

# ***Edited Content Extracted from: sections 601–603.docx***

## **PART VI: REPORTING & PAYMENT**

### **Section 601. Reports and Payment of Contributions**

1. Each employer is legally obligated (41 PNC) to submit reports to the Social Security Administration and pay all due contributions at the end of each quarter using an official form provided by the Administration. The Administration does not have a duty to remind employers of this responsibility. Employers are expected to be aware of their legal responsibilities as business operators within the Republic of Palau. Failure to report or pay contributions without a valid legal defense based on ignorance will not be accepted.

2. The official report forms, provided free of charge by the Administration, require employers to provide additional information specified by the Administrator, including:

- Employer Identification Number (as assigned under 41 PNC § 747)
- Employee Contributor Social Security Number (as assigned under 41 PNC § 747)
- Home, work, and cell phone numbers for the employer
- Email address (if any)
- Business and residential post office box

3. The Administration assumes that all reports submitted by employers are completed in good faith, based on truthful, diligent, and accurate business records. All reports must be signed under penalty of perjury and may be subject to criminal prosecution by the Office of the Attorney General under 17 PNC § 2601 for any errors or false information submitted.

4. An administrative fee will be charged for each error on the report. Knowingly submitting erroneous information on any required report may result in reporting to the Office of the Attorney General for prosecution under 17 PNC § 2601 or other appropriate offenses.

5. [41 PNC § 745]

### **Section 602. Quarterly Tax Reports**

1. All Social Security Quarterly Tax Reports, along with full payment, must be submitted to the Administration. Quarterly Tax Report forms are available at the Administration free of charge. Reports and payments should be submitted within a month following the end of each quarter. When payment is made, reports should indicate the payment date, receipt number, and the amount actually paid.

2. Upon payment, the first copy of the report shall be submitted to the Administration. The employer shall retain the second copy. The report shall include:

- Complete name of business or owner (in case of a domestic helper)
- Employer number followed by the Subsidiary Code, if applicable
- Complete address of business or owner

- Payroll ending date
- Due date
- Complete name, Social Security number, total gross wages, taxable wages, and twelve percent (12%) tax for each employee
- The totaled wages and tax at the bottom of the page
- Signature of business or owner with the date of such signature

3. The due dates for Quarterly Tax Reports are as follows:

- March 31st Report due on April 30th
- June 30th Report due on July 31st
- September 30th Report due on October 31st
- December 31st Report due on January 31st
- [41 PNC § 745]

Section 603. Refunds

1. Refund: When an employee contributes more than the maximum remuneration of six thousand dollars (\$6,000) from October 1, 2015 (increased to eight thousand dollars (\$8,000) on October 1, 2017), whether from one or more employers, and their employee contributions are withheld and paid to the Administration, the excess employee contributions during the four quarters ending on December 31st will be refunded by the Administration to the employee within ninety (90) days after that date. However, no refund shall be made for an amount less than five dollars (\$5.00). No refund shall be made to any employer on any amount of excess employer contributions paid by them, other than to correct an error. No refund shall be issued to any employee who owes outstanding employer or employee Social Security debt; instead, the refund shall be used to offset any outstanding Social Security debt. (Board Resolution 2007)

- Note: On October 1, 2020, there will no longer be a maximum amount of remuneration.

2. (a) Self-Employed: Each employer that is required to report themselves at twice the wages of their highest paid employee, subject to the quarterly maximum; if the employer is reported as an employee of one or more businesses for the same quarter, the employer shall receive a six percent (6%) refund for those earnings in excess of the maximum taxable wage.

3. (b) Palauan Citizen: A Palauan citizen who is an employee contributing more than the maximum remuneration of six thousand dollars (\$6,000) on October 1, 2015, and increased to eight thousand dollars (\$8,000) on October 1, 2017, regardless of whether the remuneration is from one or more employers, and the employee contributions are withheld and paid to the Administration; the excess employee contributions during the four (4) quarters ending on December 31st shall be refunded by the Administration to the Palauan employee within ninety (90) days after that date.

4. (c) Foreign Worker Employee: A foreign worker who is an employee, as required under 30 PNC [Labor], is eligible for a refund if they contribute more than the maximum remuneration of six thousand dollars (\$6,000) on October 1, 2015, and increased to eight thousand dollars (\$8,000) on October 1, 2017. However, the foreign worker must work only for the one (1) employer listed on their foreign worker permit, and the employee's contributions must have been withheld and paid to the Administration. The excess employee contributions during the four (4) quarters ending on December 31st shall be refunded by the Administration to the foreign

employee within ninety (90) days after that date.

5. A foreign employee is considered "working for the employer listed on the work permit" when they are working for the employer listed on the foreign worker permit or a subsidiary, branch, division, or other business legally situated under or part of the employer listed on the foreign employee worker permit.

6. A foreign employee who works for two (2) separate and distinct employers and has contributed more than the maximum remuneration is not entitled to a refund. Such foreign employee is working for two (2) different employers in violation of 30 PNC § 169 and will be reported by the Administration to the Division of Labor, Immigration, and the Office of the Attorney General.

7. [41 PNC § 746]