

PERSONAL INCOME TAX WAGES REPORTED ON THE QUARTERLY CONTRIBUTION RETURN AND REPORT OF WAGES (CONTINUATION) (DE 9C)

The purpose of this information sheet is to explain the requirement to report California Personal Income Tax (PIT) wages in Item H on the *Quarterly Contribution Return and Reports of Wages (Continuation)* (DE 9C).

It may be helpful to keep in mind the purpose for the wage items required on the DE 9C. The “Total Subject Wages” in Item G on the DE 9C are wages subject to Unemployment Insurance (UI), Employment Training Tax (ETT), and/or State Disability Insurance* (SDI). The “Total Subject Wages” are used to determine UI and SDI benefits. The “PIT Wages” in Item H on the DE 9C are used by the Franchise Tax Board (FTB) to determine an individual’s income and should agree with amounts in Box 17 (“State Wages, Tips, etc.”) on the federal Wage and Tax Statement ([Form W-2](#)). The “PIT Withheld” in Item I on the DE 9C represents the amount of PIT withheld from the individual’s wages. The FTB utilizes the “PIT Wages” and “PIT Withheld” information to verify an individual’s wages and withholding.

WHAT ARE “PIT WAGES”?

The “PIT Wages” in Item H on the DE 9C are the wages subject to California PIT which must be reported as income on an individual’s California income tax return. **Most payments for employee services are reportable on the DE 9C as PIT wages.**

The PIT wages may not be subject to UI, ETT, SDI, or California PIT withholding in every situation. For example, wages for agricultural and domestic services are subject to UI, SDI, ETT, and reportable as PIT wages, but are excluded from PIT withholding (unless both the employer and the employee agree to withhold PIT).

However, all wages subject to PIT withholding are reportable as PIT wages except for pension, annuity, and other deferred income distributions reported on a Distributions From Pensions, Annuities, Retirements or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. (federal [Form 1099-R](#)). Please refer to the attached table, which lists examples of the most common reporting differences between “Total Subject Wages,” “PIT Wages,” and “PIT Withheld”

*Includes Paid Family Leave (PFL)

on the DE 9C. For additional information regarding PIT wages and PIT withholding for domestic services, please refer to the Information Sheet: *Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3BHW)* ([DE 231PH](#)).

WHAT ARE WAGES?

“Wages” are payments made to an employee for personal services and may be paid by cash, check, or the reasonable cash value of remuneration paid to an employee in any medium other than cash (for example, lodging and meals). Wages in any form other than cash are measured by the fair market value of the goods given as compensation for the employee’s services.

The definition of wages includes hourly wages, salaries, commissions, bonuses, fees, piece rates, incentive payments, and certain fringe benefits. Cash tips are also considered wages under certain conditions even if tips are paid by the customer and not the employer. For reporting purposes, wages are taxable when paid, made available to the employee, or at the time the employee receives remuneration other than cash.

For a further explanation of “Wages,” “Total Subject Wages,” and wages subject to California PIT withholding, please refer to the Information Sheet: *Wages (DE 231A)* and the *California Employer’s Guide (DE 44)* “Types of Payments” section.

REFERENCES

For a more extensive definition of PIT wages, the following are recommended:

1. Refer to the [FTB’s Personal Income Tax Booklet for California Resident Forms and Instructions](#), “Instructions for Form 540/540A, Line 12, State Wages.”
2. If more information is required regarding the definition of wages by the federal income tax law (Internal Revenue Code), please review the following publications:

- Internal Revenue Service (IRS) [1040 booklet](#) and Instructions for Line 7 - Wages, Salaries, Tips, etc.
- The IRS [Publication 17](#), Your Federal Income Tax for Individuals, Chapter 2, “Wages, Salaries, and Other Earnings,” and “Tip Income.”
- Sections listed in the index of the Internal Revenue Code under “Compensation.”

If you are still unclear on what should be considered reportable as California PIT wages, please contact the FTB at their toll-free number (800) 852-5711 (bilingual assistance available). You may also order FTB forms by calling (800) 338-0505. Select and follow the recorded instructions for personal income tax forms. If you have access to the Internet, you may download, view, and print California income tax forms by accessing the FTB Web site at www.ftb.ca.gov.

The federal (IRS) toll-free number for assistance and ordering forms is (800) 829-1040. If you have access to the Internet, you may download, view, and print federal income tax forms by accessing IRS' Web site at www.irs.gov.

ADDITIONAL INFORMATION

For further assistance, please contact the Taxpayer Assistance Center at (888) 745-3886 or visit the nearest Employment Tax Office listed in the [DE 44](#) or access Employment Development Department's (EDD) Web site at www.edd.ca.gov/Office_Locator/.

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling (888) 745-3886 (voice) or TTY (800) 547-9565.

This information sheet is provided as a public service and is intended to provide nontechnical assistance. Every attempt has been made to provide information that is consistent with the appropriate statutes, rules, and administrative and court decisions. Any information that is inconsistent with the law, regulations, and administrative and court decisions is not binding on either the Employment Development Department or the taxpayer. Any information provided is not intended to be legal, accounting, tax, investment, or other professional advice.

ATTACHMENT

REPORTING OF COMMON TYPES OF EMPLOYMENT AND WAGE PAYMENTS

The table below lists examples of the most common reporting differences between “Total Subject Wages” and “PIT Wages” on the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C). As shown in the grid below, some wage items are considered “PIT Wages” and reported in Item H on the DE 9C, even though the wages are not subject to Personal Income Tax (PIT) withholding. The table is based on the “Types of Employment” and “Types of Payments” tables in the *California Employer’s Guide* (DE 44). Please refer to the DE 44 for further explanations on types of employment and wage payments.

TYPES OF EMPLOYMENT AND WAGE PAYMENTS	“TOTAL SUBJECT WAGES” Reportable in Item G on the DE 9C	“PIT WAGES” Reportable in Item H on the DE 9C
Agricultural Labor Refer to federal Agricultural Employer’s Tax Guide Publication 51 .	YES	YES, but not subject to PIT withholding (unless both the employer and employee agree to withhold the tax).
Deceased Employee Wages Wages paid to beneficiary or estate after the date of the worker’s death.	YES (Unless paid after the calendar year in which the employee died).	NO
Family Employees Minor child under 18 employed by a father or mother; an individual employed by spouse, registered domestic partner, son, or daughter.	NO (This only applies to sole proprietorships and partnerships). Refer to Information Sheet: <i>Family Employment</i> (DE 231FAM).	YES
Fishing and Related Activities Refer to Information Sheet: <i>Commercial Fishing</i> (DE 231CF).	YES	NO
Homeworkers (Industrial) Statutory employees. Refer to Information Sheet: <i>Statutory Employees</i> (DE 231SE).	YES	YES, but not subject to PIT withholding.
Homeworkers (Industrial) Common law employees. Refer to Information Sheet: <i>Employment</i> (DE 231).	YES	YES, but not subject to PIT withholding.
Household Employment (Domestic) In private homes, local college clubs, fraternities, and sororities.	YES, if employer is required to be registered. Refer to Information Sheet: <i>Household Employment</i> (DE 231L) and/or <i>Household Employer’s Guide</i> (DE 8829).	YES, but not subject to PIT withholding (unless both the employer and employee agree to withhold the tax).
Lodging and Meals Please refer to the <i>California Employer’s Guide</i> (DE 44) or the <i>Tax Rates, Wage Limits, and Value of Meals and Lodging</i> (DE 3395) for the current rate.	YES	YES (Unless furnished for the employer’s convenience and on employer’s premises).

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ATTACHMENT

REPORTING OF COMMON TYPES OF EMPLOYMENT AND WAGE PAYMENTS (cont.)

TYPES OF EMPLOYMENT AND WAGE PAYMENTS	“TOTAL SUBJECT WAGES” Reportable in Item G on the DE 9C	“PIT WAGES” Reportable in Item H on the DE 9C
Newspaper Newspaper carriers under 18 years old delivering to consumers.	NO (Unless occupation is regular full-time work).	NO (Unless occupation is regular full-time work).
Newspaper Newspaper and magazine vendors buying at fixed prices and retaining excess from sales to consumers.	NO	NO
Noncash Payments Service not in the course of employer’s trade or business.	NO	NO
Religious Organizations (Employees of) Churches, convention, or associations of churches, or religious organizations which are operated primarily for religious purposes and operated, supervised, controlled, or principally supported by a church, convention, or associations of churches. Refer to Information Sheet: <i>Nonprofit and/or Public Entities</i> (DE 231NP).	NO	YES
Retirement and Pension Plans: A. Payments from a qualified plan. Pension, annuity, and other deferred income distributions reported on federal Form 1099R. Refer to Information Sheet: <i>Withholding from Pensions, Annuities, and Certain Deferred Other Income</i> (DE 231P). B. Employee contributions to a qualified cash or deferred compensation plan as defined in Section 401(k) of the Internal Revenue Code (IRC). C. Employer contributions to a qualified cash or deferred compensation plan as defined in Section 401(k) of the IRC. D. Employer contributions to a Simplified Employee Plan- Individual Retirement Arrangement (SEP-IRA) as defined in Section 408(k) of the IRC.	NO YES NO (Unless the contributions result from a salary reduction agreement). NO (Unless the contributions result from a salary reduction agreement).	NO, but subject to PIT withholding (unless the individual is no longer a resident of California). YES (Unless payments are not includable in gross income for California income tax purposes). YES (Unless payments are not includable in gross income for California income tax purposes). YES (Unless payments are not includable in gross income for California income tax purposes).

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ATTACHMENT

REPORTING OF COMMON TYPES OF EMPLOYMENT AND WAGE PAYMENTS *(cont.)*

TYPES OF EMPLOYMENT AND WAGE PAYMENTS	“TOTAL SUBJECT WAGES” Reportable in Item G on the DE 9C	“PIT WAGES” Reportable in Item H on the DE 9C
E. Employer contributions to a qualified annuity contract as defined in Section 403(b) of the IRC (applies to Section 501(c)(3) of the IRC organizations and public school employers).	NO (Unless the contributions result from a salary reduction agreement).	NO
F. Employer contributions to certain nonqualified deferred compensation plans.	YES (When services are performed or when there is no substantial risk of a forfeiture of the right to the amount, whichever is later).	YES
<p>Salespersons: Refer to Information Sheet: <i>Salespersons (DE 231N)</i>.</p> <p>A. Real estate salespersons.</p> <p>B. Direct sales salespersons.</p> <p>C. Salespersons who are statutory employees. Refer to Information Sheet: <i>Statutory Employees (DE 231SE)</i>.</p>	<p>YES (Unless certain conditions are met).</p> <p>YES (Unless certain conditions are met).</p> <p>YES</p>	<p>YES (However, not subject to PIT withholding if certain conditions are met).</p> <p>YES (However, not subject to PIT withholding if certain conditions are met).</p> <p>YES, but not subject to PIT withholding.</p>
<p>Sickness or Injury Payments under:</p> <p>A. Workers’ Compensation law.</p> <p>B. Employer plans and contracts of insurance.</p>	<p>NO</p> <p>YES (However, not reportable after the end of six calendar months following the calendar month when the employee last worked for the employer).</p>	<p>NO</p> <p>YES, to the extent the payments into the plan were made by the employer and were not included in the gross taxable income of the employee.</p>
<p>Sick Pay Paid by Third-Party Payers Reportable by the payer, such as insurance companies and trusts, unless payer notifies the recipient’s last employer within 15 days after payment. Reporting is the responsibility of the last employer if timely notified by the payer. Refer to Information Sheet: <i>Third-Party Sick Pay (DE 231R)</i>.</p>	YES	YES, but not subject to PIT withholding unless employee requests withholding by filing a Request for State Income Tax Withholding from Sick Pay (DE 45) with the third-party payer.

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ATTACHMENT

REPORTING OF COMMON TYPES OF EMPLOYMENT AND WAGE PAYMENTS (cont.)

TYPES OF EMPLOYMENT AND WAGE PAYMENTS	“TOTAL SUBJECT WAGES” Reportable in Item G on the DE 9C	“PIT WAGES” Reportable in Item H on the DE 9C
Students:		
A. Working for a public or private school, college or university, if enrolled and regularly attending classes at that school.	NO	YES
B. Spouse of student, if such spouse is advised at the time service commences at the school that employment is provided under a program to provide financial assistance to the student by the school, college, or university, and that employment will not be covered by unemployment insurance.	NO	YES
C. Under age 22 enrolled in a full-time program at a nonprofit or public education institution. Institution must normally maintain a regular faculty and curriculum normally have a regularly organized body of students where its educational activities are located. Student’s service must be taken for credit at such institution. It must combine academic instruction with work experience. It must be an integral part of such program, and the institution must have so certified to the employer.	NO (Unless the program established for or on behalf of an employer or group of employers).	YES
D. Student nurse working for a hospital.	NO	YES
E. Full-time student working for an organized camp. A “full-time student” is enrolled for the current term of academic year or, if between terms, for the immediately preceding period with a reasonable assurance of enrollment in the immediate subsequent period. An “organized camp” offers outdoor living experience for social, spiritual, educational or recreational purposes; must not operate more than seven months a year, or at least 2/3 of its previous yearly gross income must have been in any six of the twelve months of the year.	NO	YES
Vacation Pay, Sick Pay, and Holiday Pay Earned but not paid prior to termination of employment.	NO	YES
Worker Adjustment and Retraining Notification (WARN) Act payments for failure to provide 60-day notice of plant closure or mass layoffs.	NO	YES