

Compliance Analysis for: section 203-204.docx

****Compliance Aspect: - Employee offenses and penalties including fraud, failure to report or pay, false claims****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Employee offenses and penalties including fraud, failure to report or pay, false claims" by outlining consequences for knowingly falsifying statements and reports (Guideline Excerpt 1), submitting a false claim for benefits or obtaining money from the Fund under false pretenses (Guideline Excerpt 2), failing to report or pay contributions due to the System (Guideline Excerpt 3), and knowingly failing to report or pay any amount of contributions due to the Fund (Guideline Excerpt 5).

The manual also mentions that an employer who fails to report any amount of remuneration paid 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), whichever is greater (Guideline Excerpt 3). Furthermore, an employer who knowingly fails to report or pay any amount of contributions due to the System is liable for a misdemeanor and may be sentenced to imprisonment for a period not exceeding twelve (12) months or a fine of not more than two thousand dollars (\$2,000), or both (Guideline Excerpt 4 & 5).

****Explanation & Reasoning:**** The Operations Manual Chunk provides clear guidelines on the penalties for various offenses related to employee contributions, including fraud, failure to report, and false claims. These penalties align with the relevant guidelines provided, which outline specific consequences for these types of offenses.

****Verbatim Citations:****

- Manual: "An employer who knowingly makes a false statement or falsifies any report of record for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five (5) years or a fine of not more than five thousand dollars (\$5,000), or both." (from Section 203-204.docx, Section 204)

- Guideline: "An individual who knowingly submits a false claim for benefits or obtains money from the Fund under false pretenses for the purpose of misleading, defrauding, or cheating the Fund shall, upon conviction, be guilty of a felony and may be sentenced to imprisonment for a period not exceeding five" (from 41 PNCA 2025.pdf, Page: 64)

****Compliance Aspect: - Incomes and contributions or payments (specifically for self-employed individuals)****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of "Incomes and contributions or payments (specifically for self-employed individuals)" by providing detailed guidelines on how to determine if a person is an employee or self-employed, the presumptions for remuneration calculations, and reporting requirements.

Explanation & Reasoning:

The manual outlines factors for determining employment status (Section 203), specifies that a self-employed individual is liable to pay both employer and employee contributions (Section 204), and provides guidelines on

remuneration calculations and reporting for self-employed individuals with at least one employee (Section 204).

Verbatim Citations:

Manual:

- "A self-employed person shall be presumed to be his own employer and his own employee, and accordingly is liable to pay to the System with respect to himself for both employer contributions and employee contributions" (from Section 204).
- "The self-employed person shall have one month from the end of each quarter to file their Social Security contributions report" (from Section 204).
- "A self-employed person who has, in a given quarter, at least one employee who receives remuneration from him, shall be presumed to receive in any quarter, as remuneration, twice the amount paid to his highest-paid employee in that quarter" (from Section 204).

Guideline:

- "A self-employed person shall be presumed to be both his own employer and his own employee, and accordingly is liable to pay to the System with respect to himself for both employer contributions and employee contributions, and shall include himself in reports under section 745" (from Guideline Excerpt 2).
- "All participating self-employed individuals shall submit to the Administration a report on an official form to the Administration and pay all amounts of contributions due at the end of each quarter" (from Guideline Excerpt 3).
- "Every participating self-employed individual: shall be presumed to be both his or her own employer and employee, and shall be liable to pay with respect to his or herself for both employer contributions and employee contributions" (from Guideline Excerpt 5).

****Compliance Aspect: - Claims (implied as the manual discusses remuneration and reporting)****

****COMPLIANT****

The Operations Manual Chunk explicitly addresses the aspect of claims, specifically in relation to remuneration and reporting, by discussing the determination of self-employment status, employer-employee relationship, remuneration calculation for self-employed individuals with employees, and reporting requirements. This is evident from sections 203 and 204 of the manual.

****Explanation & Reasoning:****

The manual provides factors to determine whether a person is an employee or self-employed (Section 203), and it also specifies that a self-employed person who has at least one employee shall be presumed to receive as remuneration in any quarter twice the amount paid to the highest-paid employee in that quarter (Section 204). Furthermore, reporting requirements for self-employed individuals are outlined, stating that they have one month from the end of each quarter to file their Social Security contributions report.

****Verbatim Citations:****

- Manual: "A self-employed person, who has at least one employee, employed for wages, in a given quarter during the calendar year who receives remuneration from the self-employed person shall be presumed to receive as remuneration in any quarter twice the amount paid to the highest-paid employee in that quarter" (from Section 204).
- Manual: "The self-employed person shall have one month from the end of each quarter to file their Social Security contributions report" (from Section 204).

- Guideline: "A reference, direct or indirect, to an employer in relation to an employee, or an employee in relation to an employer, is a reference to them in their employer/employee relationship, and, as appropriate, includes a reference to their rights and obligations, and any other matter, arising out of that relationship" (from 41 PNCA 2025.pdf, Page: 7).

- Guideline: "Every employer required to deduct employee contributions is liable for their payment to the Board, and shall be indemnified from the Retirement Fund against any claim or demand by any person for the amount of any such payment" (from 41 PNCA 2025.pdf, Page: 24).