

# ***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 within the Republic of Palau shall contribute to the Social Security Administration an amount equal to the percentage of their remuneration, as specified in 41 PNC § 743 (the current percentage for 2001 to present being six percent (6%)).

#### **\*\*Collection of Employee Contributions\*\***

Employer(s) of the employee shall collect these contributions by deducting the amount from each payment of remuneration.

**\*\*Example:\*\*** If an employee performs work for another employer during a quarter, the second employer may report and pay contributions for that employee. However, the first employer remains liable for reporting and paying the contributions of that employee.

#### **\*\*Liability and Indemnification\*\***

Every employer required to deduct employee contributions is liable for their payment to the Board. The Board shall be indemnified from the Retirement Fund against any claim or demand by any person for the amount of any such payment (41 PNC § 743).

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#### **\*\*Section 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, provided that the employment is documented and wages are paid (41 PNC § 702(a)(8), (11), & (13) & U.S. IRS).

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#### **\*\*Section 211 Revised and Consolidated with Section 203\*\***

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#### **\*\*Section 212. 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 213. Factors Determining Employee Working in the ROP\*\***

An employee working within the Republic of Palau, as defined by 41 PNC § 702(a)(13) and § 703, maintains a physical presence in the Republic of Palau. This presence includes, but is not limited to:

- 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).