

GLOBAL HIRING GUIDE

# The Federated States of Micronesia





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# 01

## BASIC COUNTRY FACTS

- **Full Name**  
The Federated States Of  
Micronesia
- **Capital**  
Palikir
- **Main Languages**  
English
- **Population**  
113,131
- **Monetary Unit**  
United States Dollar
- **Internet Domain**  
.fm
- **International Dialing Code**  
+691
- **Currency**  
United States Dollar



# 02

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## STATUTORY LABOR REQUIREMENTS

### Probation Period

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- Probationary period is generally of 6 months.

### Public Holidays

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1. New Year's Day
2. Micronesian Culture and Traditions Day
3. Federal States of Micronesia Day
4. United Nations Day
5. Independence Day
6. Veterans of Foreign Wars Day
7. President's Day
8. Christmas Day

### Maternity Leave

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- Mothers are entitled to 12 weeks of maternity leave.

### Paternity Leave

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- There is no paternity leave.

### Work Hours

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- The law sets a standard of an eight-hour day and a five-day workweek.

### Overtime

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- The law mandates premium pay for overtime.
- There are no legal provisions prohibiting excessive or compulsory overtime.

### 13th Month

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- 13th month pay is not mandatory.

# 03

## INCOME TAX

- Tax laws are administered and enforced erratically.
- The personal income tax rate is 10 percent, and the corporate tax rate is 21 percent.
- All persons performing services as “employees” are subject to the wages and salaries tax
- All “wages and salaries” of employees are subject to the tax.
- Wages and salaries include almost everything of value an employee receives in exchange for his services.
- “Wages and salaries” are taxable even though not paid in cash.
- For example, money due you at the end of the year but not yet paid is taxable in the year.
- Likewise, if someone gives you merchandise or other goods in exchange for your services, the value of those goods are taxed as “wages and salaries”
- The tax is six percent (6%) of the first \$11,000 and ten percent (10%) of any excess earned during each calendar year.
- Employees earning less than \$5,000 during a calendar year are entitled to a \$1,000 deduction before computing the tax.

INCOME TAX	
Up to \$11,000	6%
Above \$11,000	10%

# 04

## SOCIAL SECURITY

- Social security contribution to be paid by the employers must be at 7.5% of twice the salary of the highest-paid employee per quarter.
- The minimum earnings used to calculate contributions are US \$300 a quarter.
- The maximum earnings used to calculate contributions are US\$7,000 (rising by US\$1,000 every five years until reaching US\$10,000 in 2028) a quarter.

CONTRIBUTION	EMPLOYER	EMPLOYEE
Social Security Contributions	7.5%	

# 05

## IMMIGRATION

### Immigration

- The Federated States of Micronesia allows anyone to enter the nation visa-free. In fact, there is no such thing as a Micronesia visa.
- The permitted length of stay varies from 30 days to 365 days.
- For example, the citizens of the United States can remain in Micronesia for up to a year, while the nationals of the Schengen Area can visit for just 90 days.
- All the other travelers can stay for 30 days in Micronesia, but once they get arrive, they can extend their stay up to 60 days.
- The only thing that is required of you before you go to Micronesia is to have a valid passport that does not expire for 120 days (about 4 months) from the date of your arrival.
- Foreigners seeking to settle down in Micronesia's idyllic isles for work or a business related enterprise, will need to have a working permit before they travel.
- Work permits and permanent residency visas can be obtained by writing to the Federated States of Micronesia Department of Resources and Development.
- The department will let you know what further evidence you need to provide; this may include an official business invitation from the company you've been sent to work with or a birth certificate.

# 06

## VALUE ADD TAX

### Value Added Tax

- The sales tax ranges from 3% to 5% depending on the state.

#### SALES TAX

Standard Rate

3% to 5%

# 07

## WITHHOLDING TAX

### Withholding Tax

- There is no withholding tax on dividends, interest and royalties.

# 08

## STATUTORY BENEFITS

- These are mandatory benefits as postulated by law.
- These include public holidays, sick leave, overtime pay.
- Statutory benefits also include social security benefits.

### STATUTORY BENEFITS

- Public Holidays
- Overtime Pay
- Social Security Benefits



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