

ENACT [sic]

Imposing a six percent (6%) fee on every worker working in the State of Koror, and for other purposes.

THE PEOPLE OF KOROR REPRESENTED IN THE LEGISLATURE OF THE STATE OF KOROR DO ENACT AS FOLLOWS:

SECTION 1. NAME. This Act shall be known as "EMPLOYMENT AND INCENTIVE TRAINING ACT".

SECTION 2. TAX ON SALARY. There shall be assessed, levied, collected, and paid a fee of six percent (6%) on every worker in the State of Koror to be deducted from his/her bi-weekly salary. All revenues derived from the collection of this fee shall be deposited in a special fund and shall be earmarked for the specific purpose of establishing, administering, an employment, training incentive program.

(a) This Act shall apply only to those persons whose employer resides or is licensed to do business in Koror State.

(b) All citizens of Palau shall be exempted from this tax.

(c) This Act shall also exempt non-profit workers including those working with the State and National Governments, and religious organizations.

SECTION 3. WITHHOLDING BY EMPLOYER; PAY OVER. The fee imposed by this act shall be collected by the employer of the worker by deducting and withholding the fee imposed on any salaries as and when, paid or credited to the employee. Every employer required to deduct and withhold the fee imposed shall be liable for the payment to the Koror State Treasury and shall pay over such fee to the State Executive Administrator at the end of every quarter immediately after making disbursement of salaries to the employee.

(a) The employer shall, within 30 days following the close of each quarter make a full, true and correct return showing all salaries covered

by Section 1 of this Act paid by him during the preceding quarter, and showing the fee due, withheld and paid over thereon, which return shall be filed with the State Executive: Administrator and shall include such other information as shall be required or prescribed by the State Executive Administrator. The State Executive Administrator, for good cause, may extend the time for making returns and payments not in excess of 45 days. Every employer shall keep a payroll ledger for each employee showing the employee's name and fees withheld.

(b) Every employer required to deduct and withhold any fee of the salaries of any employee shall furnish to each such employee at or before the end of every quarter of the year (or, if his employment is terminated before the close of such period, on the day on which the last payment of compensation is made) a written statement showing the salaries paid by the employer to such employee during the preceding quarter and the amount of the fee deducted and withheld or paid with respect to such compensation. Such employer shall include with his final return for that quarter, or shall file on or before the end of the quarter, a duplicate copy of each such statement with the State Executive Administrator. The State Executive Administrator may grant to any employer a reasonable extension of time not in excess of 15 days, with respect to any statement required by this subsection to be furnished to any employee or to be filed, and may, by regulation not in conflict with this Act, provide for the furnishing or filing of statements at such other times and containing such other information as may be required for the administration of this Act.

(c) Any employer who violates any of the provisions of this Section shall be subject to penalties prescribed in this Act.

SECTION 4. FEEES WITHHELD By EMPLOYER IN TRUST. All fees withheld by any employer under this Act shall be held in trust by such employer for the Koror State Government and for payment to the State Executive Administrator in the manner and at the time required by this Act. Any

employer may recover from an employee any amount which he should have withheld but did not withhold from such employee's salaries, if he has been required to pay and has paid the amount to the Koror State Government out of his own funds pursuant to this Section.

SECTION 5. REFUNDS. If it is shown upon application by an employee that there has been withheld from his salary any fee not due thereon, then

the State Executive Administrator shall refund the amount overpaid with 30 days from the date of application.

SECTION 6. PENALTIES. The following penalties are hereby levied and shall be assessed and collected by the State Executive Administrator:

(a) Failure to timely file return, pay or pay over fees. If an employer, required by this Act to file a return, pay or pay over any fee imposed under this Act, fails to do so on or before the date he shall be assessed six percent (6%) of the amount for each 30 days or fraction thereof elapsing between the due date of the return and the date on which it is actually filed, paid or paid over in addition to the amount due.

(b) Failure to file return after demand. If any employer, required by this Act to file a return, upon notice and demand by the State Executive Administrator fails or refuses within 30 days after receipt of said notice or demand to make and file a return, the State Executive Administrator may estimate the fee assessment and assess a penalty thereon of fifteen percent (15%) of the fee assessed, in addition to any other penalty that may be assessed under this Act.

(c) False and fraudulent returns. Any employer who files a return containing false information with the intent to evade a fee, or any portion thereof shall upon conviction, be fined not more than \$5,000.00 and be subject to any other penalties that may be assessed under this Act. In addition, such an employer shall be assessed a civil penalty of twenty-five percent (25%) of the tax owed.

SECTION 7. EFFECTIVE DATE. This Act shall take effect on October 1, 1990 upon its approval by the House of Traditional Leaders, or upon its becoming law without such approval.

PASSED ON: JULY 19, 1990

Certified by: _____ /s/
Roman Yano
Speaker

Attested to by: _____ /s/
Rena Iluches
Clerk

APPROVED THIS 30th DAY OF July 1990.

 /s/

Ibedul Yutaka M. Gibbons
Paramount Chief
Koror, Republic of Palau

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