

E-FILE AND E-PAY MANDATE FOR EMPLOYERS

In August 2015, California passed Assembly Bill (AB) 1245 requiring all employers to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department (EDD). This law became effective for employers with 10 or more employees January 1, 2017, and for all employers January 1, 2018.

REQUIRED FORMS

The following forms must be submitted electronically under the e-file and e-pay mandate:

- *Quarterly Contribution Return and Report of Wages* (DE 9)
- *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C)
- *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW)
- *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW)
- *Quarterly Contribution Return* (DE 3D)
- *Payroll Tax Deposit* (DE 88)

NOTE: The e-file and e-pay mandate does not apply to employment tax returns, wage reports, or payroll tax deposits submitted for periods prior to the effective date of the mandate.

Penalties for Noncompliance		
Tax Returns*	DE 9 DE 3D DE 3HW	\$50 per return
Wage Reports	DE 9C DE 3BHW	\$20 per wage item
Payments	DE 88	15% of amount due

Note: Effective January 1, 2019, noncompliance penalties will be charged in accordance with sections 1112(b), 1112.1(a), and 1114(b) of the California Unemployment Insurance Code (CUIC) (leginfo.ca.gov/faces/codes.xhtml), **in addition to any other penalties imposed by the CUIC.**

*Noncompliance penalties will be charged even if filing a paper tax return to report no wages were paid. If you are no longer paying wages you must close your employer payroll tax account. Once your account is closed, you are not required to file a tax return or wage report for periods after the closure date.

BENEFITS OF E-FILE AND E-PAY

- Increases data accuracy.
- Protects data through encryption, which is safer and more secure than paper forms.
- Reduces paper and mailing costs.
- Eliminates lost mail.
- Facilitates faster processing of returns and payments.

E-FILE AND E-PAY WITH E-SERVICES FOR BUSINESS

Employers and employer representatives/payroll agents are encouraged to use e-Services for Business to comply with the e-file and e-pay mandate. e-Services for Business is a fast, easy, and secure way to manage employer payroll tax accounts online. Use the [e-Services for Business User Guide \(DE 160\) \(PDF, 1.08 MB\)](#) (edd.ca.gov/pdf_pub_ctr/de160.pdf) to enroll today.

With e-Services for Business, you can:

- Submit employment tax returns, wage reports, and payroll tax deposits with direct entry or bulk upload options.
- Register for an employer payroll tax account number.
- File, adjust, and print returns/reports.
- View and update account information.
- Close or reopen an employer payroll tax account.

For additional information, tutorials, and answers to frequently asked questions, visit [e-Services for Business](#) (edd.ca.gov/e-Services_for_Business).

OTHER E-FILE AND E-PAY OPTIONS

Employers and employer representatives/payroll agents can also use other electronic filing and payment options, such as Express Pay and Federal State Employment Taxes (FSET) to fulfill the e-file and e-pay mandate. Visit [E-file and E-pay Mandate for Employers \(Assembly Bill 1245\)](#) (edd.ca.gov/Payroll_Taxes/E-file_and_E-pay_Mandate_for_Employers) for more options and additional information.

E-FILE AND E-PAY MANDATE WAIVER

Employers who are unable to comply with the mandate may request a waiver due to lack of automation, severe economic hardship, current exemption from the federal government, or other good cause. To obtain an [E-file and E-pay Mandate Waiver Request \(DE 1245W\) \(PDF\)](#) (edd.ca.gov/pdf_pub_ctr/de1245w.pdf):

- Visit [E-file and E-pay Mandate for Employers \(Assembly Bill 1245\)](#) (edd.ca.gov/Payroll_Taxes/E-file_and_E-pay_Mandate_for_Employers.htm) for more information.
- Visit the nearest [Employment Tax Office](#) (edd.ca.gov/Office_Locator) listed in the [California Employer's Guide \(DE 44\) \(PDF, 2.4 MB\)](#) (edd.ca.gov/pdf_pub_ctr/de44.pdf), or on the [EDD](#) website (edd.ca.gov).
- Contact the Taxpayer Assistance Center at 1-888-745-3886.

Waiver requests can be submitted by mail or fax to:

Mail: Employment Development Department
Document and Information Management Center
PO Box 989779
West Sacramento, CA 95798-9779

Fax: 1-916-255-1181

An approved waiver will be valid for four consecutive quarters beginning with the effective quarter. Upon the expiration of the approval period, an employer must start to electronically file and pay, or submit a new waiver request to avoid noncompliance penalties. For more information, refer to the instructions on page 2 of the DE 1245W.

ADDITIONAL INFORMATION

For further assistance, please contact the Taxpayer Assistance Center at 1-888-745-3886. For additional information visit:

- [E-file and E-pay Mandate for Employers \(Assembly Bill 1245\)](#) (edd.ca.gov/payroll_taxes/E-file_and_E-pay_Mandate_for_Employers.htm)
- [File and Pay Options](#) (edd.ca.gov/Payroll_Taxes/File_and_Pay.htm)

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 1-888-745-3886 (voice) or TTY 1-800-547-9565.

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.