

Edited Content Extracted from: section 205–206.5.docx

PART II. CONTRIBUTIONS CONTINUED

SUB-PART B: SELF EMPLOYED (continued)

Section 205. Self-Employed With No Other Employees

(a) Remuneration: A self-employed person, who has, in a given quarter, no employees who receive remuneration from him, shall be presumed to receive in any given quarter, as remuneration, ten percent (10%) of his gross revenue in the current quarter. This presumption is only rebuttable by clear and convincing evidence when a determination has been made by the Administration.

(b) Reporting: The self-employed person shall have one month from the end of each quarter to file their Social Security contributions report. Any reports received more than one month from the end of the quarter shall be deemed delinquent.

(c) Delinquent Reports: Reports received after January 31st shall be deemed delinquent and shall be handled in the same manner as a private employer. The amount of annual gross revenues shall be determined from the information submitted to the Tax Office. This information shall be made available to the personnel of the Social Security Office under 41 PNC § 810(a).

(d) Calculation: The method of calculating quarterly wages for self-employed persons who have no employees shall be calculated by multiplying the quarterly gross revenue in the preceding quarter by ten percent (10%), then multiplying by twelve percent (12%).

Example: Gross Revenue is \$50,000

* $\$50,000 \times .10 = \$5,000$ (max remuneration is \$5,000 up to September 30, 2015 pursuant to Section 7 of RPPL No. 9-12)

* $\$5,000 \times .12 = \600 (amount to report each quarter)

* Total amount of Social Security due for the quarter: \$600

Section 206. Special Circumstances.

(a) Self-Employed Retail Merchant, Farmer, Fisherman, & Taxi Driver: Notwithstanding the foregoing sections, a self-employed retail merchant with no employee who receives remuneration from him or her with less than ten thousand dollars (\$10,000.00) of gross revenues in the preceding calendar year or a person working as a farmer, fisherman, or taxi driver, shall have the option to be covered by 41 PNC, provided that he reports himself based on his Gross Revenue Tax (GRT) or income per quarter.

(b) Partial Year Operations: When a self-employed person operates for less than four quarters during the calendar year, or operates for some quarters of the year with no other employees and for some quarters of the year with other employees, then remuneration shall be calculated as follows:

- * For the quarters where other employees have reported earnings, remuneration shall be calculated as in Section 204(a) and applied to those quarters only; and
- * For the quarters where no other employees have reported earnings, remuneration shall be calculated as in Section 205(a) and applied to those quarters only.

This calculation is presumptive and is rebuttable by clear and convincing evidence.

Example: A self-employed person with no employees begins operating a business in the second quarter. The business grosses \$4,000 in the second quarter, \$7,000 in the third quarter, and \$4,000 in the fourth quarter for annual gross revenue of \$15,000. The gross revenue for the year has not yet reached \$10,000 so the person may, but is not required to, file a report in the second quarter. However, after the third quarter, gross revenues will meet or exceed \$10,000 annually, so reporting and paying contributions will now be required for the year. If the self-employed person chooses to file quarterly, the amount of contributions will be assessed on the gross revenue for each quarter. If the self-employed person files on an annual basis, the revenue shall be presumed to be equally allocated over all four quarters of the year. If the self-employed person provides evidence that operations began in the second quarter, then the gross revenues shall be presumed to be equally allocated over the three quarters of operations.

Multiple Businesses: A self-employed person who has more than one business submitting separate quarterly reports, shall first report his or her remuneration under the business having the highest paid employee. If the maximum amount is not reached, the self-employed person may report additional remuneration using other businesses, up to the maximum amount.

(Section 206 previously contained only Subsection (a) and was entitled "Exceptions: Self-Employed Retail Merchant, Farmer, Fisherman, & Taxi Driver")

Section 206.5 Self-Employed Person is Deceased.

When a self-employed individual operating a sole proprietorship is deceased, the Administrator or Executor of the Estate, if one has been appointed, shall be responsible to report to SSA who will act as owner until a permanent transfer of ownership takes place. If no Administrator or Executor has been appointed or if that person has not reported to SSA, then SSA shall ask the heirs, in writing, to identify, within thirty (30) days of that request, who will act as owner until a permanent transfer of ownership takes place. If no one is identified by the Administrator, Executor or heirs as the acting owner until a permanent transfer of ownership takes place within (30) days of a written request, SSA shall apply the following order of priority to presume that individual is the acting owner:

- * The Administrator or Executor, if one has been appointed;
- * The surviving spouse, if any;
- * The oldest surviving child, if any;
- * The oldest surviving sibling, if any; or
- * The closest relative, taking into consideration custom and tradition.

This presumption of ownership applies only until a Court order identifies an owner, until a business license is

issued to a new owner, or until other evidence is presented which sufficient to determine ownership.

The Notice to the heirs shall include a notice that a presumed or acting owner under this policy shall not contribute to National Health Insurance or to a Medical Savings Account for him/herself based on the presumed ownership under this policy. If no one reports and pays contributions as an owner within two calendar quarters after the date of death of a self-employed individual, SSA may petition the Court for an Administrator or Executor to be appointed and to identify who is responsible to report and pay such owner's share pending a determination of permanent ownership.

Upon permanent transfer of ownership, the individual identified as the permanent owner may be credited with all contributions paid by an Estate or by a presumed owner, since the date of death, in the discretion of the Administrator or as ordered by the Court as part of a final Order of Distribution.