

Edited Content Extracted from: sections 207-213.docx

PART II. CONTRIBUTIONS (fourth chunk)

SUB-PART D: EMPLOYEE CONTRIBUTIONS & STATUS

- Section 207. Employee Contributions

All employees working in the Republic of Palau shall contribute to the Social Security Administration amounts equal to the percentages of remuneration received by the employee as provided in 41 PNC § 743 (the current percentage for 2001 to present being six percent (6%)).

- Employee contributions payable shall be collected by the employer of the employee by deducting the amount of the contributions from each payment of remuneration.

- Example: An employer allows an employee to perform work for another employer during the quarter. The second employer may report and pay contributions for that employee. However, the first employer shall continue to be liable for reporting and paying the contributions of that employee.

- Every employer required to deduct employee contributions is liable for their payment to the Board. The Board shall be indemnified (compensated for damage, loss, or injury suffered) from the Retirement Fund against any claim or demand by any person for the amount of any such payment.

- [41 PNC § 743]

- (Sections 208 and 209 revised and consolidated into Section 203)

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- Section 210. Family Employment

The existence of a family relationship does not preclude the possibility of an employee-employer relationship. The employee-employer relationship may be present under other sections of these rules and procedures, however, the employment must be documented and wages must be paid.

- [41 PNC § 702(a)(8), (11), & (13) & U.S. IRS]

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- Section 211. Part-Time Employment

Part-time employment is covered under 41 PNC unless it is not performed in the course of an employer's trade or business and does not exceed employment in more than one week in each calendar month of each quarterly reporting period. Otherwise, all part-time, temporary, seasonal, or intermittent employment is covered and shall

be reported under 41 PNC.

- [41 PNC § 702(a)(8), (11), & (13) & U.S. IRS]

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- Section 212. Part-Time Employment (Revised and Consolidated with Section 203)

Part-time employment is covered under 41 PNC unless it is not performed in the course of an employer's trade or business and does not exceed employment in more than one week in each calendar month of each quarterly reporting period. Otherwise, all part-time, temporary, seasonal, or intermittent employment is covered and shall be reported under 41 PNC.

- [41 PNC § 702(a)(8), (11), & (13) & U.S. IRS]

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- Section 213. Factors Determining Employee Working in the ROP

Employee working in the Republic of Palau as set forth in 41 PNC § 702(a)(13) and § 703 means that the employee or the business enterprise in which the employee works maintains a physical presence in the Republic of Palau. Physical presence in the Republic of Palau includes, but is not limited to the following:

- Operating or establishing an office, store, restaurant, hotel, shop, factory, workshop, plant, warehouse, subsidiary, branch, or other such facility;
- Hiring, appointing, designating, or sending a representative, distributor, employee, or agent who is present in the Republic of Palau for more than thirty (30) days in any calendar year transacting business on behalf of the business enterprise;
- Undertaking building, construction, or assembly projects;
- Importing items for resale;
- Paying taxes to the Republic of Palau;
- Hiring employees in the Republic of Palau or to work in the Republic of Palau;
- Obtaining national or state business licenses;
- Performing any other such act or series of acts in the Republic of Palau which are sufficient to subject the business enterprise to the personal jurisdiction of the Courts of the Republic of Palau; and
- Any other factor that is deemed to show employment within the Republic of Palau.

A determination made by the Administrator, based on one or more of the above-mentioned factors that an employee is working within the Republic of Palau, is rebuttable only by clear and convincing evidence. This burden of proof lies with a person appealing a determination made by the Administration. A written determination regarding such matter shall be made available upon written request to the Administrator.

- [41 PNC § 702(a)(8), (11), & (13) & U.S. IRS]