

AN ACT

To amend subchapter II of chapter 3 of title 54 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 18-103, by inserting a new section 324 thereto to give the Secretary of the Department of Finance and Administration the authority to require a third-party appraisal to determine fair market value of certain assets, and for other purposes.

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

1           Section 1. The Congress desires to ensure that the  
2 Secretary of the Department of Finance and Administration has  
3 all the authority necessary to maximize collection of all taxes  
4 properly owed to the Federated States of Micronesia. In  
5 determining the value of certain assets for taxable income  
6 purposes, disputes can arise as to the asset's fair market  
7 value. The Congress finds that the best way to avoid such  
8 disputes and maximize the amount of taxes collected is to  
9 utilize the expertise of qualified third-party appraisers.

10           Section 2. Subchapter II of chapter 3 of title 54 of the  
11 Code of the Federated States of Micronesia (Annotated), as  
12 amended by Public Law No. 18-103, is hereby further amended by  
13 inserting a new section 324 to read as follows:

14                   "Section 324. Requirement of third-party appraisal.

15                   (1) For any asset or series of assets valued at  
16                   \$10,000,000 or more, the Secretary of the Department  
17                   of Finance and Administration has the authority to

1           require that a Major Corporation or a Major FSM  
2           Branch submit to a qualified third-party appraisal to  
3           determine the fair market value of each asset for the  
4           purpose of determining taxable income.

5           (2) If a Major Corporation or a Major FSM Branch  
6           has already utilized a qualified third-party  
7           appraiser to determine fair market value of an asset,  
8           the Secretary has the authority to accept that  
9           appraisal in lieu of the appraisal required under  
10          subsection (1) of this section."

11          Section 3. This act shall become law upon approval  
12          by the President of the Federated States of Micronesia or  
13          upon its becoming law without such approval.

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\_\_\_\_\_ JULY 20, 2018

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for /s/ Yosiwo P. George  
Peter M. Christian  
President  
Federated States of Micronesia

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