



Territory of Guam
Territorion Guam

OFFICE OF THE GOVERNOR
UFISINAN I MAGA'LAHI
AGANA, GUAM 96910 U.S.A.

RECEIVED
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DATE: DEC 03 1993
TIME: 7:05 pm
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**REFER TO
LEGISLATIVE SECRETARY**

DEC 02 1993

The Honorable Joe T. San Agustin
Speaker, Twenty-Second Guam Legislature
155 Hesler Street
Agana, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 570 which I have signed into law this date as
Public Law 22-55.

Sincerely yours,

A handwritten signature in cursive script that reads "Frank F. Blas".

FRANK F. BLAS
Governor of Guam,
Acting

220435

Attachment

TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session

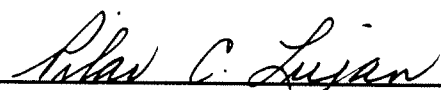
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 570 (LS), "AN ACT TO AMEND §16502, REPEAL AND REENACT §16505 OF THE GOVERNMENT CODE, ADD A NEW SUBSECTION (c) TO §2432 AND AMEND SUBSECTION (a) OF §2433 OF TITLE 12, GUAM CODE ANNOTATED, AND TO ADD A NEW SUBITEM (26) TO SUBSECTION (k) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED, TO EXTEND THE DURATION OF THE FOREIGN SALES CORPORATION PROGRAM, PROVIDE A SCHEDULE OF FEES, AND EXEMPT NON-GUAM SOURCE INCOME FROM TAXATION," was on the 19th day of November, 1993, duly and regularly passed.



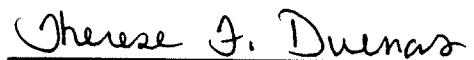
JOE T. SAN AGUSTIN
Speaker

Attested:



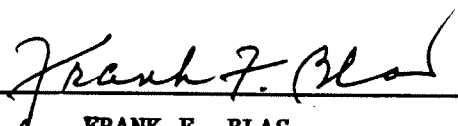
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 24th day of November, 1993, at
10:11 o'clock A.M.



Assistant Staff Officer
Governor's Office

APPROVED:



FRANK F. BLAS
Governor of Guam
Acting
DEC 02 1993

Date: _____

Public Law No. 22-55

**TWENTY-SECOND GUAM LEGISLATURE
1993 (FIRST) Regular Session**

Bill No. 570 (LS)

**Substitute Bill by Committee on Ways and Means
and further substituted by Committee on Rules**

Introduced by:

**C. T. C. Gutierrez
M. Z. Bordallo
V. C. Pangelinan
H. D. Dierking
T. C. Ada
J. P. Aguon
E. P. Arriola
J. G. Bamba
A. C. Blaz
P. C. Lujan
M. D. A. Manibusan
T. S. Nelson
A. R. Unpingco
D. F. Brooks
F. P. Camacho
D. Parkinson
E. D. Reyes
J. T. San Agustin
F. E. Santos
D. L. G. Shimizu
T. V. C. Tanaka**

AN ACT TO AMEND §16502, REPEAL AND REENACT §16505 OF THE GOVERNMENT CODE, ADD A NEW SUBSECTION (c) TO §2432 AND AMEND SUBSECTION (a) OF §2433 OF TITLE 12, GUAM CODE ANNOTATED, AND TO ADD A NEW SUBITEM (26) TO SUBSECTION (k) OF §26203 OF TITLE 11, GUAM CODE ANNOTATED, TO EXTEND THE DURATION OF THE FOREIGN SALES CORPORATION PROGRAM, PROVIDE A SCHEDULE OF FEES, AND EXEMPT NON-GUAM SOURCE INCOME FROM TAXATION.

1 **BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:**

2 **Section 1. (a) Background and Legislative Intent.** The Foreign Sales
3 Corporation program, enacted into law pursuant to Public Law 17-63 as
4 amended by Public Law 17-75, has been in effect since August, 1984. This
5 program has resulted in several hundred Foreign Sales Corporations
6 registering on Guam each year, and at present there are 215 active
7 corporations registered. There is no infrastructure requirement for these
8 businesses, yet there is a mutual benefit to the businesses and the territory.
9 This program is also in effect in the Virgin Islands and Barbados.

10 When first enacted, a ten (10) year time period was inserted into the law
11 because the effects of the program were unknown. Additionally, costs of
12 licensing may increase over a longer term. Some businesses would perhaps
13 license as Foreign Sales Corporations on Guam if the term of licensing was
14 extended. For some types of businesses, a ten (10) year term is too short for
15 their business purposes. In order to accommodate continuing interest by the
16 companies presently licensed on Guam and to encourage interest by
17 companies not yet taking advantage of the Guam program, it is desirable to
18 extend the deadline for thirty (30) years, with increasing of licensing fee
19 requirements every ten (10) years.

20 **(b) Extension of license term.** §16502 of the Government Code,
21 enacted in Section 7 of Public Law 17-75, is amended to read:

22 "§16502. Same: License Term. The Director shall issue a
23 Guam FSC license to the applicant provided the applicant fulfills the
24 requirements set forth in §16501 of this Chapter. The license issued
25 shall be for a term expiring December 31, 2026, subject to the
26 condition that the licensee shall pay an annual license fee each year

1 in the amount provided in §16505. the first annual license fee shall be
2 payable at the time an application for license is filed with the
3 Director. if the license is not issued, the fee shall be refunded to the
4 applicant. The license provided for herein shall not be revoked or
5 cancelled except for cause and in the manner provided in §16504 of
6 the Government Code; provided any licensed FSC may elect at the
7 end of any year during the term of its license not to pay the annual
8 license fee and request, in writing, cancellation of its Guam FSC
9 license, and in such event the Director shall cancel such license
10 without penalty."

11 (c) License fee. §16505 of the Government Code, enacted in Section 9
12 of Public Law 17-75, is repealed and reenacted to read:

13 "§16505. Same. License Fee. The license fee for each year or
14 portion thereof for a Guam FSC license shall be:

15 (a) For a FSC which is not a small FSC:

- 16 (1) One Thousand Dollars (\$1,000) from January 1, 1997
17 to December 31, 2006;
- 18 (2) One Thousand Five Hundred Dollars (\$1,500) from
19 January 1, 2007 to December 31, 2016;
- 20 (3) Two Thousand Two Hundred and Fifty Dollars
21 (\$2,250) from January 1, 2017 to December 31,
22 2026; and

23 (b) For an FSC which is a small FSC:

- 24 (1) Four Hundred Dollars (\$400) from January 1, 1997 to
25 December 31, 2006;
- 26 (2) Six Hundred Dollars (\$600) from January 1, 2007 to
27 December 31, 2016;

1 (3) Nine Hundred Dollars (\$900) from January 1, 2017
2 to December 31, 2026."

3 **(d) Income tax exemptions for non-Guam source income.** A new
4 Subsection (c) is added to §2432 of Article 4A of Title 12, Guam Code
5 Annotated, to read:

6 "(c) For the purposes of the taxes imposed upon income
7 pursuant to the Guam Territorial Income Tax (as established and
8 defined in 48 U.S.C. §1424 (i)), gross income of an FSC does not
9 include any gross income derived from sources without Guam,
10 determined under Section 862 of the Guam Territorial Income Tax
11 (without regard to Section 865 of the Guam Territorial Income
12 Tax)."

13 **(e) Gross Receipts tax exemptions for non-Guam source income.** A
14 new Subitem (26) is added to Subsection (k) of §26203 of Title 11, Guam Code
15 Annotated, to read:

16 "(26) All of the gross income of a Foreign Sales Corporation
17 (FSC) from sources without Guam, as determined under Subsection
18 (c) of §2432 of Title 12, Guam Code Annotated."

19 **(f) Extension of term of Qualifying Certificate, if applicable.**
20 Subsection (a) of §2433 of Title 12, Guam Code Annotated, is amended to
21 read:

22 "§2433. (a) To the extent any foreign trade income, carrying
23 charges, investment income, or gross income derived from sources
24 without Guam as determined under Subsection (c) of §2432 of Title
25 12, Guam Code Annotated, at anytime now hereafter becomes
26 includable within the gross income of a FSC for the purposes of the
27 Guam Territorial income Tax, a rebate of corporate income tax

1 payable to the government of Guam in any single taxable year is
2 hereby established and declared for FSCs. Upon application by an
3 FSC after it has been issued a Guam FSC license pursuant to
4 Chapter VI of Title XVII of the Government Code, a special
5 Qualifying Certificate shall be issued for a period expiring December
6 31, 2026 for the rebate of all income taxes applicable to corporate
7 earnings on foreign trade income, carrying charges and investment
8 income as defined in this Article 4A and any gross income from
9 sources without Guam as determined under Subsection (c) of §2432
10 of Title 12, Guam Code Annotated, occurring on and subsequent to
11 the date of the issuance of the special Qualifying Certificate and
12 prior to the expiration of the Certificate."