

Edited Content Extracted from: sections 801–807.docx

PART VIII. OFFENSES AND PENALTIES

Section 801. Administrative Fees

The Administration may impose a fee on any individual for noncompliance with 41 PNC or these rules and procedures, which directly results in an administrative cost to the Administration. Examples of such administrative fees include late fees, filing or reporting fees, auditing fees, and noncompliance fees.

[Source 41 PNC § 711, § 712(d), § 724 & SSA By-Laws]

Section 802. False Statements and Reports

Any person who knowingly makes a false statement or falsifies any report to or record of the Administration with the intention to defraud the Social Security System is guilty of a misdemeanor, punishable by imprisonment for up to twelve (12) months, a fine of not more than two thousand dollars (\$2,000.00), or both. This section does not preclude any criminal prosecution by the Office of the Attorney General under 17 PNC.

[Source 41 PNC § 771]

Section 803. Failure to Report or Pay

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 (\$250.00), whichever is greater.

[Source 41 PNC § 772(a)]

Section 804. Knowingly Fail to Report or Pay

An employer who knowingly fails to report any amount of remuneration paid or knowingly fails to pay any amount of contributions due to the System is guilty of a misdemeanor and liable for a fine of not more than two thousand dollars (\$2,000.00). This section does not preclude any criminal prosecution by the Office of the Attorney General under 17 PNC.

[Source 41 PNC § 772(b)]

Section 805. Nonpayment

If any contribution or penalty imposed by 41 PNC is not paid on or before the prescribed date, there shall be collected, in addition to such contribution and penalty, interest on the unpaid balance at a rate of twelve percent

(12%) per annum from its due date until it is paid. In case any contributions, interest, or penalties due under 41 PNC are referred to an attorney for collection, whether or not suit is brought for their collection, the employer shall additionally be liable for reasonable attorney's fees and costs of collection, including court costs. The amount of any civil penalty, interest, attorney's fee, or cost of collection shall be paid to the Retirement Fund.

[Source 41 PNC § 772(c)]

Section 806. Liens for Contributions

All contributions, including penalties, interest accrued, and attorney's fees thereon, imposed or authorized under 41 PNC shall be a lien upon any property of the employer, having priority over all other claims and liens, including liens for other taxes. These may be collected by levy upon such property in the same manner as the levy of an execution.

[Source 41 PNC § 807]

Section 807. Front Businesses

The Administration shall report any suspected front businesses, as regulated in 28 PNC, to the Office of the Attorney General and the Foreign Investment Board. In making such a determination that a business is suspected of "fronting" for a foreign person or operation, the Administration shall consider factors such as:

- Whether the Palauan business license holder participates in the management or operations of the business (e.g., paying taxes, hiring/firing employees, business decisions, etc.)
- Whether the Manager of the business is a non-citizen who makes all management and operational decisions of the business
- Whether the Palauan business license holder and non-citizen Manager have an Agreement in which the Manager agrees to pay the Palauan a monthly fee (usually around \$350.00) and the Palauan agrees not to interfere in the business
- Whether the non-citizen Manager (and the Palauan business license holder) have a foreign investment approval certificate ("FIAC") issued by the Foreign Investment Board
- Whether the non-citizen Manager or the Palauan business owner have been prosecuted or convicted under 28 PNC, 40 PNC, 17 PNC, or 41 PNC in the past.

[Source 41 PNC § 711, § 712(d), § 724 & SSA By-Laws; 28 PNC]