

# ***Compliance Analysis for: sections 207-213.docx***

**\*\*Compliance Aspect: Incomes and contributions or payments\*\***

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" by discussing employee contributions, family employment, part-time employment, and factors determining an employee working in the Republic of Palau. These discussions cover various types of remuneration and payments related to social security contributions.

**\*\*Explanation & Reasoning:\*\***

The manual chunk outlines the percentage of remuneration that employees should contribute to the Social Security Administration (6%) and specifies that these contributions are collected by employers through deductions from each payment of remuneration (Manual: "All employees working in the Republic of Palau shall contribute... Employee contributions payable shall be collected by the employer..."). It also mentions other types of payments, such as taxes paid to the Republic of Palau and hiring employees within the Republic (Manual: "Paying taxes to the Republic of Palau", "Hiring employees in the Republic of Palau").

These discussions align with Guideline Excerpt 3, which includes remuneration paid for sickness or accident, medical or hospitalization expenses, payments made to or on behalf of an employee from a trust or annuity, and remuneration paid for casual or intermittent labor (Guideline: "any payment on account of sickness or accident, or medical or hospitalization expenses", "any payment made to or on behalf of an employee or to his beneficiary from a trust or annuity", "remuneration paid for casual or intermittent labor").

**\*\*Verbatim Citations:\*\***

- Manual: "All employees working in the Republic of Palau shall contribute to the Social Security Administration amounts equal to the percentages of remuneration received by the employee as provided in 41 PNC § 743 (the current percentage for 2001 to present being six percent (6%))."
- Manual: "Employee contributions payable shall be collected by the employer of the employee by deducting the amount of the contributions from each payment of remuneration."
- Guideline: "any payment on account of sickness or accident, or medical or hospitalization expenses,"
- Guideline: "any payment made to or on behalf of an employee or to his beneficiary from a trust or annuity"

**\*\*Compliance Aspect: Employee offenses and penalties including fraud, failure to report or pay, false claims\*\***

**\*\*COMPLIANT\*\***

The Operations Manual Chunk explicitly addresses the aspect of employee offenses and penalties, specifically focusing on fraud, failure to report or pay, and false claims. The manual outlines penalties for knowingly falsifying statements and reports (Guideline Excerpt 1), knowingly submitting a false claim for benefits or obtaining money from the Fund under false pretenses (Guideline Excerpt 2), and 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 (Guideline Excerpt 3).

Moreover, the manual also mentions that an individual is guilty of a misdemeanor if they knowingly fail to report or pay any amount of contributions due to the Fund (Guideline Excerpt 4 and 5). These penalties align with the relevant guidelines provided.

**\*\*Explanation & Reasoning:\*\*** The Operations Manual Chunk outlines penalties for various offenses that are directly related to employee offenses, including fraud, failure to report or pay, and false claims. These penalties are consistent with the penalties outlined in the Relevant Guidelines.

**\*\*Verbatim Citations:\*\***

- Manual: "An employer who knowingly makes a false statement or falsifies any report of record for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both." (from Section 207. Employee Contributions)

- Guideline: "An individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five" (from Guideline Excerpt 2)

**\*\*Compliance Aspect: Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses)\*\***

**\*\*COMPLIANT\*\***

The Operations Manual Chunk provides information regarding the penalties for non-compliance with employee contributions, specifically stating that an employer who fails to report or pay contributions is liable for a civil penalty of not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater (Guideline Excerpt 2). This aligns with the guideline aspect of "Enforcement Powers and Sanctions for Non-Compliance (beyond just offenses)".

Citations:

- Manual: "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 not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater." (from Section 203)

- Guideline: "41 PNCA § 772. Failure to report; violations, penalties, and interest attorney's fees and costs. (a) 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 not more than one hundred percent (100%) of the amount of any contributions withheld or two hundred fifty dollars (\$250), whichever is greater." (from Page 41)