



First Quarter 2013

EDD Offers No-Fee Tax Seminars

Did you know the Employment Development Department (EDD) offers no-fee payroll tax seminars in partnership with other tax agencies?

The EDD offers a variety of no-fee payroll tax seminars to assist employers in complying with payroll tax laws.

Our classroom seminars are conducted at many convenient locations throughout California.

Some seminars are presented in partnership with the federal or state agencies to provide important information on related federal tax and labor law topics.

The Federal/State Basic Payroll Tax Seminar provides information on both federal and state reporting requirements.

The State Labor Law and Payroll Tax Seminar, presented by the EDD and the Department of Industrial Relations, offers information on wage and hour regulations and payroll tax requirements.

For more information on other seminars, dates, locations, and registration, visit the EDD Payroll Tax Seminars page at www.edd.ca.gov/Payroll_Tax_Seminars.

Federal Health Care Tax Credit Is Available for Small Businesses and Tax-Exempt Groups

The small business tax credit included in the federal health care law is specifically designed for small businesses and small tax-exempt organizations to help make maintaining existing coverage or offering health insurance to employees for the first time more affordable.

What are the requirements to qualify?

Small and tax-exempt employers that provide health care coverage to their employees are eligible for the tax credit if they have:

- Fewer than 25 full-time employees.
- Average wages less than \$50,000 per year.
- Pay at least 50 percent or more of employees' premium cost for health insurance.

How much is the tax credit?

To help offset the costs of covering employees, there is a sliding-scale tax credit of up to 35 percent of the employer's eligible premium expenses for tax years 2010-2013.

- Employers with 10 or fewer full-time employees, paying annual average wages of \$25,000 or less, qualify for the maximum credit of 35 percent.

- For tax-exempt employers, the maximum tax credit is 25 percent of eligible premium expenses for tax years 2010-2013, increasing to 35 percent in 2014.
- Beginning in 2014, the maximum tax credit increases to 50 percent of premium expenses and coverage must be purchased from the California Health Benefit Exchange.

How to claim the tax credit

Small employers can claim the small business health care tax credit as part of the general business credit starting with the 2010 income tax return. Small businesses can calculate the credit with the Internal Revenue Service (IRS) Form 8941 and tax exempt employers can calculate the refund with the Form 990-T. Both forms are available at <http://www.irs.gov/uac/Small-Business-Health-Care-Tax-Credit-for-Small-Employers>.

Small businesses that have already filed a tax return and later determine they are eligible for the credit can file an amended tax return.

This federal tax credit is not a state EDD program. Questions must be directed to the IRS.

Reducing Paper and Costs, Two Guides Go Online

Beginning with the 2013 Employer Guides, the EDD discontinued the automatic annual mailing of the *California Employer's Guide* (DE 44) and the *Household Employer's Guide* (DE 8829).

In our continuing effort to become more efficient and effective, the EDD mails the guides only to employers who request them.

Effective immediately, employers who wish to continue to receive a paper guide must go to <https://eddservices.edd.ca.gov/> and select the link "Submit a request to receive an annual mailing." Employers can also go directly to https://eddservices.edd.ca.gov/tap/open/annualguide/_/#1 and choose to receive the guide. Employers who choose to receive the paper guide will receive one annually until they change their designated preference. Employers do not need to be registered for e-Services for Business to make their choice.

No action is required for employers who do not wish to receive a paper copy of the guide.

The guides may be viewed and downloaded at

www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm.

Also, paper copies of the guide(s) will continue to be available through www.edd.ca.gov/forms or can be obtained at a local employment tax office. In addition, Frequently Asked Questions (FAQ's) are available at www.edd.ca.gov/Payroll_Taxes/FAQ_-_Employers_Guide.htm.

While on the e-Services for Business Web page, consider enrolling in our new online services. Employers can now manage accounts, file reports, make deposits, update addresses, and much more! It is now even accessible through smart phones and tablets and has never been easier! Take a test-drive at www.edd.ca.gov/Payroll_Taxes/e-Services_for_Business_Tutorials.htm.

CORRECTION

Correction to the Taxable Value of Meals and Lodging for 2013. See http://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm

Helpful Reminders

Business Name Change

To report a change in business name, corporation name, personal name (e.g., marriage), or change in ownership of the business:

- Use e-Services for Business at <https://eddservices.edd.ca.gov> to make these changes.
- Obtain the *Change of Employer Account Information* (DE 24) form at www.edd.ca.gov/pdf_pub_ctr/de24.pdf.
- Order DE 24 forms online at www.edd.ca.gov/Forms.

Mailing Address Change

To change your mailing address with the EDD, you can:

- Use e-Services for Business at <https://edd.services.edd.ca.gov>.
- Obtain DE 24 forms from our website at www.edd.ca.gov/pdf_pub_ctr/de24.pdf.
- Order DE 24 forms online at www.edd.ca.gov/Forms.
- Complete the change of address form provided in the *Payroll Tax Deposit* (DE 88) coupon booklet.

No Longer Have Employees

If you no longer have employees and will not be reporting wages in any future quarter, you must send a final DE 88 with payment, *Quarterly Contribution Return and Report of Wages* (DE 9) and *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C). For the EDD to close your account, you must complete box "B" and "B1" on the DE 9. Employers may inactivate their account at <https://eddservices.edd.ca.gov>.

If you do not have employees, but may have employees in future quarters, you are still required to file your DE 9, marking the Box "A" and DE 9C marking Box "C" showing "0" (zero) payroll, otherwise, the EDD may presume you have employees and assess your account.

Close Your Business

If you close your business, you are required to file a final DE 88 with payment, DE 9 and DE 9C within 10 days of quitting business, regardless of the normal due dates. For the EDD to close your employer account, you must complete Box "B" and "B1" on the DE 9. Employers may inactivate their account at <https://eddservices.edd.ca.gov>.

Reporting Newly Hired or Rehired Employees

Employers are required by law to report all newly hired or rehired employees to the New Employee Registry (NER) within twenty (20) days of their start-of-work date. The start-of-work date is the first day services were performed for wages. Effective January 1, 2013, the passage of new legislation now defines an individual as a **rehire** if the employer/employee relationship has ended and the returning individual had been separated from that same employer for **at least 60 consecutive days**.

California children benefit from employers reporting new or rehired employees

through the timely filing of the *Report of New Employee(s)* (DE 34). The information provided will assist the California Department of Child Support Services and the Department of Justice in locating parents to collect delinquent child support obligations. This key information will also result in early detection, prevention, and recovery of the Unemployment Insurance benefit overpayments.

Please refer to *Information Sheet: Reporting New Employees and Independent Contractors* (DE 231Y) at www.edd.ca.gov/pdf_pub_ctr/de231y.pdf.

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- Paid Family Leave Information.
- Workforce Investment Act and Wagner-Peyser Act.

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Change From 'Banking Day' to 'Business Day'

Effective January 1, 2013, employers should use "business days" to measure the due date for payroll tax deposits instead of "banking days." A recent change to federal regulations removed references to "banking days" and instead determined the timeliness of deposits by reference to "business days." A "business day" is defined as any day other than a Saturday, Sunday, or legal holiday as recognized by the Internal Revenue Service, statewide legal holiday as recognized by the State of California, or a day in which the EDD is closed. What

does this mean for you? Since state and federal holidays are not necessarily the same day, this definition covers employers for weekends and all federal and California holidays. For a listing of all the legal holidays, go to www.edd.ca.gov/payroll_taxes/Legal_Holidays.htm.

Quarter Reporting Format

Many EDD forms require you to specify the quarter on the report and/or deposit. The date format used on forms for reporting and/or making deposits is the last two digits of the year and then one digit representing each quarter. Entering the incorrect format may cause delays, penalties, interest, and/or misapplication of funds. For example:

- 1st quarter of 2013 is entered as 131, which is 13 for 2013 and 1 for the first quarter.
- Subsequent quarters would be 132, 133, and 134.

CALIFORNIA EMPLOYER



This newsletter is published quarterly by the Employment Development Department of the California Labor and Workforce Development Agency. It is distributed with tax forms to all employers who are subject to the provisions of the Unemployment Insurance Code.

The EDD is a recipient of federal and state funds. It is an equal opportunity employer/program and is in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. To request alternate formats, call 916-654-9029.

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Vol. 64, No. 1