

Edited Content Extracted from: sections 216–218.docx

****Part II. Contributions****

****Sub-Part F: Payroll Record Retention****

Section 216: Payroll Record Retention

Any employer subject to the provisions of [41 PNC § 711, § 712(d), § 724 & SSA By-Laws] shall be required to keep any records relating to the payment of Social Security, including but not limited to contributions paid, payroll, and employee Social Security numbers for at least six (6) years. These records shall be kept in English or Palauan and made available to the Administration at any time upon written request.

Section 217: Audits

Under the direction of the Administrator, the Administration may audit the records of any employer or of any self-employed person, to the extent that such audit has a bearing on the employer's or self-employed person's liability to pay contributions. These audits shall be conducted to determine the accuracy of Social Security Reports submitted and to ensure that every employee eligible for Social Security benefits is properly reported and that his or her contributions are paid in order to receive credit for retirement, disability, or in the case of death, survivor benefits.

Notice of Audit

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

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 audit findings, in writing, within thirty (30) days, the Administration shall automatically confirm the findings of such audit. If the audit findings indicate that there are outstanding Social Security liabilities to be paid, the Administration shall notify the employer of such amounts in accordance with the collections procedure.

Audit Information Record Book

A record book containing each employer's name shall be maintained and kept current when any actions, audits, or otherwise, 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.

Employer Identification Numbers

The Social Security Administrator, or his or her designee, shall assign to each employer an identification number.

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

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

(c) Foreigners who are sole owners of professional businesses in the field of medicine, law or other type of business that are exempt from the requirements imposed by the foreign investment laws of Palau must complete the Employer Identification Number Application and provide any other information as required by the Administration including, but not limited to, 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 payment on time 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:

(a) 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.

(b) Change in Status: When a business changes status, such as a when a "Sole Proprietorship" changes 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 that mentioned above are to be approved by 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 December 31. Any employer with an existing debt that is not currently under a payment plan will be required to first execute a payment agreement prior to issuance of renewed Employer Identification Card. 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 renewed Employer Identification Card. Exempt from EIN Renewal are National Government, National Government Agencies and State Government.