

## PERSONAL INCOME TAX WAGES REPORTED ON THE QUARTERLY REPORT OF WAGES AND WITHHOLDINGS FOR EMPLOYERS OF HOUSEHOLD WORKERS (DE 3BHW)

The purpose of this information sheet is to explain the requirement to report California Personal Income Tax (PIT) wages in Item F on the *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3BHW).

It may be helpful to keep in mind the purpose for the wage items required on the DE 3BHW. The "Total Subject Wages" in Item E on the DE 3BHW are wages subject to Unemployment Insurance (UI), Employment Training Tax (ETT), and/or State Disability Insurance\* (SDI). The "Total Subject Wages" are used to determine UI and SDI benefits. The "PIT Wages" in Item F on the DE 3BHW are used by the Franchise Tax Board (FTB) to determine the individual's income, and should agree with amounts in Box 17 ("State Wages, Tips, etc.") on the federal Wage and Tax Statement (Form W-2). The "PIT Withheld" in Item I on the DE 3BHW represents the amount of PIT withheld from the individual's wages. The FTB will utilize the "PIT Wages" and "PIT Withheld" information to verify an individual's wages and

withholding, since the employer is no longer required to furnish a copy of the employee's federal Form W-2 to the Employment Development Department (EDD).

### WHAT ARE "PIT WAGES"?

The "PIT Wages" in Item F on the DE 3BHW are the wages subject to California PIT which must be reported as income on an individual's California income tax return. **Most payments for employee services are reportable on the DE 3BHW as PIT wages. An individual's "PIT Wages" reported on the quarterly DE 3BHW should equal the Form W-2 amount shown in Box 17 ("State Wages, Tips, etc.").**

**Wages for domestic services are subject to UI, ETT, SDI, and reportable as PIT wages but are excluded from mandatory PIT withholding.** Please refer to the table below which lists the most common types of employment and wage payments for employers of household workers.

TYPES OF EMPLOYMENT AND WAGE PAYMENTS	"TOTAL SUBJECT WAGES" Reportable in Item E on the DE 3BHW	"PIT WAGES" Reportable in Item F on the DE 3BHW
<b>Family Employees</b> Minor child under 18 employed by a father or mother; an individual employed by spouse, registered domestic partner, son, or daughter.	NO (This only applied to sole proprietorships and partnerships.) Refer to Information Sheet: <i>Family Employment</i> (DE 231FAM).	YES
<b>Household Employment (Domestic)</b> In private homes, local college clubs, fraternities, and sororities.	YES, if employer is required to be registered. Refer to Information Sheet: <i>Household Employment</i> (DE 231L) and/or <i>Household Employer's Guide</i> (DE 8829).	YES, but not subject to PIT withholding unless both the employer and employee agree to withhold the tax.
<b>Lodging and Meals</b> Please refer to Tax Rates, Wage limits, and <i>Value of Meals and Lodging</i> (DE 3395) for current rate.	YES	YES (Unless furnished for the employer's convenience and on employer's premises.)

\*Includes Paid Family Leave (PFL)

For information on reporting other types of employment and wage payments, please refer to Information Sheet: *Personal Income Tax Wages Reported on the Quarterly Contribution Return and Reports of Wages (Continuation)* (DE 9C), DE 231PIT.

## WHAT ARE WAGES?

“Wages” are payments made to an employee for personal services and may be paid by cash, check, or the reasonable cash value of remuneration paid to an employee in any medium other than cash (e.g., lodging and meals). Wages in any form other than cash are measured by the fair market value of the goods given as compensation for the employee’s services.

The definition of wages includes hourly wages, salaries, commissions, bonuses, fees, piece rates, incentive payments, and certain fringe benefits. Cash tips are also considered wages under certain conditions even if tips are paid by the customer and not the employer. For reporting purposes, wages are taxable when paid, made available to the employee, or at the time the employee receives remuneration other than cash.

For a further explanation of “Wages,” “Total Subject Wages,” and wages subject to California PIT withholding, please refer to the Information Sheet: *Wages* (DE 231A) and the *California Employer’s Guide* (DE 44) “Types of Payments” section.

## REFERENCES

For a more extensive definition of PIT wages, the following are recommended:

1. Refer to the FTB’s Personal Income Tax Booklet for California Resident Forms and Instructions, “Instructions for Form 540/540A, Line 12 – State Wages.”
2. If more information is required regarding the definition of wages by the federal income tax law (Internal Revenue Code), please review the following publications:
  - Internal Revenue Service (IRS) 1040 Booklet and Instructions for Line 7 - Wages, Salaries, Tips, etc.,

- The IRS Publication 17, Your Federal Income Tax for Individuals, Chapter 2 “Wages, Salaries, and Other Earnings,” and “Tip Income,” or
- Internal Revenue Code sections that are listed in the index under “Compensation.”

If you are still unclear on what should be considered reportable as California PIT wages, please contact FTB at their toll free number (800) 852-5711 (bilingual assistance available). You may also order FTB forms by calling (800) 338-0505. Select and follow the recorded instructions for personal income tax forms. If you have access to the Internet, you may download, view, and print California income tax forms by accessing the FTB Web site at [www.ftb.ca.gov](http://www.ftb.ca.gov).

The federal (IRS) toll free number for assistance and ordering forms is (800) 829-1040. If you have access to the Internet, you may download, view, and print federal income tax forms by accessing IRS’ Web site at [www.irs.gov](http://www.irs.gov).

## ADDITIONAL INFORMATION

For further assistance, please contact the Taxpayer Assistance Center at (888) 745-3886 or visit the nearest Employment Tax Office listed in the *California Employer’s Guide* (DE 44) or access the Employment Development Department’s (EDD) Web site at [www.edd.ca.gov/Office\\_Locator/](http://www.edd.ca.gov/Office_Locator/).

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 (888) 745-3886 (voice) or TTY (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.