

# CALIFORNIA EMPLOYER

4th Quarter 2010

## 2011 Payroll Tax Reporting and Form Changes!

The Employment Development Department (EDD) is implementing several exciting and important payroll tax reporting changes beginning with the first quarter of 2011. At the end of each quarter, employers will file:

- *Quarterly Contribution Return and Report of Wages* (DE 9)
- *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C)

The *Annual Reconciliation Statement* (DE 7) and the *Quarterly Wage and Withholding Report* (DE 6) will no longer be filed starting in 2011.

With these reporting changes, EDD will be able to identify overpayments sooner, resulting in faster refunds, and to promptly notify employers of any amounts due.

Employers will be reporting their Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) contributions along with

the Personal Income Tax (PIT) withholdings quarterly on the DE 9 instead of annually on the DE 7. Wage information for each worker will be reported on the DE 9C instead of the DE 6.

- Annual household employers will continue to file *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW) and *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW).
- Voluntary Plan filers will continue to file the *Quarterly Contribution Return* (DE 3D).
- Disability Insurance Elective Coverage (DIEC) filers will continue to file the *Quarterly Premium Notice for Disability Insurance Elective Coverage* (DE 3DI).

**This reporting change will not affect deposit and return due dates.**

Employers will continue to make depos-

its using the *Payroll Tax Deposit* (DE 88) coupons. Please refer to the 2011 *California Employer's Guide* (DE 44) for deposit and reporting requirements.

Registered employers will receive the new forms by mail automatically. Forms will also be available online and at local EDD offices. For more information on the new reporting changes, please visit EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/](http://www.edd.ca.gov/Payroll_Taxes/).

Starting in spring of 2011, EDD also will be rolling out **Expanded e-Services for Business**. The newly designed online access will allow employers to easily manage their own accounts on the Internet. Employers will be able to access individual account and payment information, review account statements, and pay all payroll tax liabilities online. Stay tuned for more information on this exciting new development!

## Furnish Employees With Form W-2 by January 31, 2011

As an employer, you are required to prepare a federal Wage and Tax Statement (Form W-2) for each of your employees. For 2010, you must provide your employees with a Form W-2 by January 31, 2011, as provided in Section 13050 of the California Unemployment Insurance Code (CUIC).

Employers who fail to provide a Form W-

2 to each employee, or who furnish a false or fraudulent statement, may be subject to a penalty of fifty dollars (\$50) for each such failure as imposed under Section 13052 of the CUIC.

In addition, failure to provide such form(s) may also result in a penalty imposed under Section 13052.5 of the CUIC. The amount of the penalty is determined based upon

the unreported remuneration for personal services multiplied by the maximum rate provided under Section 17041 of the Revenue and Taxation Code.

For additional information on Form W-2 reporting requirements or instructions on completing Form W-2, please refer to the IRS publications *Employer's Tax Guide* (Publication 15, Circular E) and 2010 Instructions for Form W-2 and W-3, respectively. To obtain these publications, access the IRS' Web site at [www.irs.gov](http://www.irs.gov) or call the IRS at (800) 829-3676.

## Watch Mail for 2011 Tax Rate Information

You will receive your *Notice of Contribution Rates and Statement of Unemployment Insurance (UI) Reserve Account* (DE 2088) for calendar year 2011 by December 31, 2010. The DE 2088 statement informs each employer of their 2011 tax rates and reserve account activity.

Please carefully review all of the items on your DE 2088. For more information about the DE 2088 and your protest rights, refer to the *Explanation of the Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088C) enclosed with the DE 2088.

For 2011, the UI taxable wage limit

and the Employment Training Tax (ETT) taxable wage limit is \$7,000 per employee. The ETT rate will remain at 0.1 percent (.001). The DE 2088 notifies employers of their 2011 State Disability Insurance (SDI) rate and taxable wage limit, and if they are subject to ETT.

For questions about your statement, please call (916) 653-7795. When you call, have your DE 2088 and your employer account number available.

If you have moved and have a change of address and/or agent update, please inform EDD immediately to receive your DE 2088 by December 31, 2010.

## Just a Reminder! Federal Earned Income Tax Credit Notification (EITC)

Employers are required to notify their employees about the availability of the EITC. You must provide written notification to employees in person or by mail within one week before or after, or at the same time, that you provide an annual wage summary, including a Form W-2 or a Form 1099. To obtain additional information about this requirement, visit [www.edd.ca.gov/Payroll\\_Taxes/Earned\\_Income\\_Tax\\_Credit\\_Notification.htm](http://www.edd.ca.gov/Payroll_Taxes/Earned_Income_Tax_Credit_Notification.htm). For additional information about EITC go to [www.irs.gov](http://www.irs.gov)

## 2011 California SDI and PIT Deposit Requirements

If Your Federal Deposit Schedule/Requirement is	And You Have Accumulated State PIT Withholding of	If Payday Is	PIT and SDI Deposit Is Due By
Next Banking Day	Less than \$350	Any day	Quarterly
	\$350 to \$500	Any day	15 <sup>th</sup> of the following month
	More than \$500	Any day	Next Banking Day
Semiweekly	Less than \$350	Any day	Quarterly
	\$350 to \$500	Any day	15 <sup>th</sup> of the following month
	More than \$500	Wed., Thurs., or Fri.	Following Wednesday
	More than \$500	Sat., Sun., Mon., or Tues.	Following Friday
Monthly	Less than \$350	Any day	Quarterly
	\$350 or more	Any day	15 <sup>th</sup> of the following month
Quarterly or Annually	Less than \$350	Any day	May 2, 2011 August 1, 2011 October 31, 2011 January 31, 2012
	\$350 or more	Any day	15 <sup>th</sup> of the following month

For more information and special situations concerning deposit rules and frequencies, refer to the *California Employers Guide* (DE 44), visit our Web site at [www.edd.ca.gov/Payroll\\_Taxes/File\\_and\\_Pay.htm](http://www.edd.ca.gov/Payroll_Taxes/File_and_Pay.htm), or call (888) 745-3886.

### Taxable Value of Meals and Lodging For 2011

Meals and/or lodging that you provide to your employees should be treated as wages for Unemployment Insurance, Employment Training Tax, and State Disability Insurance.

Meals are subject to California Personal Income Tax (PIT) withholding unless the meal is furnished to your employees on your business premises and it is for your convenience. Lodging is also subject to PIT withholding unless it is furnished for your convenience and the employee is required to accept lodging on your business premises as a condition of employment.

Each year, the value of meals and lodging is adjusted based on cost-of-living indexes. Please use the values shown below for 2011. These values do not apply where higher values of meals and lodging are stipulated in a union agreement or contract of hire, or are required to comply with minimum wage laws. For more information, visit [www.edd.ca.gov](http://www.edd.ca.gov) or call (888) 745-3886.

#### Employees\*

Meals	Value
Breakfast	\$2.25
Lunch	\$3.15
Dinner	\$4.90
3 meals per day	\$10.30
A meal not identified as breakfast, lunch, or dinner	\$3.60

#### Lodging Value

The value is set at 66 2/3 percent of the ordinary rental value to the public, but not in excess of \$1193.00 per month or less than \$38.70 per week.

#### Maritime Employees

Licensed Personnel	Value
Meals	\$10.30
Quarters	\$8.10
Total per day	\$18.40
Unlicensed Personnel	Value
Meals	\$10.30
Quarters	\$5.50
Total per day	\$15.80

#### Fishermen

Lodging value is \$38.70 per week and \$5.50 per day for periods of less than a week.

\* Maritime employees' values of lodging are different than all other employees and are shown in the above table on the right. Lodging values for maritime employees apply only when the facilities meet specific minimum standards.

### Annual Interest Rate Will Be 4 Percent

Interest is charged on all delinquent taxes, interest, and certain penalties. For the period January 1 through June 30, 2011, the annual interest rate will be 4 percent (0.04), compounded daily. The daily interest factor will be 0.000110.

If you have questions about the annual interest rate for 2011, call the Taxpayer Assistance Center at (888) 745-3886.

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