

# ***Edited Content Extracted from: sections 801–807.docx***

## **PART VIII. OFFENSES AND PENALTIES**

### **Section 801: Administrative Fees**

The Administration may impose a fee on any person for noncompliance with 41 PNC or these rules and procedures, which directly results in an administrative or other cost to the Administration. Examples of such administrative fees include:

- \* Late fees
- \* Filing or reporting fees
- \* Auditing fees
- \* Noncompliance fees

[Source: 41 PNC § 711, § 712(d), § 724 & SSA By-Laws]

### **Section 802: False Statements and Reports**

A person who knowingly makes a false statement or falsifies any report to or record of the Administration in an attempt to defraud the Social Security System is guilty of a misdemeanor. They may be liable for imprisonment for up to 12 months or a fine of up to \$2,000, or both. This section does not preclude any criminal prosecution by the Office of the Attorney General under 17 PNC.

[Source: 41 PNC § 771]

### **Section 803: Failure to Report or Pay**

An employer who fails to report any amount of remuneration paid or fails to pay any amount of contributions due to the System is liable for a civil penalty, at the discretion of the Board, of up to 100% of the amount of any contributions withheld or \$250, whichever is greater.

[Source: 41 PNC § 772(a)]

### **Section 804: Knowingly Fail to Report or Pay**

An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is guilty of a misdemeanor and is liable for a fine of up to \$2,000. This section does not preclude any criminal prosecution by the Office of the Attorney General under 17 PNC.

[Source: 41 PNC § 772(b)]

### **Section 805: Nonpayment**

If any contribution or penalty imposed by 41 PNC is not paid on or before the date prescribed for such payment, interest will be collected on the unpaid balance of the contribution or penalty at a rate of 12% per annum from its due date until the date it is paid. In addition, the employer shall be liable for reasonable attorney's fees and costs of collection, including court costs.

[Source: 41 PNC § 772(c)]

#### Section 806: Liens for Contributions

All contributions, including penalties, interest accrued, and attorney's fees thereon, imposed or authorized under 41 PNC shall be a lien upon any property of the employer, having priority over all other claims and liens, including liens for other taxes. These liens may be collected by levy upon such property in the same manner as the levy of an execution.

[Source: 41 PNC § 807]

#### Section 807: Front Businesses

The Administration shall report any suspected front businesses, as regulated in 28 PNC, to the Office of the Attorney General and the Foreign Investment Board. In determining whether a business is suspected of "fronting" for a foreign person or operation, the Administration shall consider the following factors:

- \* Whether the Palauan business license holder participates in the management or operations of the business (such as paying taxes, hiring/firing employees, business decisions, etc.);
- \* Whether the Manager of the business is a non-citizen who makes all management and operational decisions of the business;
- \* Whether the Palauan business license holder and non-citizen Manager have an Agreement in which the Manager agrees to pay the Palauan a monthly fee (usually around \$350) and the Palauan agrees not to interfere in the business;
- \* Whether the non-citizen Manager (and the Palauan business license holder) have a foreign investment approval certificate ("FIAC") issued by the Foreign Investment Board; and
- \* Whether the non-citizen Manager or the Palauan business owner have been prosecuted or convicted under 28 PNC, 40 PNC, 17 PNC, or 41 PNC in the past.

[Source: 41 PNC § 711, § 712(d), § 724 & SSA By-Laws; 28 PNC]