

CALIFORNIA EMPLOYER

First Quarter 2009

Disability Insurance changes for 2009

Effective January 1, 2009, the State Disability Insurance (SDI) contribution rate is 1.1% (.011) and the SDI taxable wage limit is \$90,669.

The SDI taxable wage limit is the maximum amount of wages per employee each year subject to the SDI contribution. The maximum yearly contribution per employee is \$997.36.

Workers covered by SDI are covered by the Disability Insurance (DI) program and the Paid Family Leave (PFL) program.

For 2009, the maximum weekly benefit is \$959 per week. Claimants qualify for the maximum amount, provided they are otherwise eligible, and they have earned at least \$22,643.64 or more in at least

one quarter of the base period used to calculate the amount of their claim award.

The new maximum benefit amount is applicable to DI and PFL benefit claims as prescribed in the California Unemployment Insurance Code.

For more information on DI and PFL qualifications and to download posters, brochures, and the SDI weekly benefit amount chart, visit our Web site at www.edd.ca.gov or call DI at 1-800-480-3287 and PFL at 1-877-238-4373.

Deaf, speech impaired, and hard of hearing callers, can contact DI at 1-800-563-2441 (TTY) and PFL at 1-800-445-1312 (TTY). These numbers do not accept voice calls.

Seminars Offer Valuable Tax Help

We offer seminars on various tax-related topics to help you understand and comply with California payroll tax laws. Some seminars are presented in partnership with federal or state agencies to provide information on related federal tax and labor law topics. These courses are customized to benefit new employers, established businesses, bookkeepers, and payroll agents.

Federal/State Basic Payroll Tax Seminars cover federal and state payroll reporting requirements, including forms, payment requirements, electronic filing and independent contractor reporting.

Employee or Independent Contractor Tax Seminars include the factors that determine whether a worker is an employee

or an independent contractor plus the basics of statutory employment.

State Labor Law and Payroll Tax Seminars are co-presented by EDD and the Department of Industrial Relations. Topics include employer reporting and payment requirements, common wage and hour law application, and basics of how to distinguish between employees and independent contractors.

State Basic Payroll Tax Seminars include information on how and when to report state payroll taxes, the basics of how to distinguish between employees and independent contracts, and independent contractor reporting requirements. **State Payroll Tax Workshops** provide hands-on training in calculating taxes and

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Notice for Electronic Funds Transfer (EFT) Filers

On June 30, 2009, the Employment Development Department (EDD), Electronic Funds Transfer (EFT) Program's bank will change to Citibank with a new data collector, Metavante. The overall process for making your Automated Clearing House (ACH) payments will not change, but there will be minor modifications and improvements:

- New bank account number for ACH credit filers (EDD will mail the new bank account number to registered ACH credit filers in May 2009)
- Elimination of verification code for ACH debit tax payments
- New payment option for unregistered EFT filers
- Web based solution for payroll services, reporting agents, and those who initiate multiple payments at one time – no more software!

More detailed information about these changes will appear in the second quarter 2009 California Employer newsletter and on EDD's Web site in May 2009. If you have any questions, please contact the EFT helpline at (916) 654-9130.

completing payroll tax forms. The workshops are recommended for those who have previously attended a Federal/State Basic Payroll Tax Seminar or those familiar with state payroll tax reporting but who would like additional practice.

How to Manage Unemployment Insurance Costs Seminars cover how Unemployment Insurance (UI) rates are calculated, how to reply to UI notices, and what you can do as an employer to minimize your UI costs. Seminars are conducted at various locations throughout the state with no charge to participants.

To view a complete list of seminar topics, dates and locations, or to register for one of the seminars, visit our Web site at www.edd.ca.gov/Payroll_Tax_Seminars/ or call our Taxpayer Assistance Center at (888) 745-3886.

EDD Tax Branch Targets California's Underground Economy

The state of our current economy makes it more important than ever to combat underground economies and provide a level playing field for California businesses. The Compliance Development Operations (CDO) within EDD, Tax Branch, works to detect the most serious violators of California's employment tax laws. The CDO is active in the following programs that target underground economy activities within California:

Employment Enforcement Task Force (EETF) conducts joint field investigations to identify employers operating in the underground economy. EDD's partnering agencies include, but are not limited to, the Department of Industrial Relations (DIR), the Contractors' State License Board (CSLB), the Franchise Tax Board (FTB), the Board of Equalization (BOE), and Department of Insurance (DOI).

Economic and Employment Enforcement Coalition (EEEC) is a multi-agency en-



forcement program. The EEEC partnering agencies conduct field compliance inspections on targeted industries within designated geographic locations in a sweep environment. The partnering agencies include EDD, DIR, CSLB, DOI, and the U.S. Department of Labor.

Lead Development and Program Support (LDPS) oversees the development of audit and underground economy leads on out-of-state employers, targeted industries known to be out of compliance, and from Form 1099 payers. Additionally, LDPS staff provides lead screening and support to all CDO lead development activities.

Tax Enforcement Group detects noncompliant and fraudulent activity

within the employer community through desk investigations using various databases and income tax returns.

Unemployment Insurance Rate Equity Group enforces laws on employers that unlawfully attain unemployment insurance contribution rates that are lower than they are entitled.

If you think someone is committing payroll tax fraud by paying cash wages or other schemes, please let us know by reporting as much information as possible. We take all allegations of fraud seriously, and you can remain anonymous. Through enforcement activities and working together with the employer community, EDD supports employers who voluntarily comply with the employment tax laws. The EDD offers several options for you to report fraud.

To report Payroll Tax fraud, you may:

Submit a Fraud Reporting Form online by clicking on *Report Fraud* from EDD's website: www.edd.ca.gov.

Mail *UEO Lead Referral Form (DE 660)*, also located on our website under *Report Fraud*.

Call: 1-800-528-1783.

E-mail information to: ueo@edd.ca.gov

Fax information to: 916-227-2772.

We look forward to hearing from you so we can help level the playing field and prevent unfair competition in the California business climate.

New Law Helps Recover Fraudulent UI Overpayments

One of the Employment Development Department's (EDD) responsibilities is to detect, establish, and collect fraudulent Unemployment Insurance (UI) benefit overpayments. The EDD takes proactive measures to collect the overpayments by first seeking voluntary compliance through negotiating payment plans and second by involuntary efforts such as initiating judgments, wage garnishments, liens, and California income tax offsets.

A new federal law helps EDD expand its efforts to collect fraudulent overpayments. H.R. 2608 amended the Internal Revenue Code to allow states to offset an individual's federal income tax refund

for any covered unemployment compensation debt. A "covered unemployment compensation debt" is a past-due debt (including penalties and interest) for erroneous payment of state unemployment compensation due to fraud which has become final and remains uncollected under state law.

This bill will allow EDD to recover more overpayments, which will help maintain the stability of the UI Fund.

If you think someone is fraudulently collecting UI benefits, call our hotline at 1-800-229-6297. For more information on fraud, go to www.edd.ca.gov.

Employment Status Course Available on Internet or CD

Want to learn more about the basics of classifying workers as employees or independent contractors, but don't have time to attend a classroom seminar? Our Web-based classes are designed for you!

The Taxpayer Education and Assistance Program offers a Web-based e-Learning course on the subject of Employment Status, available in both English and Spanish. The course explains common and statutory law as it is applied by the Employment Development Department (EDD) and the Internal Revenue Service (IRS) and discusses resources to assist employers in properly classifying workers as

either employees or independent contractors.

To access the course on the Internet, use the following Web site: http://www.edd.ca.gov/Payroll_Taxes/Web_Based_Seminars.htm. The Web site indicates the computer system requirements to view the Web-based seminar. The course takes about 1.5 hours to complete. However, you can view a portion of the seminar and return later to view other sections or to review information.

No internet access? Order a free compact disc (CD) of the Employment Status seminar in English and Spanish by calling Diane Best at (916) 464-3518.

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