

Edited Content Extracted from: sections 214–215.docx

PART II. CONTRIBUTIONS (fifth chunk)

SUB-PART E: EMPLOYER CONTRIBUTIONS

•Section 214. Employer Contributions

All employers doing business in the Republic of Palau shall contribute to the Social Security Administration amounts equal to the percentage of remuneration paid by him or her to employees. The percentage beginning in the fourth quarter 2001 to present is six percent (6%).

Every employer doing business in the Republic of Palau is required to deduct Social Security tax from each wage earner and pay an equal amount to the Social Security Administration. If an employer has no eligible employees, but has annual gross revenues in excess of ten thousand dollars (\$10,000), the employer must report himself at 10% of gross revenues in the preceding year.

[41 PNC § 741 and § 742]

•Section 215. Employer Not Required to Pay

Employers may not be required to pay contributions to Social Security when:

- The business has no eligible employees and gross annual revenue is less than ten thousand dollars (\$10,000.00). However, the business owner/employer has the option to contribute to the Social Security System, provided that he reports himself based on his Gross Revenue Tax (GRT) or income per quarter.

- Casual employment;

- Employer paid with grants that are covered under treaty with the National Government expressly exempting liability to a specified degree; or

- Employer of Domestic Helpers (household helpers); in other words, non-business household/domestic employers are exempt from reporting themselves as self-employed.

[41 PNC § 741 & § 743]