

Edited Content Extracted from: sections 216–218.docx

PART II. CONTRIBUTIONS CONT

SUB-PART F: RECORDS (first chunk)

****Section 216. Payroll Record Retention****

Any employer subject to the provisions of 41 PNC shall retain records related to Social Security payments, including contributions paid, payroll, and employee Social Security numbers for at least six (6) years. These records must be kept in English or Palauan and made available to the Administration upon written request.

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

****Section 217. Audits****

Under the direction of the Administrator, the Administration may audit the records of any employer or self-employed person to verify their liability to pay contributions. These audits are conducted to determine the accuracy of Social Security Reports submitted and to ensure that every eligible employee receives proper reporting and paid contributions for retirement, disability, or survivor benefits in case of death.

(1) ****Notice of Audit:**** When an audit notice is sent to an employer, they shall comply with the request and make all business records available to the Administration within five (5) working days. If a notice goes unanswered, the Administration, upon approval from the Board, may either issue a subpoena for compliance or audit the employer based on other records such as gross revenue tax. Records may also be obtained from the Division of Revenue and Tax, Labor, and Immigration, the Office of the Attorney General, and the Foreign Investment Board, at the Administrator's discretion. Audit findings shall be based on the best available evidence.

(2) ****Audit Completion:**** Upon completion of any audit, the Administration shall grant an employer thirty (30) days to confirm or dispute audit findings. If an employer does not confirm or dispute the findings within thirty (30) days, in writing, the Administration shall automatically confirm the audit findings. If the audit findings indicate outstanding Social Security liabilities, the Administration will notify the employer of such amounts according to the collections procedure.

(3) ****Audit Information Record Book:**** A record book containing each employer's name shall be maintained and kept current when any actions, audits, or other interactions are conducted with any employer. The date, purpose, and communication conveyed in each visit or phone conversation with any employer shall be recorded in the record book.

- [Source 41 PNC § 801]

****Section 218. Employer Identification Numbers****

****Employer Identification Number:**** The Social Security Administrator, or his/her designee, shall assign an identification number to each employer.

(a) ****Palauan Citizens:**** Every business solely owned by Palauan citizens must complete the Employer Identification Number application and provide any required information by the Administration, including a Corporate Charter, By-Laws, partnership agreement, joint venture agreement, or other relevant documents. Every corporation solely owned by Palauan citizens must also complete the Employer Identification Number application and provide the Corporate Charter, By-Laws, and any other required information.

(b) ****Foreign Businesses:**** Every business or corporation with foreign ownership must complete the Employer Identification Number application and provide any required information by the Administration, including but not limited to the Foreign Investment Approval Certificate, Corporate Charter, By-Laws, Articles of Corporation, partnership agreement, joint venture agreement, investor permit, and any other required documents.

(c) ****Foreigners who are sole owners of professional businesses in the field of medicine, law, or other types of businesses exempt from the requirements imposed by the foreign investment laws of Palau must complete the Employer Identification Number Application and provide any required information, including written authorization from the Director of the Bureau of Immigration or other authorized government representative.**

- Existing Debt: Any employer or owner with an existing or past business that owes outstanding Social Security liabilities shall not be eligible to obtain another Employer Identification Number for any new business entity without first executing a payment agreement and making timely payments for at least six (6) months, paying all existing prior liabilities in lump sum, or as otherwise determined by the Administrator.

****New Employer Identification Numbers:**** New Employer Identification Numbers shall be issued under the following circumstances:

- ****New Owner:**** When a business is transferred to another person, the prior Employer Identification Number shall be withdrawn and a new number shall be issued.

- ****Change in Status:**** When a business changes status, such as a Sole Proprietorship changing its status to Corporation or Partnership, the prior Employer Identification Number shall be withdrawn and a new number shall be issued.

****Non-issuance of Employer Identification Numbers:**** New or renewed Employer Identification numbers shall not be issued to employers who have delinquent accounts unless the Employer and the Administration have entered into an Agreement resolving the delinquency, and the Employer is current on all payments required under the Agreement. Any non-issuance of new or renewed EIN numbers and cards, including those mentioned above, are to be approved by the Social Security Administrator.

****Issuing an Employer Identification Number Card:**** The Administration shall establish a written policy for assessing an administrative fee to issue a new or renewed Employer Identification Card, including a fee for issuing a duplicate card.

****Renewal of Employer Identification Number Card:**** All employers as detailed in 1a, b, and c will be required to annually renew the Employer Identification Card prior to Dec, 31.

- ****Existing Debt:**** Any employer with an existing debt that is not currently under a payment plan will be required to first execute a payment agreement before issuance of a renewed Employer Identification Card.
- ****Non-filed Social Security Quarterly Tax Reports:**** Any employer with non-filed Social Security Quarterly Tax Reports will be required to update non-filed reports, including any payments required, prior to issuance of a renewed Employer Identification Card.

Exempt from EIN Renewal are National Government, National Government Agencies, and State Government.

- [Source 41 PNC § 711, § 712(d), § 724, §747 & SSA By-Laws]