

A BILL FOR AN ACT

To amend the provisions in Chapter 12 of Title 40 of the Palau National Code relating to the gross revenue tax, to amend the Road Use Tax, and for other purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIL ERA KELULAU DO ENACT AS FOLLOWS:

1           Section 1. Legislative Findings. The Olbil Era Kelulau finds that with the  
2           enactment of the recent minimum wage law, and with the continued requirement that  
3           employers contribute 2.5% toward the Palau National Health Insurance, the private  
4           sector needs an additional economic stimulant so that it will continue to grow. This bill  
5           will provide a tax break to companies; before they calculate gross revenue to be taxed,  
6           the entire salary or wages paid to Palauan citizens is deducted from amount of the  
7           gross revenue, and up to \$5,000 in salary or wages paid to foreign workers. The Olbil  
8           Era Kelulau finds that this tax break will counter the effects of the minimum wage law  
9           on small business that are hard-pressed to meet the new requirements.

10           Section 2. Amendment. 40 PNC § 1404, as amended by RPPL No. 9-10, is  
11           hereby amended to read as follows:

12           “§ 1404. Road use tax.

13           (a) There is hereby assessed and levied an annual road use tax on all motor  
14           vehicles, including vehicles owned by all agencies of the National Government, state  
15           governments and state agencies, and public corporations. All agencies and public  
16           corporations that may be exempt from taxes under other laws of the Republic shall pay  
17           the road use tax. The road use tax shall be payable at the time required for  
18           registration of each vehicle to be assessed the road use tax as follows:

19           ...

20           (3) All motor vehicles weighing between four thousand (4,000) pounds  
21           and six thousand (6,000) pounds-- one hundred fifty dollars (\$150). Any person  
22           who paid a two hundred dollar (\$200) road use tax in accordance with RPPL  
23           No. 9-10 shall receive a credit of fifty dollars (\$50) towards their future road use