates, the fair market value of the taxable supply; or

(b) in any other case, the amount determined under Section 9.2403(1)(b).

SUBCHAPTER E: POST-SALE ADJUSTMENTS

Section 9.2501. Post-sale Adjustments Relating to Changes to a Supply.

(1) This Section applies if:

(a) a supply is cancelled;

(b) the nature of a supply is fundamentally varied or altered;

(c) the consideration for a supply is altered; or

(d) the goods (or part thereof) the subject of a supply are returned to the supplier.

(2) If this Section applies and the VAT properly chargeable in respect of the supply exceeds the VAT actually accounted for by the supplier, the supplier must treat the amount of the excess as output tax payable on a taxable supply made by the supplier in the VAT period in which the event referred to in Subsection (1) occurred.

(3) If Subsection (2) applies and the supplier has issued a VAT debit note to the recipient of the supply in accordance with Section 9.2802, the recipient must treat the additional VAT specified in the debit note as input tax payable on a taxable supply made to the recipient in the VAT period in which the debit note is received.

(4) Subject to Subsection (6), if this Section applies and the VAT actually

accounted for by the supplier exceeds the VAT properly chargeable in respect of the supply, the supplier is allowed an input tax credit for the amount of the excess in the VAT period in which the event referred to in Subsection (1) occurred.

(5) If Subsection (4) applies and the supplier has issued a VAT credit note to the recipient of the supply in accordance with Section 9.2802, the recipient must treat the additional VAT specified in the credit note as output tax payable on a taxable supply made by the recipient in the VAT period in which the credit note is received.

(6) If the recipient of a supply to which Subsection (4) applies is unregistered, no input tax credit is allowed under that Subsection until the supplier has repaid the excess VAT to the recipient of the supply, whether in cash or as a credit against any amount owing to the supplier by the recipient.

Section 9.2502. Post-sale Adjustment for Bad Debts.

(1) Subject to Subsection (3), if a taxable person has accounted for output tax payable on a taxable supply made by the person and the whole or a part of the consideration for the supply is subsequently treated in the accounts of the person as a bad debt, the person is allowed an input tax credit for the amount of output tax accounted for to the CEO in respect of the supply that corresponds to the amount of the debt treated as bad.

(2) An input tax credit under Subsection (1) arises on the later of:

(a) the date on which the bad debt was written off in the accounts of the taxable person; or

(b) twelve months after the end of the VAT period in which the output tax was accounted for to the CEO by the taxable person in respect of the supply.

(3) If the recipient of a taxable supply to which Subsection (1) applies is a registered person that is still in existence at the time the input tax credit arises under Subsection (2), the credit is allowed only if the supplier issues a VAT credit note in accordance with Section 9.2802 to the recipient specifying the amount of the bad debt claimed computed in accordance with Subsection (1).

(4) The recipient of a taxable supply issued with a VAT credit note under Subsection (3) must treat the amount of VAT specified in the credit note as output tax payable by the recipient on a taxable supply made in the VAT period in which the credit note was received.

(5) If an amount in respect of which an input tax credit has been allowed in accordance with Subsection (1) is, at any time, wholly or partly recovered by the taxable person, the taxable person is treated as having charged output tax in respect of a taxable supply made by the person during the VAT period in which the bad debt is wholly or partly recovered, being an amount of output tax computed according to the following formula:

$$A \times B$$

$$C$$

where,

A is the amount allowed as a credit under Subsection (1);

B is the amount of the bad debt recovered; and

C is the amount of the bad debt written off.

(6) If:

(a) Subsection (1) has applied in respect of a taxable supply (referred to as the “original taxable supply”); and

(b) Subsection (5) applies to an amount that the supplier of the original taxable supply has recovered from the recipient of the original taxable supply; and

(c) the recipient of the original taxable supply was a registered person at the time of the original taxable supply and at the time of the deemed taxable supply under Subsection (5), then the supplier must issue a VAT debit note in accordance with Section 9.2802 to the recipient stating the amount of output tax referred to Subsection (5) and the recipient is allowed an input tax credit for that amount to the extent that the original taxable supply was used by the recipient to make taxable supplies.

SUBCHAPTER F: INPUT TAX CREDITS

Section 9.2601. Input Tax Credits.

(1) Subject to this Chapter, if all the supplies made by a taxable person during a VAT period are creditable supplies, the person is allowed a credit for all the input tax payable on creditable acquisitions by the person during that period in making those supplies.

(2) Subject to this Chapter, if none of the supplies made by a taxable person during a VAT period are creditable supplies, the person is not allowed any credit for the input tax payable on creditable acquisitions by the person during that period.

(3) Subject to this Chapter, if a taxable person makes both creditable and other supplies during a VAT period, the input tax credits allowed to the person for that period are determined as follows:

(a) if a creditable acquisition by the person relates wholly to making creditable supplies, an input tax credit is allowed for the full amount of input tax payable in respect of the acquisition; or

(b) if a creditable acquisition by the person relates wholly to making supplies that are not creditable supplies, no input tax credit is allowed for the input tax payable in respect of the acquisition; or

(c) if a creditable acquisition by the person relates, whether directly or indirectly, partly to making creditable supplies and partly to making other supplies, the sum of the input tax credits allowed for such acquisitions during the VAT period is calculated according to the following formula –

$$A \times B$$

$$C$$

where –

A is the total amount of input tax payable in respect of creditable acquisitions made by the person during the period, less the input tax accounted for under Subsections (a) and (b);

B is the value of all creditable supplies made by the taxable person during the period; and

C is the value of all supplies made by the taxable person during the period in Kosrae State.

(4) If the fraction $\frac{B}{C}$ in Subsection (3)(c) for a VAT period –

(a) is more than 0.90, the taxable person is allowed an input tax credit for all of the input tax comprising component A of the formula in Subsection (3)(c); or

(b) is less than 0.10, the taxable person is not allowed any input tax credit for the input tax comprising component A of the formula in Subsection (3)(c).

(5) The amount of input tax allowed as a credit under this Section in respect of a creditable interstate acquisition is limited to the input tax that would have been allowed as a credit if the creditable interstate acquisition were subject to the rate of VAT specified in Section 9.2201.

(6) If a taxable person is a financial institution making both creditable and other supplies, Subsection (3)(c) does not apply and the amount allowed as an input tax credit for creditable acquisitions that relate partly to the making of creditable supplies and partly to the making of other supplies is determined in accordance with the regulations.

(7) Subject to Subsection (8), an input tax credit is allowed:

(a) in the case of creditable acquisition that relates to a taxable import, at the time of the taxable import as determined under Chapter 2 of FSMC Title 54; or

(b) in the case of any other creditable acquisition, at the time of the supply in respect of which the creditable acquisition relates.

(8) If, at the time a taxable person furnishes a VAT return for a VAT period in which an input tax credit would otherwise be allowable under this Act, the person does not hold

the documentation referred to in Subsection (9), the input tax credit is not allowed in that VAT period but instead is allowed in the first VAT period in which the person holds such documentation.

(9) The documentation required for the purposes of Subsection (8) is:

(a) in the case of a creditable acquisition that relates to a taxable import, a bill of entry or other document prescribed under Chapter 2 of FSMC Title 54 for the import;

(b) in the case of a creditable interstate acquisition, a VAT invoice issued under the relevant State VAT Law for the taxable supply to which the acquisition relates;

(c) in the case of any other creditable acquisition, the VAT invoice for the taxable supply to which the acquisition relates;

(d) in the case of an input tax credit allowed in respect of input tax treated as payable under Section 9.2501(3) or 9.2502(6), the VAT debit note required to be issued under those sections;

(e) in the case of an input tax credit allowed under Section 9.2501(4), a copy of the VAT credit note issued to the recipient of the supply; or

(f) in the case of an input tax credit allowed under Section 9.2502(1), a copy of the debt written off in the taxable person's accounts.

(10) Whether a creditable acquisition made in a VAT period relates to making a particular kind of supply is determined on the basis of the taxable person's intention at the time of the acquisition, but the taxable person may take account of actual use or a change in intention

that occurs before the date on which the VAT return for that period is required to be furnished.

Section 9.2602. Input Tax Credit for Newly Registered Person. Subject to this Act, a taxable person may claim, in the first VAT return of the person, an input tax credit determined in accordance with Sections 9.2601 and 9.2603 for the input tax paid in respect of goods held at the date of registration for the purpose of making creditable supplies, if:

(1) at the end of the last day before the date of the person's registration, the person held the goods as inventory;

(2) the inventory was acquired by the person in a creditable acquisition by the person;

(3) the creditable acquisition occurred no more than four months prior to the date of registration; and

(4) the person can provide documentary evidence satisfactory to the CEO that input tax has been paid on the creditable acquisition.

Section 9.2603. Denial of Input Tax Credits.

(1) No input tax credit is allowed under this Chapter for input tax payable in respect of a creditable acquisition by a taxable person:

(a) For a passenger vehicle, or spare parts or repair and maintenance services for such vehicle, unless the person's enterprise involves the dealing in, or hiring of such vehicles and the vehicle was acquired for such purpose.

(b) For petroleum products, unless those products are wholly for use in the

enterprise of the person.

(c) To the extent that the acquisition is used to provide entertainment, unless:

(i) the entertainment was provided in the ordinary course of enterprise carried on by the person to provide the entertainment and the entertainment was not supplied to an associate or employee; or

(ii) the entertainment was provided while the recipient of the entertainment was away from home for the purposes of the enterprise of the recipient or the recipient's employer.

(d) To the extent to which the acquisition is used to provide accommodation, unless:

(i) the person's enterprise involves providing accommodation and the accommodation was provided in the ordinary course of the enterprise; or

(ii) the accommodation was provided while the recipient of the accommodation was away from home for the purposes of the enterprise of the recipient or the recipient's employer; or

(e) if the acquisition provides membership or entrance for any person in a sporting, social, or recreational club, association, or society.

(2) Section 9.2601 applies in determining whether an input tax credit is allowed for a creditable acquisition that is an exception to the denial of input tax credits under Subsection

(2)(a), (b), (c), or (d).

(3) A passenger vehicle is a road vehicle designed or adapted for the transport of nine or fewer seated passengers.

SUBCHAPTER G: NET VAT PAYABLE

Section 9.2701. Computation of Net VAT Payable.

(1) The amount that a taxable person must remit to the CEO for a VAT period is the net VAT payable for the period computed according to the following formula:

$$A - B$$

where –

A is the total output tax payable in respect of taxable supplies made or treated under this Chapter as having been made by the person in the period; and

B is the total input tax credit allowed to the person under this Chapter for the period.

(2) If the equivalent in a State VAT Law of Section 9.2501 of this Chapter applies to a taxable person in a VAT period in respect of a creditable interstate acquisition –

(a) component A of the formula in Subsection (1) for the period includes any output tax treated as payable in the period by the person under the equivalent in the State VAT Law of Section 9.2501(5) of this Chapter in respect of the acquisition; or

(b) component B of the formula in Subsection (1) for the period includes any input tax treated as payable in the period by the person under the equivalent in the State VAT Law of Section 9.2501(3) of this Chapter in respect of the acquisition.

(3) Subsection (2)(b) applies only if the taxable person has a VAT debit note issued the relevant State VAT Law in respect of the adjustment.

(4) If the equivalent in a State VAT Law of Section 9.2502 of this Chapter applies to a taxable person in a VAT period in respect of a creditable interstate acquisition:

(a) component A of the formula in Subsection (1) for the period includes any output tax treated as payable in the period by the person under the equivalent in the State VAT Law of Section 9.2502(4) of this Chapter in respect of the acquisition; and

(b) component B of the formula in Subsection (1) for the period includes any input tax treated as payable in the period by the person under the equivalent in the State VAT Law of Section 9.2502(6) of this Chapter in respect of the original acquisition.

Section 9.2702. Refunds.

(1) Subject to Subsection (3), if, for any VAT period, the total input tax credit allowed to a taxable person exceeds the person's total output tax for the period:

(a) the excess is carried forward and allowed as an input tax credit in the following VAT period and any amount of the excess not credited in that period is carried forward to the next following VAT period and allowed as an input tax credit in that period; and

(b) any amount of the excess not credited under paragraph (a) is, upon written application by the person, refunded to the person.

(2) If a taxable person has an excess input tax credit carried forward under this Section for more than one VAT period, the excess credit of the earliest VAT period is allowed

first.

(3) If the excess referred to in Subsection (1) is due to excess input tax credits that are a regular feature of the taxable person's enterprise, the CEO must, upon application in writing, refund the excess within 45 days after the person has furnished the VAT return for the period.

(4) A taxable person who has erroneously overpaid VAT for a VAT period may apply, in writing, to the CEO for an input tax credit in the amount of the overpayment.

(5) If the CEO is satisfied that an application has been properly made by a taxable person under Subsection (4), the CEO must allow the person an input tax credit in the VAT period specified by the CEO for the amount of the overpayment.

(6) An application under Subsection (4) must be made within 6 years from the date of the overpayment.

SUBCHAPTER H: VAT DOCUMENTATION

Section 9.2801. VAT Invoices.

(1) A registered person making a taxable supply to another registered person must, at the time of the supply, issue that other person with the original VAT invoice for the supply.

(2) A VAT invoice must contain the following particulars:

(a) the words "VAT INVOICE" in a prominent place;

(b) the name, address, and Taxpayer Identification Number of the supplier;

-
-
- 1 (c) the name, address, and Taxpayer Identification Number of the recipient;
- 2 (d) the individualized serial number and the date on which the VAT invoice
- 3 is issued;
- 4 (e) the description of the goods (including quantity or volume) or services
- 5 supplied and the date on which the supply was made; and
- 6 (f) the consideration for the supply and the amount of VAT charged.

7 Section 9.2802. VAT Credit and Debit Notes.

8 (1) If:

- 9 (a) a registered person (referred to as “the supplier”) has made a taxable
- 10 supply to another registered person (referred to as “the recipient”);
- 11 (b) at the time of the supply, the supplier has issued an original VAT
- 12 invoice to the recipient;
- 13 (c) Section 9.2501 or 9.2502 applies to the supply; and
- 14 (d) the amount shown on the invoice as the VAT charged exceeds the VAT
- 15 properly chargeable in respect of the supply or Section 9.2502(4) applies to the supply,
- 16 then the supplier must provide the recipient with an original VAT credit note.

17 (2) A VAT credit note must contain the following particulars:

- 18 (a) the words “VAT CREDIT NOTE” in a prominent place;
- 19 (b) the name, address, and Taxpayer Identification Number of the supplier;
- 20 (c) the name, address, and Taxpayer Identification Number of the recipient;

(d) the individualized serial number and the date on which the VAT credit note is issued;

(e) a brief description of the circumstances giving rise to the issuing of the VAT credit note, including information sufficient to identify the taxable supply to which the VAT credit note relates;

(f) if Section 9.2501(1)(a), (c), or (d) applies, the consideration shown on the VAT invoice for the supply, the correct amount of the consideration, the difference between those two amounts, and the amount of VAT that relates to the difference; and

(g) in any case when paragraph (f) does not apply, the VAT originally payable, the VAT payable as a result of the circumstances giving rise to the issuing of the VAT credit note, and the difference between those amounts.

(3) If:

(a) a registered person (referred to as "the supplier") has made a taxable supply to another registered person (referred to as "the recipient");

(b) at the time of the supply, the supplier has issued an original VAT invoice to the recipient;

(c) Section 9.2501 or 9.2502 applies to the supply; and

(d) the VAT properly chargeable in respect of the supply exceeds the amount shown on the invoice as the VAT charged or Section 9.2502(6) applies to the supply, then the supplier must provide the recipient with an original VAT debit note.

(4) A VAT debit note must contain the following particulars -

(a) the words "VAT DEBIT NOTE" in a prominent place;

(b) the name, address, and Taxpayer Identification Number of the supplier;

(c) the name, address, and Taxpayer Identification Number of the recipient;

(d) the individualized serial number and the date on which the VAT debit note is issued;

(e) a brief description of the circumstances giving rise to the issuing of the VAT debit note, including information sufficient to identify the taxable supply to which the VAT debit note relates;

(f) if Section 9.2501(1)(a), (c), or (d) applies, the consideration shown on the VAT invoice for the supply, the correct amount of the consideration, the difference between those two amounts, and the amount of VAT that relates to the difference; and

(g) in any case when paragraph (f) does not apply, the VAT originally payable, the VAT payable as a result of the circumstances giving rise to the issuing of the VAT credit note, and the difference between those amounts.

Section 9.2803. VAT Documentation Issued by or to Agents.

(1) If a taxable supply is made by or to an agent on behalf of a principal and both the agent and principal are registered persons, any VAT invoice, VAT credit note, or VAT debit note required to be issued by or to the principal may be issued by or to the agent, using the name, address and Taxpayer Identification Number of the agent.

(2) If a taxable supply is made by or to an agent on behalf of a principal and the principal is a registered person but the agent is not, any VAT invoice, VAT credit note, or VAT debit note required to be issued by or to the principal may be issued by or to the agent, but using the name, address and Taxpayer Identification Number of the principal.

(3) If a taxable supply is made by or to an agent on behalf of a principal, any VAT invoice, VAT credit note, or VAT debit note required to be issued under this Act can be issued once only and must not be issued by or to both the agent and the principal.

(4) A VAT invoice, VAT credit note, or VAT debit note issued by or to an agent in accordance with this Section is treated as issued by or to the principal, as the case may be, for the purposes of the Act.

Section 9.2804. Requests for VAT Documentation.

(1) A taxable person who, for any reason, has not been issued with an original VAT invoice, VAT credit note, or VAT debit note as required under this Act may make a written request to the supplier to issue the document.

(2) A request under Subsection (1) must be made –

(a) in the case of a VAT invoice, within 60 days of the date of the supply; or
(b) in the case of a VAT credit note or VAT debit note, within 60 days of the date of the event under Section 9.2501 or 9.2502 to which the VAT credit note or VAT debit note relates.

(3) A registered person receiving a request under Subsection (1) must comply

with the request within 14 days of receiving the request.

Section 9.2805. Maintenance of VAT Documentation.

(1) A registered person must issue only one original VAT invoice for a taxable supply, or one original VAT credit note or VAT debit note for an event under Section 9.2501 or 9.2502, but a copy clearly marked as such may be provided to a registered person who claims to have lost the original.

(2) A person must not issue a VAT invoice, VAT credit note, or VAT debit note other than in the circumstances specified in this Act.

(3) The following documents must be maintained by a registered person for the purposes of the Act:

(a) original or unaltered copies issued under Subsection (1) of all VAT invoices, VAT credit notes, and VAT debit notes received by the person;

(b) a copy of all VAT invoices, VAT credit notes, and VAT debit notes issued by the person;

(c) documentation relating to imports and exports of goods by the person;
and

(d) in relation to all services to which Section 9.2408 or 9.2409 apply, sufficient written evidence to identify the supplier and the recipient, and to show the nature and quantity of services supplied, the time of supply, the place of supply, the consideration for the supply, and the extent to which the supply has been used by the recipient for particular purposes.

(4) The documents referred to in Subsection (3)(b) must be maintained in chronological order.

SUBCHAPTER I: VAT PROCEDURE

Section 9.2901. VAT Returns. A taxable person must file a VAT return, in the prescribed form and manner, for each VAT period within 15 days after the end of the period.

Section 9.2902. Due Date for Payment of VAT.

(1) The net VAT payable by a taxable person for a VAT period is payable by the due date for furnishing the VAT return for that period.

(2) The liability for VAT arises by operation of this Section and does not depend on the CEO making an assessment of the VAT due.

Section 9.2903. Late Payment Interest

(1) A person who fails to pay the net VAT payable for a VAT period 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 under this Section is calculated as simple interest.

(4) Late payment interest payable under this Section is in addition to any penalty imposed under this Subchapter J or any sanction imposed under Subchapter K in respect of the same act or omission.

(5) Late payment interest payable under this Section is treated as tax payable by a taxpayer for the purposes of Subchapters D and E of Chapter 2, and Title 9 of the Kosrae State Code.

Section 9.2904. Self-assessments. A registered person that files a VAT return for a VAT period is treated as having made a self-assessment of the net VAT payable by the person for the period as specified in the return. The VAT return filed by a registered person is treated as a notice of the self-assessment served by the CEO on the person on the date that the return was filed.

Section 9.2905. Assessment of Recipient of a Supply.

(1) If a taxable person has, in consequence of misrepresentation or fraud by the recipient of a supply, incorrectly treated the supply as:

(a) an exempt supply; or

(b) a VAT-free supply,

then the CEO may assess the recipient of the supply for payment of the VAT due in respect of the supply and any late payment interest and penalty imposed as a result of the late payment of the VAT.

(2) The CEO must serve notice of an assessment under Subsection (1) on the

recipient specifying:

(a) the reason for the assessment as provided for in Subsection (1);

(b) the VAT payable under the assessment;

(c) the date on which the VAT payable under the assessment is due, which must be at least thirty days after the date on which the notice is served; and

(d) the time, place, and manner of objecting to the assessment.

(3) Subsection (1) does not preclude the CEO from recovering the whole or part of the VAT due in respect of the supply together with any interest from the taxable person who made the supply and

(a) any amount recovered from the recipient of the supply is credited against the liability of the supplier in respect of the supply; and

(b) any amount recovered from the supplier is credited against the liability of the recipient of the supply, *but* the CEO cannot recover more than the total amount of VAT and interest payable in relation to the supply.

(4) Any supplier who pays VAT or interest referred to in Subsection (1) may recover the amount from the recipient of the supply.

Section 9.2906. Diplomatic Missions and International Agreements.

(1) The CEO may authorize, subject to such conditions and restrictions as the CEO considers appropriate, the granting of a refund of part or all the VAT incurred in relation to a taxable supply to, or taxable import by:

(a) a diplomatic or consular mission, or by a diplomat or consular official enjoying full or limited immunity, rights, or privileges under applicable law, to the extent required under such law; or

(b) a public international organization or foreign government to the extent required under an agreement with the Kosrae State Government or a treaty to which the FSM is a party.

(2) An application for a refund under Subsection (1) must be made in the prescribed form and lodged in the prescribed manner by the CEO and must be accompanied by such supporting documentation as the CEO may require including but not limited to:

(a) evidence that the VAT for which the refund is sought was incurred; and

(b) evidence of the applicant's entitlement to make an application under Subsection (1).

(3) An "international agreement" is an agreement between the FSM National Government and a foreign government or public international organization for the provision of financial, technical, humanitarian, or administrative assistance to the FSM National Government or the Kosrae State Government or its subdivisions.

Section 9.2907. Tax Avoidance Schemes.

(1) Notwithstanding anything in this Act, if the CEO is satisfied:

(a) that a scheme has been entered into or carried out;

(b) a person has obtained a tax benefit in connection with the scheme; and

1 (c) having regard to the substance of the scheme, it would be concluded that
2 the person, or one of the persons, who entered into or carried out the scheme did so for the sole
3 or dominant purpose of enabling the person to obtain a tax benefit,
4 then the CEO may determine the VAT liability of the person who has obtained a tax benefit as if
5 the scheme had not been entered into or carried out.

6 (2) If the CEO makes a determination under Subsection (1), the CEO must make
7 an assessment giving effect to the determination.

8 (3) Except in the case of fraud or willful neglect, a determination under
9 Subsection (1) must be made within 6 years from the last day of the VAT period to which the
10 determination relates.

11 (4) A scheme includes a course of action, and an agreement, arrangement,
12 promise, plan, proposal, or undertaking, whether express or implied, and whether or not legally
13 enforceable.

14 (5) Any of the following is a tax benefit:

- 15 (a) a reduction in the liability of a person to pay VAT;
16 (b) an increase in the entitlement of a person to an input tax credit, including
17 an increase in an excess input tax credit carried forward;
18 (c) an entitlement to a refund;
19 (d) a postponement of a liability for the payment of VAT;
20 (e) an acceleration of an entitlement to an input tax credit;

(f) any other advantage arising because of a delay in payment of VAT or an acceleration of the entitlement to an input tax credit;

(g) anything that causes a taxable supply or taxable import not to be a taxable supply or taxable import, as the case may be; or

(h) anything that gives rise to an input tax credit entitlement for an acquisition or import that is used or to be used other than in making taxable supplies.

SUBCHAPTER J: ADMINISTRATIVE PENALTIES AND CRIMINAL OFFENSES

Section 9.21001. Penalty for Failure to Apply for VAT Registration. A person who fails to apply for registration as required by Section 9.2301 is liable for a penalty equal to double the amount of VAT payable for the period commencing on the day on which the person was first required to apply for registration until either the person lodges an application for registration or the person is registered by the CEO on the CEO's own motion.

Section 9.21002. Penalty for Failure to Display VAT Registration Certificate. A person who fails to display its VAT registration certificate or a copy thereof as required by Section 9.2302(7) is liable for a penalty equal to \$250 per day for each day or part day on which the failure occurs.

Section 9.21003. Penalty for Failure to File Tax Return or Lodge Other Document.

(1) A taxable person who fails to file a VAT return or lodge any other document as required under this law is liable:

(a) in the case of a failure to file a VAT return under which an amount of

1 tax is payable, for a penalty of 1% of the amount of the net VAT payable for the VAT period to
2 which the return relates for each month or part month that the return remains unfilled; or

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

4 (2) A taxable person served with a notice of assessment by the CEO under
5 Section 9.222 of Title 9 of the Kosrae State Code is liable for a penalty of 25% of the tax
6 assessed (taking into account any subsequent amendment of the assessment) in addition to the
7 penalty imposed under Subsection (1)(a).

8 (3) For the purposes of Subsection (1)(b), a person ceases to be in default at the
9 time the document is received by the CEO.

10 Section 9.21004. Penalty for Failure to Pay VAT By Due Date.

11 (1) A taxable person who fails to pay the net VAT payable for a VAT period by
12 the due date is liable for a penalty equal to 10% of the amount of the net VAT payable for each
13 month, or part of a month, that the VAT remains unpaid Subject to a maximum penalty of 100%
14 of the unpaid VAT.

15 (2) The penalty imposed under Subsection (1) is in addition to interest payable
16 under Section 9.2903 for late payment of tax. The ceiling on the amount of penalty payable
17 under Subsection (1) does not apply to or take into account interest payable under Section
18 9.2903.

19 Section 9.21005. Penalty for Failure to Maintain Proper Records.

20 A taxable person who fails to maintain accounts, documents, or records as required under this

Act is liable:

(a) if the failure was knowingly or recklessly made, for a penalty equal to 50 % of the amount of net VAT payable by the taxable person for the VAT period to which the failure relates; or

(b) in any other case, for a penalty equal to 10% of the amount of net VAT payable by the taxable person for the VAT period to which the failure relates.

Section 9.21006. Penalty for Making False or Misleading Statement.

(1) This Section applies to a person:

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

(b) the VAT liability of any person computed on the basis of the statement is less than it would have been if the statement had not been false or misleading (the difference being referred to as the "tax shortfall").

(2) Subject to Subsection (3), a person to whom this Section applies is liable:

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

(b) in any other case, for a penalty equal to 10% of the tax shortfall.

(3) No penalty is payable under Subsection (2) if –

(a) the person who made the statement did not know and could not

1 reasonably be expected to know that the statement was false or misleading in a material
2 particular; or

3 (b) the tax shortfall arose as a result of a self-assessment taxpayer taking a
4 reasonably arguable position on the application of a revenue law to the taxpayer's circumstances
5 in filing a self-assessment return.

6 (4) Nothing in Subsection (3) prevents the imposition of late payment interest
7 under Section 9.2903 in respect of a tax shortfall if the tax is not paid by the due date.

8 (5) A reference in this Section to a statement made to a revenue officer means a
9 statement made in writing or orally to a revenue officer acting in the performance of the officer's
10 duties under a revenue law, and includes a statement made:

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

13 (b) in any information required to be furnished under a revenue law;

14 (c) in any document furnished to a revenue officer;

15 (d) in answer to a question asked of a person by a revenue officer; or

16 (e) to another person with the knowledge or reasonable expectation that the
17 statement would be passed on to a revenue officer.

18 Section 9.21007. Collection of Penalties.

19 (1) A liability for penalty is calculated separately with respect to each Section
20 imposing penalty under this Subchapter.

(2) If a penalty has been paid under this Chapter and a prosecution is initiated under Subchapter K in respect of the same act or commission, the CEO must refund the amount of the penalty paid, and no penalty is payable unless the prosecution is withdrawn.

(3) The CEO must:

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

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

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

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

Section 9.21008. Criminal Offenses. The following shall be considered criminal offenses:

(1) Offenses Related to Registration. A person who fails:

(a) to apply for registration as required by Section 9.2301;

(b) to notify the CEO of a change in circumstances as required by Section 9.2302(8);

(c) to apply for cancellation of registration as required by Section 9.2303; or

(d) to comply with Section 9.2303(10)(a) or (c),

is guilty of an offense and, upon conviction, shall be subject to a fine not exceeding \$1,000, or, if

a natural person, imprisonment of not more than one year, or both.

(2) Offenses Related to VAT Documentation.

(a) A registered person who fails to provide a VAT invoice, VAT credit note, or VAT debit note as required under this Chapter is guilty of an offense and, upon conviction, shall be subject to a fine not exceeding \$1,000, or, if a natural person, imprisonment of not more than one year, or both.

(b) A person who issues a VAT invoice, VAT credit note, or VAT debit note otherwise than as provided for under the Act is guilty of an offense and, upon conviction, shall be subject to a fine not exceeding \$1,000, or, if a natural person, imprisonment of not more than one year, or both.

(c) A registered person who fails to comply with a request under Section 9.2804 is guilty of an offense and, upon conviction, shall be subject to a fine not exceeding \$1,000, or, if a natural person, imprisonment of not more than one year, or both.

(3) Failure to Maintain Proper Records. A taxable person who knowingly or recklessly fails to maintain accounts, documents, or records as required under the Act is guilty of an offense and, upon conviction, shall be subject to a fine not exceeding \$1,000, or, if a natural person, imprisonment of not more than one year, or both.

(4) Making False or Misleading Statement.

(a) A person who shall knowingly or recklessly:

(i) make a statement to a revenue officer that is false or misleading in

1 a material particular; or

2 (ii) omit from a statement made to a revenue officer any matter or
3 thing without which the statement is false or misleading in a material particular shall be guilty of
4 an offense and, upon conviction, shall be subject to a fine not exceeding \$20,000, or, if a natural
5 person, imprisonment of not more than ten years, or both.

6 (b) Section 9.21006(5) applies in determining whether a person has made a
7 statement to a revenue officer.

8 (5) Prevention of Price Exploitation on Introduction of VAT.

9 (a) Subject to Subsection (b), any person who makes a regulated supply for
10 a price that is excessive having regard to:

11 (i) the introduction of this Chapter and the amendment or repeal of the
12 former Chapter 2 under Title 9 of the Kosrae State Code;

13 (ii) the person's costs;

14 (iii) supply and demand conditions; and

15 (iv) any other relevant matter,

16 is guilty of an offense and, upon conviction, shall be subject to a fine not exceeding \$1,000 for
17 the first breach and a fine not exceeding \$1,500 for the second and each subsequent breach.

18 (b) No penalty shall be imposed under Subsection (a) if:

19 i. the contravention was due to a reasonable mistake; and

20 ii. the person took reasonable precautions and exercised due diligence

to avoid contravention of Subsection (a).

(c) The CEO shall publish guidelines as to when prices for regulated supplies may be in contravention of Subsection (a).

SUBCHAPTER K: TRANSITIONAL PROVISIONS

Section 9.21109. Regulations. The Director of the Kosrae State Department of Administration and Finance may, subject to approval of the Governor and review by the Attorney General, prescribe such regulations as may be necessary for the enforcement of this Chapter. Such regulations shall have the force and effect of law.

Section 9.21110. Transitional Rules Relating to Registration.

(1) A person must apply to the CEC for registration under this Chapter no later than the transitional registration day if:

(a) considering the total value of taxable supplies made or to be made by the person in the course or furtherance of the person's enterprise, the person would have been required to apply for registration under Section 9.2301 on or before that day if this Chapter had come into force at least 12 calendar months before that day; or

(b) the person is a Government entity undertaking an enterprise.

(2) A person who is not required to be registered under Subsection (a) is required to apply for registration under this Act on any subsequent day before the commencement date, if on that day Section 9.2301 would have applied to that person if this Act had come in force at least 12 calendar months before that day.

(3) Notwithstanding Section 9.2302, if a person is required to apply for

1 registration under Subsections (1) or (2), the registration takes effect from the commencement
2 date.

3 (4) If, prior to the commencement date:

4 (a) a person purported to lodge an application for registration under this
5 Chapter;

6 (b) the CEO purported to register a person under this Chapter; or

7 (c) the CEO purported to issue a VAT registration certificate under this Act,
8 then the application, registration, or certificate, as applicable, is treated for all purposes of this
9 Act and the Revenue Administration Act as if it were made on the commencement date.

10 (5) If the CEO is satisfied that a person is required to apply for registration under
11 Subsections (1) or (2) and the person has not applied for registration as required, the CEO may
12 register that person.

13 (6) The transitional registration day is the day that is two calendar months before
14 the commencement date.

15 Section 9.21111. General Transitional Rules

16 (1) Subject to Subsection (2):

17 (a) at the end of the last business day before the commencement date, a
18 registered person held goods as inventory;

19 (b) the goods were acquired not more than 4 months before the beginning of
20 that day; and

(c) the CEO is satisfied that the tax under the former Chapter 2 of Title 9 of the Kosrae State Code has been paid on the acquisition of those goods, then the person may claim an input tax credit for the payment of such excise tax in the first VAT period after the commencement date.

(2) A registered person is not allowed an input tax credit under Subsection (1) for any excise tax paid in respect of the acquisition of goods if, and to the extent that, because of the application of Sections 9.2601 and 9.2603, the person would not have been allowed an input tax credit if the acquisition had occurred after the commencement date.

(3) A person claiming an input tax credit under Subsection (a) in respect of inventory on hand at the end of the last business day before the commencement date must submit a list of inventory with the person's first VAT return, supported by documentary evidence of the payment of excise tax.

(4) Subject to Subsection (5), if a registered person concluded a contract before the commencement date, the person is, after the commencement date, entitled to increase the price of a taxable supply made under that contract by an amount equal to the price multiplied by the tax fraction, notwithstanding that the contract contained no provision relating to increasing the price because of the imposition of VAT.

(5) If the period of a supply referred to in Section 9.2401(5) as the actual supply begins before and ends after the commencement date, the supply is treated as having been made continuously and uniformly throughout that period and the consideration for that supply is

1 apportioned accordingly in determining the value of the supplies deemed to be made because of
2 Section 9.2401(5).

3 (6) Subsection (5) does not apply to the supply of a warranty in relation to goods
4 or a service if the value of the warranty has been included in the price of the goods or service.

5 Section 9.21112. Effective Date. This Act shall become law upon approval of the
6 Governor, or upon its becoming law without such approval, and shall take effect eighteen months
7 following the effective date of the FSM Unified Revenue Authority Act.

8 PASSED BY THE TENTH KOSRAE STATE LEGISLATURE ON THE 11TH DAY OF MAY
9 2012

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11
12 
13 Lyndon P. Abraham
Speaker, Tenth Kosrae State Legislature

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15 Attested by: 
16 Chief Clerk

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19
20 
Lyndon H. Jackson
Governor, State of Kosrae

Date: 6-14-12

