



First Quarter 2016

EDD Collaborates With State, Federal Agencies to Combat Fraud, Unfair Business Practices

The underground economy imposes a significant burden on businesses that comply with tax reporting requirements. It also reduces revenues needed to fund critical state programs.

In a collaborative effort to combat this unfair business competition, the Employment Development Department (EDD) has partnered with other organizations, including:

- Board of Equalization
- California Department of Insurance
- Contractor's State License Board

- Department of Industrial Relations
- Franchise Tax Board
- Internal Revenue Service
- United States Department of Labor

These partnerships have the greatest impact on combating fraudulent activities. The partners collaborate and utilize programs that monitor emerging trends in the underground economy and identify schemes used to evade employment tax requirements.

The EDD's effort to combat the underground economy doesn't end here.

Another effort is the Fictitious Employer Project through which investigators identify fictitious employer accounts being created for the purpose of filing fraudulent Unemployment Insurance claims.

All Californians have an interest in combating the underground economy. We encourage you to join the EDD's effort to combat this unfair business competition in California.

If you suspect a company is using unfair payroll tax business practices, you can submit an *Underground Economy Operations Lead Referral/Complaint Form* (DE 660) online, email the Underground Economy Operations at ueo@edd.ca.gov, call 800-528-1783, or fax the information to 916-227-2772.

Doing Business With EDD Electronically Is Way of the Future for California Employers

With the passage of Assembly Bill 1245 (Chapter 222, Statutes of 2015), employers will be required to electronically file employment tax returns/wage reports and remit payroll tax deposits by Electronic Funds Transfer (EFT).

Effective January 1, 2017, employers with 10 or more employees must meet the requirements of AB 1245. All other employers must do so beginning January 1, 2018.

This new requirement applies to the following types of transactions:

- Payroll tax returns
- Wage reports
- *Payroll Tax Deposit* (DE 88)

Filing and paying electronically

reduces paper and mailing costs. Also, it offers encryption to protect your information, and provides electronic records of your transactions with the EDD.

You don't have to wait for the deadline to sign up! Make your transition today and stay one step ahead. Enroll now in [e-Services for Business](#). It's fast, easy, secure, and available 24/7.

For assistance with your transition, contact the EDD Taxpayer Assistance Center at 888-745-3886, Monday through Friday, 8 a.m. to 5 p.m. (Pacific Time).

Look for more reminders to come as the deadline for the requirements draws near.

Changes Are Coming in Electronic Funds Transfer Program

Effective June 30, 2016, Union Bank, with First Data Government Solutions as the data collector, will process Electronic Funds Transfer (EFT) payments on behalf of the EDD.

The process for making your Automated Clearing House (ACH) debit payments will not change. However, if you make payments by ACH credit or Fedwire, you will need to update the EDD bank account number to reflect the change to Union Bank.

You will receive more detailed information regarding this upcoming change on the EDD's website in May 2016 and in the second quarter 2016 *California Employer* newsletter.

Online. Anytime. e-Services for Business.

SIDES: Quick, Secure, and Timely

Unemployment Insurance Branch to Launch State Information Data Exchange System

The EDD's Unemployment Insurance (UI) Branch will release the State Information Data Exchange System (SIDES) to all California employers this spring.

SIDES is a quick, secure, and timely way for employers and Third Party Administrators (TPAs) to electronically receive and respond to the EDD's *Notice of Unemployment Insurance Claim Filed* (DE 1101CZ).

Since California has such a diverse employer population ranging from small, independent businesses to large corporations, SIDES provides two options to fit the needs of the state's business community.

- **SIDES Web-Service** is designed for large employers and TPAs with a high volume of UI claims or those

who operate in multiple states. This option requires the employer or TPA to coordinate with the [National Association of State Workforce Agencies \(NASWA\)](#) to implement special programming for a computer-to-computer interface.

- **SIDES E-Response** is designed for smaller employers and TPAs with a lower volume of UI claims and does not require any special programming or software. You will be able to subscribe to SIDES E-Response easily and conveniently on the [EDD website](#).

Benefits of SIDES:

- Streamlines communication between employers and UI representatives.
- Protects sensitive employer and

claimant information through the use of encrypted data.

- Reduces the use of the DE 1101CZ paper form, mailing times, and postage costs.
- Results in fewer follow-up phone calls, improper UI payments, and unnecessary appeals.

To support businesses through the implementation process, the EDD will offer a variety of [self-help tools](#) and a dedicated SIDES technical support center for live help.

The EDD is committed to leveraging innovative and user-friendly technology to better serve California's thriving business community. SIDES will help the EDD attain that goal.

New Law Eases Penalties for Motor Carrier Employers

Legislation signed by Governor Brown in the fall of 2015 may relieve both statutory and civil penalties associated with the misclassification of commercial drivers as independent contractors.

Section 2750.8 of the Labor Code allows a motor carrier performing drayage services to enter into a settlement agreement with the Labor Commissioner, with the cooperation and consent of the EDD, to convert all of its commercial drivers to employees.

An agreement by the motor carrier

will include the payment of all wages, benefits, taxes owed, and provides for relief of penalties that would normally apply to a motor carrier employer who is not in compliance with the applicable laws associated with both the Labor Commissioner and the EDD.

In lieu of full payment, this legislation also provides for installment payments on outstanding amounts due. This program is only available through December 31, 2016.

Eligible motor carriers may request an

application to participate in this program by contacting the Division of Labor Standards Enforcement (DLSE), Legal Section, at 562-590-5461, or submitting a request in writing to the DLSE Legal Section at 300 OceanGate, Suite 850, Long Beach, CA 90802.

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