

REPORTING & CALCULATIONS

NO EMPLOYEES AND MAKES LESS THAN \$10,000 IN ANNUAL GROSS REVENUE:

- Must FILE no later than January 31st of the following year.
- Must submit quarterly reports along with copies of GRT reported to the Division of Revenue & Taxation.
- Employers may have an option to pay

NO EMPLOYEES AND MAKES MORE THAN \$10,000 IN ANNUAL GROSS REVENUE:

- Must FILE and PAY no later than January 31st of the following year.

Example: \$22,000 annual gross revenue:

$\$22,000 \times 10\% = \$2,200$ (presumed quarterly gross revenue)

$\$2,200 \times 12\% = \264 (amount to pay for each quarter)

$\$264 \times 4 = \$1,056$ (total due and payable)

Note: Maximum Taxable Income is \$5,000

HAS EMPLOYEES:

- Must FILE and PAY on a quarterly basis

Example: Employee wages per quarter - \$200, \$300 & \$400

1) Owner Share - twice the amount of the highest paid employee ($\$400 \times 2 = \800) and pay 12%

2) 12% on each employee wages
(6% employee share; 6% employer share)

Ex: $\$800 \times 12\% = \96.00 (owner share)

$\$200 \times 12\% = \24.00

$\$300 \times 12\% = \36.00

$\$400 \times 12\% = \48.00 (highest paid employee)

Total Due = \$204.00

Note for Owners of Multiple Businesses:

Owner Share shall be reported under the business having the highest paid employee first. If maximum amount is not reached, employer may have option to pay additional remuneration using businesses with earnings of at least \$10,000.

REPORTING & PAYMENT

Under Part VI, Sec. 601 of the Social Security Operational Rules & Procedures, the Administration assumes that an employer or business owner is aware of the legal responsibilities of operating businesses within the Republic of Palau. The Administration has no obligation to remind employers of this responsibility.

A claim of ignorance by any employer or business owner failing to report shall not be a valid legal defense for not reporting or non-payment of contributions.

FALSE STATEMENTS AND REPORTS

Any employer who knowingly makes a false statement or falsifies any report or record in an attempt to defraud the Social Security Administration is guilty of a misdemeanor and is liable to imprisonment for a period of twelve (12) months or fine of not more than \$2,000.00 or both.

QUARTERLY REPORT DECLARATION

Who may sign:

- Sole-proprietor - Owner/Employer and/or a duly authorized representative
- Corporation - Any one of the officers and/or a duly authorized representative
- Partnership - Any one of the partners or a duly authorized representative
- Association/Organization - Any one of the officers and or a duly authorized representative
- Domestic Helper - Employer

Republic of Palau Social Security Administration

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Republic of Palau
Social Security Administration

EMPLOYER INFORMATION

QUARTERLY REPORT FORM

Under the Social Security Law, all employers or business owners are required to submit Quarterly Report on wages earned that are subject to Social Security contributions. Forms are available at the Social Security Administration. Our office hours are Monday to Friday from 9:00 am to 4:00 pm.

Quarterly Reports are due one full month after the end of each quarter:

QUARTER ENDING	PAYMENT DUE DATES
March 31	No later than April 30
June 30	No later than July 31
September 30	No later than October 31
December 31	No later than January 31

SOCIAL SECURITY CONTRIBUTION RATE & TAXABLE INCOME

The Social Security contribution rate is 6% of the total gross income/wages earned in each quarter and matched equally 6% by the employer. Therefore, a total of 12% per employee including owner share shall be filed and paid to the Administration at the end of each quarter.

The maximum taxable income is currently \$5,000 per quarter.

REFUND

Excess employee contributions during the four (4) quarters ending, December 31st, shall be refunded by the Administration to employees with no outstanding social security debt. No refund shall be made on any amount less than

\$5.00. In addition, no refund shall be made to any employer other than to correct an error.

SELF – EMPLOYED PERSONS (BUSINESSES WITH EMPLOYEES)

Self-employed persons or business owners are required to report as their presumed income twice the amount of the highest paid employee in any given quarter whether or not they are actually receiving any income.

Under the Law, they are considered both employer and employee at the same time and are required to contribute 12% of taxable income.

SELF – EMPLOYED PERSONS (BUSINESSES W/OUT EMPLOYEES)

Self-employed person including corporation and partnership businesses without employees and are making more than \$10,000 in gross annual revenues are required to submit reports of annual income and pay combined taxes of 12% at the end of each calendar year (December 31st). The owner's gross income per quarter is 10% of the annual gross revenue. If self-employed person reaches the retirement age of 60 as of Sept. 30, 2015, age 62 at Oct. 1, 2015, and age 63 at Oct. 1, 2020 is exempted to contribute to the Fund. Reports are due no later than January 31st.

Those who make less than \$10,000 still must file their reports, along with copies of GRT Reports filed to the Division of Revenue & Taxation. However, payment of contributions is optional.

Note: Calculation samples provided on the back page

FARMERS, FISHERMAN, TAXI-DRIVERS

Farmers, fishermen, and taxi-drivers may participate in the Social Security Program, provided that they maintain a minimum of three hundred (\$300) in remuneration each quarter.

DOMESTIC HELPERS

Under the Social Security Act, employers of domestic helpers must report and pay social security contributions by their employees on a quarterly basis.

SS CONTRIBUTION EXEMPTION

Under the Social Security Act, retired chiefs and state legislators shall not be subject to social security contributions on any money earned from their services. This exemption shall not apply to wages and salary received from any voluntarily assumed functions. In other words, such exemption shall not be applied to wages earned from other jobs other than the above mentioned.

OFFENSES AND PENALTIES

Employers who fail to report and pay Social Security contributions due are liable for a civil penalty of 100% of the amount owed or \$250, whichever is greater. A civil penalty could be charged up to \$2,000 maximum penalty per quarter.

In addition, all outstanding or overdue social security contributions, including penalties will carry a 12% interest charge per annum.

In the event that any contributions, interest, or penalty is referred to an attorney for collection, the employer shall, in addition, be liable for reasonable attorney's fees and cost of collection, including court costs.