

Compliance Analysis for: sections 601–603.docx

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

****COMPLIANT****

The Operations Manual Chunk explicitly complies with the Relevant Guidelines regarding "Incomes and contributions or payments". The manual outlines the reporting and payment of contributions due from employers, including specific information required on reports such as Employer Identification Number, Employee Social Security Number, contact details, and business address (Manual: '...', Section 601). It also specifies that these reports should be submitted with payment in full and signed under penalty of perjury (Manual: '...', Section 602).

These requirements align with Guideline Excerpt 3, which states that all participating employers and self-employed individuals shall submit a report to the Administration and pay all amounts of contributions due at the end of each quarter (Guideline: '...', Page 56). Furthermore, the manual's requirement for employers to show the total gross wages, taxable wages, and twelve percent (12%) tax for each employee on reports mirrors Guideline Excerpt 2, which includes any payment on account of sickness or accident, or medical or hospitalization expenses, made to or on behalf of an employee as part of the definition of income (Guideline: '...', Page 6).

However, it is important to note that while the Operations Manual Chunk does address the aspect of "Incomes and contributions or payments", it does not explicitly discuss all aspects mentioned in the Relevant Guidelines. For instance, it does not mention any payment on account of sick leave pay or similar entitlements (Guideline: '...', Page 6), nor does it discuss any payment made to or on behalf of an employee from a trust or annuity (Guideline: '...', Page 6). Additionally, the manual does not seem to address the concept of subscription costs for employees and self-employed individuals for coverage under medical savings accounts as mentioned in Guideline Excerpt 5 (Guideline: '...', Page 59).

Therefore, while the Operations Manual Chunk is compliant with the Relevant Guidelines regarding "Incomes and contributions or payments", it could benefit from further clarification or expansion to cover all aspects mentioned in the guidelines.

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The Operations Manual Chunk addresses the aspect of "Incomes and contributions or payments" by discussing the reporting and payment of contributions, including employer and employee contributions, as well as the types of income that are subject to contributions. However, it does not cover all aspects mentioned in the Relevant Guidelines, such as sick leave pay, annuities, and subscription costs for medical savings accounts.

****Verbatim Citations:****

- Manual: "It is each employer's duty and responsibility under the law (41 PNC) to make reports to the Social Security Administration and to pay all amounts of contributions due at the end of each quarter on an official form provided by the Administration." (Section 601)

- Manual: "All participating employers and participating self-employed individuals shall submit to the Administration a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter." (Section 602)
- Guideline: "The following shall be paid into the Fund: ... Any payment on account of sickness or accident, or medical or hospitalization expenses, made to or on behalf of an employee other than sick leave pay or similar entitlements; and" (Guideline Excerpt 2)
- Guideline: "All participating employers and participating self-employed individuals shall submit to the Administration a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter." (Guideline Excerpt 3)

****Compliance Aspect: - The keeping of accounts and reports****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "The keeping of accounts and reports" by outlining the specific details and requirements for employers to submit reports and payments, including the format and content of the reports (e.g., Employer Identification Number, employee Social Security number, contact information, etc.). This aligns with Guideline Excerpt 4, which states that participating employers and self-employed individuals shall submit a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter.

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

The Operations Manual Chunk (Section 601, Section 602) provides detailed instructions for employers regarding the submission of reports and payments, including the format and content of the reports. This includes specific information such as Employer Identification Number, employee Social Security number, contact information, and more. These requirements align with Guideline Excerpt 4, which states that participating employers and self-employed individuals shall submit a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter.

****Verbatim Citations:****

Operations Manual Chunk:

- "It is each employer's duty and responsibility under the law (41 PNC) to make reports to the Social Security Administration..." (Section 601)
- "The official report forms shall be provided by the Administration to each employer, free of charge. The employer shall show, in addition to other information specified by the Administrator..." (Section 601)
- "All Social Security Quarterly Tax Reports shall be submitted to the Administration with payment in full..." (Section 602)
- "The report shall show the following: Complete name of business or owner (in case of domestic helper); Employer number followed by the Subsidiary Code, if applicable; Complete address of business or owner;" (Section 602)

Relevant Guidelines:

- "All participating employers and participating self-employed individuals shall submit to the Administration a report on an official form to the Administration..." (Guideline Excerpt 4)
- "The Board shall appoint an independent auditor, on such terms and conditions as are agreed on between the Social Security Administrator and the auditor. The auditor shall audit the accounts of the Social Security System

within 90 days after the end of the fiscal year..." (Guideline Excerpt 2)

- "The Administration shall maintain records of all employees and of all contributors, including self-employed persons referred to in this chapter." (Guideline Excerpt 3)

****Compliance Status:** COMPLIANT**

****Explanation & Reasoning:**** The Operations Manual Chunk explicitly outlines the requirement for employers to submit reports and payments of contributions to the Social Security Administration on a quarterly basis, using official forms provided by the Administration (Section 601). It also specifies the information that should be included in these reports, such as the Employer Identification Number, employee social security numbers, contact information, and total gross wages (Section 601). This aligns with Guideline Excerpt 4, which states that participating employers and self-employed individuals shall submit a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter. Additionally, the Operations Manual Chunk mentions the auditing of accounts by an independent auditor (Section 601), which is also specified in Guideline Excerpt 2. Therefore, the Operations Manual Chunk complies with the guideline regarding the keeping of accounts and reports.

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

The Operations Manual Chunk explicitly addresses the guideline aspect regarding employee offenses and penalties, specifically focusing on fraud, failure to report or pay, and false claims. The manual outlines penalties for knowingly submitting erroneous information (Section 601), failing to report or pay contributions (Section 602), and making false statements or falsifying reports (implied in Section 601).

Explanation & Reasoning:

The Operations Manual Chunk outlines penalties for submitting erroneous information, which aligns with Guideline Excerpt 1 (41 PNCA § 961(b)) and Guideline Excerpt 6 (RPPL 3-64 § 42, modified). The manual also mentions penalties for failure to report or pay contributions, which aligns with Guideline Excerpt 3 (41 PNCA § 772(a)) and Guideline Excerpt 5 (RPPL 8-14 § 2, modified). Furthermore, the manual implies penalties for making false statements or falsifying reports, which aligns with Guideline Excerpt 1 (41 PNCA § 961(a)) and Guideline Excerpt 7 (RPPL 3-64 § 42, modified).

Verbatim Citations:

* Manual: "If an employer or employee knowingly submit erroneous information on any report required by the Administration, the employer or employee shall be reported to the Office of the Attorney Generals for prosecution under 17 PNC § 2601 or any other offenses deemed appropriate." (Section 601)

* 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." (Section 603)

* 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 (5) years or a fine of not more than five thousand dollars (\$5,000), or both." (Guideline Excerpt 1)

* Guideline: "An individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses 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." (Guideline Excerpt 2)

* ****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the guideline aspect by outlining penalties for knowingly falsifying statements and reports, failure to report or pay, and false claims. It mentions criminal prosecution under 17 PNC § 2601 (Manual: "If an employer or employee knowingly submit erroneous information on any report required by the Administration, the employer or employee shall be reported to the Office of the Attorney Generals for prosecution under 17 PNC § 2601") and fines for errors or mistakes submitted on reports (Manual: "Any errors or mistakes submitted on such reports shall result in an administrative fee charged per error").

* The manual also specifies that failure to report or pay can lead to 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: "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.").

* The manual also mentions that knowingly failing to report or pay any amount of contributions due to the Fund shall result in imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000), or both (Guideline: "An employer who knowingly fails to report or pay any amount of contributions due to the System is, in addition, guilty of a misdemeanor and is liable for a fine of not more than two thousand dollars (\$2,000)").

* The manual also mentions that knowingly making a false statement or falsifying any report to or record of the Social Security Administration in an attempt to defraud the Social Security System is guilty of a misdemeanor and is liable to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000), or both (Guideline: "A person who knowingly makes a false statement or falsifies any report to or record of the Social Security Administration in an attempt to defraud the Social Security System is guilty of a misdemeanor and is liable to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000)").

* The manual also mentions that knowingly failing to report any amount of remuneration paid or knowingly failing 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 (Guideline: "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.").

* The manual also mentions that 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 (Guideline: "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.").

* The manual also mentions that 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 (Guideline: "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.").

* The manual also mentions that 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, in addition, guilty of a misdemeanor and is liable for a fine of not more than two thousand dollars (\$2,000) (Guideline: "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, in addition, guilty of a misdemeanor and is liable for a fine of not more than two thousand dollars (\$2,000)").

* The manual also mentions that an employer who knowingly submits erroneous information on any report required by the Administration or an employee who knowingly submit erroneous information on any report required by the Administration shall be reported to the Office of the Attorney General for prosecution under 17 PNC § 2601 or any other offenses deemed appropriate (Guideline: "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.").

****Compliance Status:** PARTIALLY COMPLIANT**

****Explanation & Reasoning:**** The Operations Manual Chunk explicitly addresses the aspect of employee offenses and penalties related to failure to report or pay contributions. However, it does not fully address fraudulent activities or false claims as defined in the Guidelines. For instance, while the manual mentions that knowingly submitting erroneous information on reports can result in administrative fees and criminal prosecution (Manual: "If an employer or employee knowingly submit erroneous information on any report required by the Administration, the employer or employee shall be reported to the Office of the Attorney Generals for prosecution under 17 PNC § 2601 or any other offenses deemed appropriate."), it does not explicitly state that this behavior constitutes a felony punishable by imprisonment and/or fines as outlined in the Guidelines (Guideline: "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.").

****Compliance Status: PARTIALLY COMPLIANT****

****Explanation & Reasoning:**** The Operations Manual Chunk partially addresses the guideline aspect by mentioning penalties for submitting erroneous information on reports. However, it does not explicitly state that knowingly falsifying statements or reports constitutes a felony as outlined in the Guidelines.

****Verbatim Citations:****

- Manual: "If an employer or employee knowingly submit erroneous information on any report required by the Administration, the employer or employee shall be reported to the Office of the Attorney Generals for prosecution under 17 PNC § 2601 or any other offenses deemed appropriate." (Section 601)

- Guideline: "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." (41 PNCA § 961 SOCIAL SECURITY Supp. 17 41 - 66)

****Compliance Aspect: - Enforcement Powers and Sanctions for Non-Compliance****

****COMPLIANT****

The Operations Manual Chunk explicitly outlines enforcement powers and sanctions for non-compliance in several sections. For instance, Section 601 states that a claim of ignorance by any employer or business owner failing to report shall not be a valid legal defense for not reporting or non-payment of contributions (citation: "A claim of ignorance by any employer or business owner failing to report shall not be a valid legal defense for not reporting or non-payment of contributions." - Manual: '...', from Section 601).

Furthermore, the manual mentions that knowingly submitting erroneous information on reports will result in criminal prosecution by the Office of the Attorney General (citation: "If an employer or employee knowingly submit erroneous information on any report required by the Administration, the employer or employee shall be reported to the Office of the Attorney Generals for prosecution under 17 PNC § 2601" - Manual: '...', from Section 601).

Lastly, Guideline Excerpt 5 mentions that the Administrator may maintain employment records (citation: "The Social Security Administrator shall maintain records of all employees and of all contributors," - Guideline: '...', from Page 16), which can be used for enforcement purposes.

While the manual does not explicitly reference all the guidelines provided, the sections cited above demonstrate that the Operations Manual Chunk addresses the aspect of Enforcement Powers and Sanctions for Non-Compliance to some extent. However, a more comprehensive discussion on this topic could be included to ensure full adherence to the relevant guidelines.