



Department of Justice
Federated States of Micronesia

18.2024

Leonito Bacalando, Jr., Acting Secretary

(691) 320-2608


January 18, 2024

MEMORANDUM

TO: Secretary of Finance & Administration
FROM: Acting DOJ Secretary
SUBJECT: Emergency Regulation on Major Corporate Tax

Per our discussion today, I am transmitting the attached emergency regulation for your signature. This regulation requires that any fractions of tax reports of major corporations shall be rounded up, not down.

I have signed this. I urge that you do the same, and then forward it to the President's Office for final approval. Thank you.


Leonito Bacalando, Jr.

Cc: Chief of Staff

EMERGENCY REGULATION CONFIRMING THE
TREATMENT OF DECIMALS AND FRACTIONS IN FSM
CORPORATE INCOME TAX RETURNS

This Emergency Regulation is proposed and to be posted according to Section 370(2) of Title 54 of the Code of the Federated States of Micronesia (Annotated), which gives power to adopt regulations to implement Chapter 3 of Title 54 of the FSM Code.

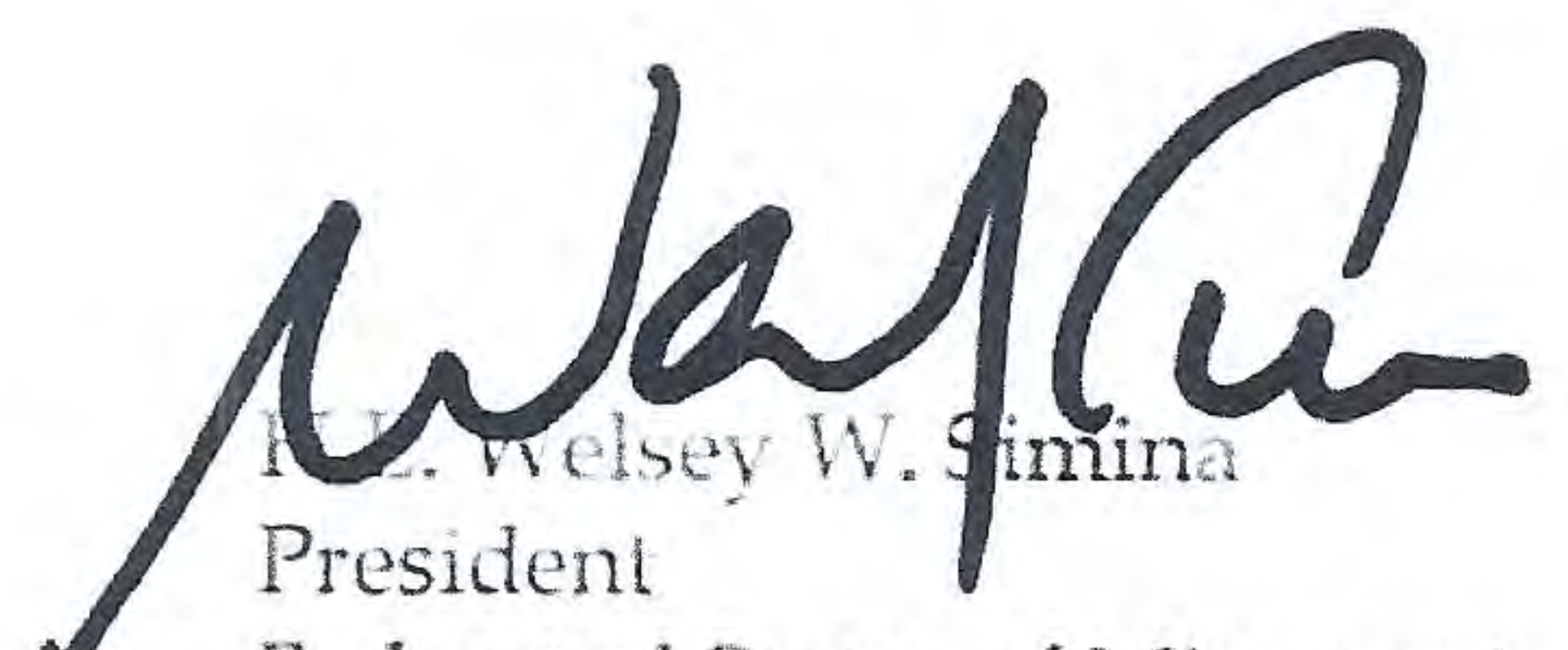
This Emergency Regulation shall take effect immediately upon signature by the President as an emergency regulation and shall be replaced by a Permanent Regulation on the fortieth day from the date of the posting of the proposed permanent regulation. Persons affected should assume that the proposed Permanent Regulation became effective on that date unless they learn otherwise. The actual date of effectiveness will be noted on the certified copy of the Permanent Regulation to be filed pursuant to 17 FSMC 103(1).

Extra copies of the Emergency Regulation can be obtained from the Secretary of Finance and Administration with address below. Any person interested in commenting may do so by written submission to:

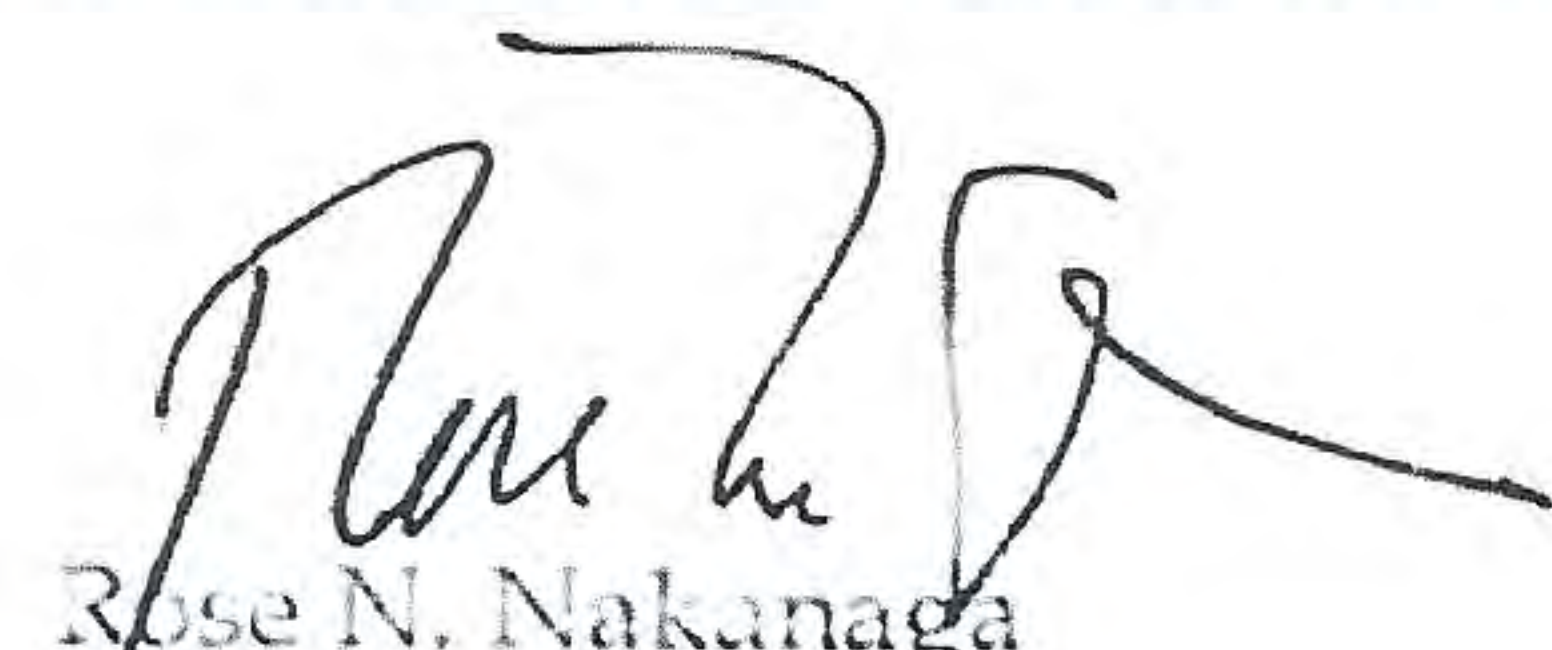
Secretary Rose N. Nakanaga
Department of Finance and Administration
Palikir, Pohnpei FSM

Approved:

Date: January 19, 2024

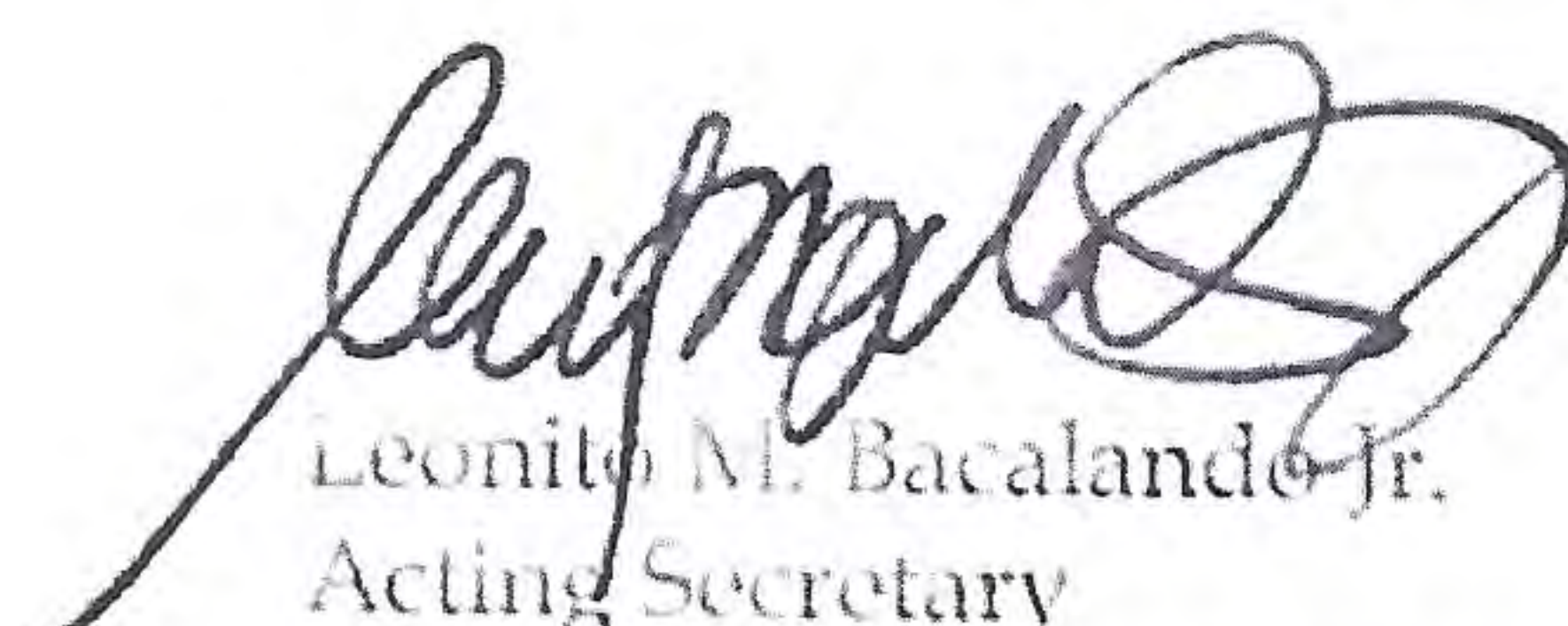

F. Welsey W. Simina
President
Federated States of Micronesia

Date: 1/19/24


Rose N. Nakanaga
Secretary
Department of Finance & Administration
Federated States of Micronesia

Approved as to legal sufficiency:

Date: 1/19/24


Leonilo M. Bacalando Jr.
Acting Secretary
FSM Department of Justice

EMERGENCY REGULATION AND PROPOSED PERMANENT REGULATION
CONFIRMING THE
TREATMENT OF DECIMALS AND FRACTIONS IN FSM
CORPORATE INCOME TAX RETURNS

- I. Authority
 - a. The President of the Federated States of Micronesia is issuing this Regulation in accordance with Section 102(2) of Title 17 of the FSM Code (Annotated) as he finds that the public interest so requires.
 - b. It is also issued under authority of the Secretary of Finance & Administration under Section 370 of Title 54 of the FSM Code (Annotated).
 - c. Once promulgated according to the Administrative Procedure Act, Title 17 of the FSM Code (Annotated), this Regulation shall have the force and effect of law and become permanent. This Regulation takes effect immediately upon signature by the President.

- II. Policy Considerations. This Regulation is issued because it is in the public interest of the FSM, especially at a time of fiscal and budgetary uncertainty, to preserve and protect the revenues the FSM derives from corporate income taxes paid by FSM Major Corporations and captive insurance companies.

- III. Confirming the Treatment of Decimals and Fractions
 - a. This Regulation confirms that the existing policy of the Secretary of Finance and Administration is that any decimals or fractions in corporate income tax filing calculations should always be rounded UP, not down, to the nearest whole number.

- IV. Confirming Acceptance of Adjusted Corporate Income Tax Returns and Payments
 - a. This Regulation confirms that the Secretary of Finance and Administration will accept adjusted corporate income tax returns where the taxpayer pays a *de minimis* amount to rectify any past incidents where decimals or fractions were not rounded up.