

**TITLE 4 – LOCAL GOVERNMENT AFFAIRS  
CHAPTER 2 - LOCAL GOVERNMENT TAX AND FEES**



Republic of the Marshall Islands  
*Jepilpilin Ke Ejukaan*

**LOCAL GOVERNMENT TAX AND FEES ACT 1989**

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**LOCAL GOVERNMENT TAX AND FEES ACT 1989**

AN ACT to prescribe the powers of the Local Government in relation to imposition of tax and fees.

<i>Commencement:</i>	<i>October 1, 1989</i>
<i>Source:</i>	<i>P.L. 1989-48</i>
<i>Amended By:</i>	<i>P.L. 1992-19    P.L. 1992-24    P.L. 1992-31</i>
<i>P.L. 1993-58    P.L. 1993-60    P.L. 1994-93    P.L. 1996-7</i>	
<i>P.L. 1999-82    P.L. 2005-50    P.L. 2013-15</i>	

**§201. Short title.**

This Chapter may be cited as the Local Government Tax and Fees Act 1989.  
 [P.L. 1989-48, §1.]

**§202. Levying of taxes and fees by the Local Government.**

- (1) In accordance with the provisions of Article IX, Section 2, of the Constitution of the Republic of the Marshall Islands, and notwithstanding the provisions of any other law, a Local Government may make ordinances for the levying of taxes and fees for the area in respect of which it has jurisdiction, only in respect to the following matters:
- (a) general sales tax, including first-sale, at the wholesale or retail level, provided that locally produced goods shall not be subject to general sales tax;
  - (b) tax on property;
  - (c) head tax;

- (d) hotel room tax;
  - (e) copra tax, (f) liquor license;
  - (g) animal license fees;
  - (h) selective sales taxes with respect to alcoholic beverages and tobacco products;
  - (i) a tax on professional services, provided, however, that any ordinance levying a tax on professional services must be specific as to the service or services to be taxed; and
  - (j) other license fees, provided, however, that such fees shall be reasonable and only sufficient to cover registration of a business.
- (2) The imposition of any other kind of tax or fee not referred to in Subsection (1) of this Section shall be the exclusive right of the National Government, and any ordinance made by any Local Government Council contrary to this Section shall be invalid and void.
- (3) Where a license is granted under the Foreign Investment Business License Act of 1990, such a license shall not be construed in any way as empowering the licensee to do business in the Marshall Islands out rightly without having to comply with applicable laws of the Republic of the Marshall Islands including the Local Government ordinances pertaining to doing business in the Republic of the Marshall Islands.
- (4) Prior to enforcement of any new local ordinance which may collect or levy a tax or fee the ordinance must be submitted to Cabinet for approval. Cabinet shall review all submissions to ensure that the tax or fee is consistent with this Chapter, other applicable national laws, and any relevant national development plans.
- (5) (a) No general or selective sales taxes may be levied by a local government pursuant to an ordinance which taxes the retail sale of goods, when the goods are purchased for resale in any jurisdiction and either:
- (i) the purchaser's name appears on a list of re-sellers issued by any local government; or
  - (ii) the purchaser holds a valid re-seller certificate or business license issued by any local government.

- (b) No general or selective sales taxes may be levied by a local government pursuant to an ordinance which taxes other than the retail sale of goods (e.g., first-sale, wholesale), when the goods are purchased for re-sale in the jurisdiction of another local government and either:
- (i) the purchaser's name appears on a list of resellers issued by such other local government; or
  - (ii) the purchaser holds a valid reseller certificate or business license issued by such other local government.
- (c) In the alternative, the Minister may, in special circumstances, approve an arrangement whereby a local government will provide a rebate on taxes paid by re-sellers. [P.L. 1989-48, §2; amendment made to Subsection 3 by making reference to the Foreign Investment Business License Act of 1990 (P.L. 1990-9 9), which repealed the Foreign Investment Advisory Board Act 1987 (P.L. 1987-21); amended by P.L. 1992-19, §2; P.L. 1 992-24, §2; P.L. 1992-31, §2; P.L. 1993-58, §2; P.L. 1993-60, §2; P.L. 1993-93, §2; P.L. 1996-7, §2.][Subsection (4) further amended by P.L. 2005-50]; [Subsection (3) amended by P.L.2013-15].

**§203. Council to submit names of businesses to National Government.**

In order to facilitate the implementation of the tax program of the National Government, every Local Government Council shall, at the end of each quarter, submit to the Secretary of Finance, through the Secretary of Internal Affairs, a list of names of all businesses licensed under any ordinance of the Council. [P.L. 1989-48, §3; reference to "Interior and Outer Islands Affairs" updated to reflect name change to "Internal Affairs".]

**§204. Effective date.**

The provisions of this Chapter shall come into effect as from October 1, 1989. [P.L. 198-48, §4.