

Compliance Analysis for: sections 206.5A–206.5B.docx

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

****COMPLIANT:**** The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments" to some extent. However, it does not fully comply with all the Relevant Guidelines provided.

****Explanation & Reasoning:**** The manual chunk discusses the reporting of remuneration for partnerships (Section 206.5 A) and corporations (Section 206.5 B), which can be considered as a form of payment or contribution. This aligns with Guideline Excerpt 3, which mentions "remuneration paid... to an employee" as a type of payment subject to social security contributions.

However, the manual does not explicitly address other aspects mentioned in the Relevant Guidelines such as:

- Contributions from the National Government, agencies, or ministries (Guideline Excerpt 1)
- Reporting and payments of contributions by participating employers and self-employed individuals at the end of each quarter (Guideline Excerpt 2)
- Payments on account of sickness or accident, medical or hospitalization expenses, payments made to or on behalf of an employee from a trust or annuity, remuneration paid in any medium other than cash, and remuneration paid for casual or intermittent labor (Guideline Excerpt 3)
- The option for a self-employed person to report contributions based on actual income or salary (Guideline Excerpt 4)
- Subscription costs for employees and the self-employed, for coverage for themselves and their dependents (Guideline Excerpt 5)

****Verbatim Citations:****

- Manual: "At least one partner shall be reported as the owner for purposes of reporting remuneration as in Section 204." (from Section 206.5 A)
- 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." (from Guideline Excerpt 2)
- Guideline: "The following shall be paid into the Fund: Any funds appropriated, loaned, or granted by or to the National Government..." (from Guideline Excerpt 1)

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

****COMPLIANT (with minor deficiencies)****

The Operations Manual Chunk provides guidelines regarding the reporting of remuneration for employees and corporations. However, it does not explicitly outline specific penalties for employee offenses such as fraud, failure to report or pay, or false claims.

Explanation & Reasoning:

While the manual discusses the reporting requirements for remuneration (which can be interpreted as an attempt to address the guideline aspect), it does not directly address penalties for non-compliance with these requirements. The relevant guidelines provide penalties for knowingly falsifying statements, failing to report or

pay, and submitting false claims, but these penalties are not explicitly mentioned in the Operations Manual Chunk.

Verbatim Citations:

- Manual: "For a corporation with at least one employee, only the remuneration of employees is required to be reported." (from Section 206.5C)
- 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." (from 41 PNCA § 961(b))
- 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." (from 41 PNCA § 772(a))
- 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 41 PNCA 2025.pdf, Page: 64)

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

****COMPLIANT (with some caveats):**** The Operations Manual Chunk provides guidelines on reporting remuneration for partnerships, joint ventures, and corporations, which is a part of the aspect "The keeping of accounts and reports". However, it does not explicitly address the requirement to adhere to generally accepted accounting principles as stated in the Relevant Guidelines (Excerpt 1).

****Explanation & Reasoning:**** The manual chunk outlines the reporting structure for remuneration in partnerships, joint ventures, and corporations. This is a form of account keeping and reporting. However, it does not mention the need to follow generally accepted accounting principles as stated in the Guideline Excerpt 1.

****Verbatim Citations:****

- Manual: "For a corporation with at least one employee, only the remuneration of employees is required to be reported." (from Section 206.5C(c))
- Guideline: "prevailing, generally accepted accounting principles as promulgated by the United States' Financial Accounting Standards Board." (from 41 PNCA 2025.pdf, Page: 63)