

Organization Information Extracted from: sections 801-807.docx

****PART 1: Information for ROPSSA****

Section 801. Administrative Fees

The Administration may assess a fee to any person for noncompliance with 41 PNC or these rules and procedures which directly results in an administrative or other cost to the Administration. Examples of such administrative fees are as follows:

- 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

A person who knowingly makes a false statement or falsifies any report to or record of the Administration in an attempt to defraud the Social Security System is guilty of a misdemeanor and is liable to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000.00), or both. This section shall 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 is liable for a fine of not more than two thousand dollars (\$2,000.00). This section shall 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 date prescribed for such payment,

there shall be collected, in addition to such contribution and penalty, interest on the unpaid balance of the contribution or penalty at the rate of twelve percent (12%) per annum from its due date until the date it is paid. In the event that any contributions, interest, or penalty due under 41 PNC is referred to an attorney for collection, whether or not suit is brought for the collection thereof, 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, and 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 determination that a business is suspected of "fronting" for a foreign person or operation the Administration shall consider the following factors:

- Whether the Palauan business license holder participate in the management or operations of the business (such as 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; and
- 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]

****PART 2: Information for HCF****

The information provided in PART 1 is not applicable to HCF as it specifically applies to ROPSSA. However, for the sake of completeness, here are some general administrative fees and penalties that may apply to HCF under 41 PNC:

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