



# **ELECTRONIC FUNDS TRANSFER PROGRAM INFORMATION GUIDE**

## ***For Assistance . . .***

If you have questions regarding the Electronic Funds Transfer (EFT) program, you may access EDD's Web site at **[www.edd.ca.gov](http://www.edd.ca.gov)** or call the EFT Helpline between the hours of 8:00 a.m. and 5:00 p.m., PT, Monday through Friday, at:

**(916) 654-9130**

**Fax (916) 654-7441**

Or write to the following address:

Attention: EFT Unit, MIC 15A  
Employment Development Department  
P.O. Box 826880  
Sacramento, CA 94280-0001

**Please direct all general tax filing questions to the Employment Development Department's Taxpayer Assistance Center at toll-free (888) 745-3886.**

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.

# TABLE OF CONTENTS

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## I. INTRODUCTION

Definition of Electronic Funds Transfer (EFT) .....	1
Background .....	1

## II. EFT PROGRAM PARTICIPATION

Mandatory EFT Requirement .....	2
Notification of Mandatory EFT Participation .....	2
Voluntary EFT Participation .....	2

## III. EFT REPORTING

Enroll to Use e-Services for Business .....	3
EFT Reporting Methods .....	3
ACH Debit Method .....	3
Online Payment Options .....	3
Make a Payment(s) .....	3
Attach a Bulk Payment File .....	4
Bulk Transmissions (XML and Web Services) .....	5
Telephone Payments .....	5
Canceling an ACH Debit Payment Transaction .....	5
ACH Credit Method .....	5
ACH Credit Method Record Format Requirements .....	6
ACH Credit Cancellations, Corrections, Bank Changes, and Inquires .....	6

## IV. GENERAL INFORMATION

Due Dates .....	7
Emergency Payment Procedures, Mandatory EFT Filers Only .....	7
Proof of Payment .....	7
Late Payment Penalty .....	7
Refunds .....	7

## APPENDIX A

CSV File Specifications .....	8
Sample CSV File Layouts .....	9

This guide was published with general EFT program information and should be used in combination with the current tax year's [California Employer's Guide \(DE 44\)](#). The DE 44 provides specific dates for timely reporting and payment of taxes.

### **Definition of Electronics Funds Transfer (EFT)**

The EFT is a method of instructing banks to transfer money from one bank account to another bank account electronically, eliminating the use of paper checks. With the EDD EFT Program, funds are transferred from the employer's bank account through an Automated Clearing House (ACH) system to the State's bank account. Employers can initiate payment transactions over the Internet, by telephone, or through their bank.

### **Background**

The EFT has been used for many years by the federal government and private business.

With the passage of Senate Bill (SB) 467 (Chapter 473, Stats.1991), effective January 1, 1993, California began to administer EFT for State tax payments. Effective January 1, 1993, under specific criteria, SB 467 required EDD, the Franchise Tax Board, and the Board of Equalization to begin EFT programs for taxpayers. Subsequent legislation authorized expansion of the EFT program to additional State agencies. Initially, the EDD only accepted EFT payments for *Payroll Tax Deposit* (DE 88) payment transactions. In spring 2011, the EDD expanded their e-Services for Business to accept EFT payments for all types of payroll tax liabilities.

## II. EFT PROGRAM PARTICIPATION

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### Mandatory EFT Requirement

Employers are mandated to remit taxes by EFT if their State Disability Insurance (SDI) and Personal Income Tax (PIT) deposits **averaged** \$20,000 or more during the prior State fiscal year (July 1 to June 30). Employers who meet this requirement must remit all SDI and PIT deposits by EFT for the complete calendar year that follows, **regardless of the dollar amount**. Failure to comply results in a 10 percent noncompliance penalty (plus interest) on SDI and PIT deposits remitted by check with a DE 88 coupon, by credit card, or by any payment method other than EFT.

### Notification of Mandatory EFT Participation

The EDD reviews employer accounts annually to identify those accounts that averaged \$20,000 or more in SDI and PIT deposits for the last State fiscal year. Newly identified employers meeting the mandatory EFT requirement are notified by letter in October that they will be required to make SDI and PIT deposits by EFT for the upcoming calendar year.

Employers who are notified that they are required to make SDI and PIT deposits by EFT, but do not think they meet the requirement should contact the EFT Helpline at (916) 654-9130 prior to the last timely date for making the first mandated EFT payment.

**Employers who use a tax preparer (payroll agent, payroll service, CPA, or other employer representative) to make their DE 88 deposits are responsible for informing them of the requirement to remit SDI and PIT deposits by EFT.**

### Voluntary EFT Participation

The EDD encourages employers who do not meet the mandatory EFT deposit requirement to voluntarily use EFT to make their DE 88 deposits and pay other payroll tax liabilities. Following are some of the overall advantages of making EFT payments:

- Fast, easy, and secure way to make your payroll tax payments.
- No checks, payment documents, or mailing costs.
- The EFT programs are available 24 hours a day, 7 days a week.
- Ability to report and store (warehouse) payment data up to 90 days before the settlement date.
- Immediate confirmation of successful payment transactions.

The EDD ACH Debit ***Make a Payment*** and ***Attach a Bulk Payment File*** Internet options provide these additional advantages:

- Only one User Name and password needed to use all of EDD's e-Services for Business applications (view account activities, file returns/reports, make EFT payments, etc).
- Ability to add or change bank account information online (no paper EFT enrollment form).
- Ability to use multiple bank accounts to initiate EFT payments.
- Ability to view and edit your online payment transactions prior to submission.
- Payments post to the employer account the next day.
- Ability to view online payment history.

**Note:** Voluntary EFT participants are not subject to the noncompliance penalty if they make a future payment by check with a DE 88 deposit coupon or by any other acceptable payment method.

### Enroll to Use e-Services for Business

To make EFT payments, you must be enrolled to use EDD's e-Services for Business to establish a Username and password. Tax preparers can establish their own Username and password to file returns/reports and make payments on behalf of their clients. To enroll, go to the [e-Services for Business](#) Web page and click on the **e-Services for Business Login** option and follow the prompts. Please review the password rules as most enrollment problems are caused by the selection of an invalid password.

### EFT Reporting Methods

There are two methods for making EFT payments: ACH Debit and ACH Credit.

#### ACH Debit Method

The employer authorizes the State of California to electronically debit their bank account for the amount(s) reported. There are no fees or charges for using the ACH Debit method. The EDD offers the following ACH Debit options for initiating a payment transaction:

##### Online Payment Options:

The EDD provides a secure Web site to make DE 88 and other payroll tax payments over the Internet. The following options are available:

##### ➤ **Make a Payment(s)**

The ***Make a Payment(s)*** option is a direct entry program. To use this program:

1. Start at the [e-Services for Business](#) Web page.
2. Click on the **e-Services for Business Login** option.
3. Enter your Username and password.
4. Click on the ***Make a Payment(s)*** option.
5. Select a payment period.
6. Follow the prompts to make your payment.

You will receive immediate confirmation that the payment transaction was successful.

Bank Information - The ***View/Add Payment Sources*** option allows you to set up, save, and change bank information for multiple bank accounts.

- This bank information will be available to select when you make payments using the ***Make a Payment(s)*** option.
- If you designate a specific bank account as the default, that bank account information will be pre-filled when you make payments.
- Tax preparers can set up bank account information using a shared bank account under their taxpayer ID and/or they can set up bank account information under each of their client's individual taxpayer accounts.

**Note:** Employers and tax preparers currently using the [Web Payer](#) or [Just Pay It](#) option offered by the State's EFT vendor can continue to make DE 88 deposits using these options. For the [Web Payer](#) and [Telephone Payment](#) options, an [Electronic Funds Transfer Authorization Agreement \(DE 26\)](#) must be completed to report any bank changes. Instructions for the DE 26 are included in this Section under ***Telephone Payments***.

### III. PAYMENT REPORTING METHODS (CONTINUED)

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➤ **Attach a Bulk Payment File**

The ***Attach a Bulk Payment File*** option is designed for tax preparers who initiate EFT payments on behalf of multiple taxpayers. These bulk filers can transmit DE 88 deposits online as a File Attachment over the Internet using either the eXtensible Markup Language (XML) or the Comma Separated Value (CSV) file format.

- XML File Format – The EDD uses the same XML payment schema as the Federal/State Employment Taxes (FSET) program. You will need the DE 88 payment schema and the DE 88 Data Element Rules to prepare your XML payment files. The DE 88 Data Element Rules are in the *Federal/State Employment Taxes Information Guide* (DE 545). The DE 88 schema and the DE 545 can be downloaded from the [Bulk Transmissions \(XML and Web Services\)](#) Web page.

**Important:** A separate XML file must be created for each tax type code. The tax type codes are based on your deposit schedule and are included in the Data Element Rules.

- CSV File Format - The CSV file format is located in Appendix A.

Use the following steps to attach a payment file:

1. Start at the [e-Services for Business](#) Web page.
2. Click on the ***e-Services for Business Login*** option.
3. Enter your User ID and password.
4. Use the ***Attach a Bulk Payment File*** option to attach the file. **Note: XML files must be zipped.**
5. Choose the type of file attachment.
6. Use the browse button to locate and open (attach) the file.
7. Correct any errors.
8. Complete the required information.
9. Submit the file.

You will receive immediate confirmation that the payment file processed successfully.

**Note:** Tax preparers using the [Bulk Filer Solution](#) offered by the State's EFT vendor can continue to use this option to make DE 88 deposits. Any new clients must be registered as an employer with EDD and a completed [DE 26](#) must be submitted to enroll them in the EFT vendor program. Instructions for the DE 26 are included in this Section under ***Telephone Payments***.

### III. PAYMENT REPORTING METHODS (CONTINUED)

#### ➤ **Bulk Transmissions (XML and Web Services)**

Several states, the Internal Revenue Service, and some software vendors developed the FSET Program to provide a standardized method for reporting federal and state employment tax and wage reports in eXtensible Markup Language (XML). The FSET allows you to transmit reports/returns and make DE 88 payments application-to-application using Web services. The FSET is open to:

- Employers who want to either develop their own software or use the services of a participating payroll service provider or transmitter.
- Software developers, transmitters, and payroll service providers that act as reporting agents.

You can download the *Federal/State Employment Taxes Information Guide* (DE 545), the FSET payment schema, and the forms needed to enroll in the FSET Program from the [Bulk Transmissions \(XML and Web Services\)](#) Web page. If you would like to use the services of a payroll service provider or transmitter to make payments, a list of EDD approved FSET vendors is also located on this Web page.

#### **Telephone Payments (800-554-7500)**

The **Telephone Payment** option is administered by the State EFT vendor and is used only to make DE 88 deposits. In addition to enrolling to use EDD's [e-Services for Business](#), employers are also required to enroll in the EDD EFT Vendor Program by completing a [DE 26](#). A DE 26 must also be completed to report any bank changes.

DE 26 Instructions:

The DE 26 must be completed, signed, and returned to EDD with a voided pre-printed check either by faxing it to (916) 654-7441 or by mailing it to the address shown on the bottom of the DE 26. If you do not have a pre-printed check, you can attach a bank specification sheet or letter signed by your bank that provides the bank routing and bank account information.

- Enrollment in the EDD EFT Vendor Program – The EDD will send a confirmation letter with the date you can start making EFT payments and a generic four-digit security code. The generic security code must be changed before EFT payments can be submitted.
- Bank Changes – The EDD will send a letter with the date you can resume making EFT payments. If you have a problem with the security code after the change, you may call the EDD EFT Helpline at (916) 654-9130.

#### **Cancelling an ACH Debit Payment Transaction**

Payment transactions can be cancelled online before 3:00 p.m., PT, the day before the payment settles. A cancellation confirmation number is issued as proof of a successful payment cancellation.

#### **ACH Credit Method**

The ACH Credit method allows employers to transfer funds by instructing their bank to debit their bank account and transfer those funds to the State's bank account.

The employer pays all costs charged by their bank for initiating ACH Credit transactions.

### III. PAYMENT REPORTING METHODS (CONTINUED)

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#### **ACH Credit Method Record Format Requirements**

To transmit an ACH Credit payment to EDD, it must be initiated with the Cash Concentration or Disbursement Plus Tax Payment Addenda (CCD+/TXP) format. This standard format was adopted for tax payments by the National Automated Clearing House Association (NACHA). Employers need to provide their bank with an [Information for Your Bank \(DE 532\)](#). The DE 532 provides the bank with instructions on how to transmit ACH Credit transactions to EDD in the NACHA approved CCD+/TXP record format. **Note: Use of any format other than CCD+/TXP will be rejected.**

#### **ACH Credit Cancellations, Corrections, Bank Changes, and Inquiries**

Contact your bank to cancel, correct, or inquire about an ACH Credit transaction or to change bank account information.

## IV. GENERAL INFORMATION

### Due Dates

The deposit requirements, due dates, and last timely settlement dates are listed in the current tax year's [California Employer's Guide \(DE 44\)](#) in the Required Forms Section under *Payroll Tax Deposit* (DE 88). Tax payment due dates are determined by your deposit schedule (next banking day, semiweekly, monthly, or quarterly reporting). For EFT payments, timeliness is determined by the settlement date (date the payment is credited to the State's bank account).

If a due date falls on a Saturday, Sunday, or [legal holiday](#), the due date and settlement date are extended to the next business day. If a holiday falls on Saturday, the preceding Friday is considered a bank holiday. If a holiday falls on Sunday, the following Monday is considered a bank holiday.

- ACH Debit Filers can initiate their payment on the due date as long as the transaction is completed before 3:00 p.m., PT and the payment settles the next banking day.
- ACH Credit Filers need to contact their bank for instructions on when to report their payment in order to ensure a timely settlement date.

### Emergency Payment Procedures, Mandatory EFT Filers Only

Mandatory EFT filers unable to make a timely payment by any EFT method may be authorized by the EFT Unit to make the payment by **Fedwire**. Contact the EFT Helpline at (916) 654-9130 before initiating a Fedwire. The EFT Unit will fax you a Wire Transfer Payment Request form to initiate a Fedwire through your bank. You are responsible for the initiating and receiving fees. For Fedwire errors, contact your bank on the day of Fedwire initiation.

### Proof of Payment

Proof of payment is the statement from the bank showing the actual transfer of funds from the employer's bank account into the State's bank account. The reference number does **not** constitute proof of payment; it only assists in locating the payment submission information. If proof of payment is required, it is the employer's responsibility to work with their bank to obtain verification that funds were transferred from their bank account to the State's bank account.

### Late Payment Penalty

If an EFT transaction does not settle timely, a late payment penalty of 10 percent of taxes due plus applicable interest is charged. You can include the payment of any penalty and interest amount due with your EFT transaction. For assistance in computing penalty and interest, contact EDD's Taxpayer Assistance Center toll-free at (888) 745-3886.

### Refunds

To claim a refund for an EFT payment, contact EDD's Taxpayer Assistance Center toll-free at (888) 745-3886.

## APPENDIX A

### CSV File Specifications

Open a Microsoft Excel, Microsoft Word, or Microsoft Notepad document and enter the data according to the field position layout in the table below (note: all fields are mandatory):

Field Name	Length	Format	Position (Column)
Employer Account Number	8	Numeric	1
Pay Date (Payroll Date)	8	MMDDYYYY	2
Bank Debit Date	8	MMDDYYYY	3
Deposit Schedule: M: Monthly N: Next Banking Day Q: Quarterly S: Semiweekly	1	Alpha – Must be one of (M, N, Q, S)	4
Bank Routing Number	9	Numeric	5
Bank Account Number	n/a	Numeric	6
Bank Account Type  C: Checking S: Savings	1	C or S	7
UI Amount	n/a	Dollar Amounts = 52.00 (Example) Zero Dollar Amounts = 0.00 or 0	8
ETT Amount	n/a	Dollar Amounts = 52.00 Zero Dollar Amounts = 0.00 or 0	9
SDI Amount	n/a	Dollar Amounts = 52.00 Zero Dollar Amounts = 0.00 or 0	10
PIT Amount	n/a	Dollar Amounts = 52.00 Zero Dollar Amounts = 0.00 or 0	11
Penalty Amount	n/a	Dollar Amounts = 52.00 Zero Dollar Amounts = 0.00 or 0	12
Interest Amount	n/a	Dollar Amounts = 52.00 Zero Dollar Amounts = 0.00 or 0	13

#### Important:

- All the tax payment fields and columns must be filled.
- Dollar amounts (except for zero dollar amounts) must include a decimal point. For example:
  - Dollar amounts must be formatted as: 52.00
  - Zero dollar amounts can be formatted as: 0.00 or 0
- If the payment file is created in:
  - Microsoft Excel, save the file in a CSV type format, CSV (Comma delimited)(\* .CSV)
  - Microsoft Word or Notepad, save the file in plain text format (\*.txt), then rename the type to \*CSV

**Sample CSV File Layouts**

Sample 1: Using decimal points for zero dollar amounts

12345678,12302010,12312010,M,121000358,12345,C,50.00,1.00,15.15,100.88,0.00,0.00

Sample 2: Using no decimal points for zero dollar amounts

12345678,12302010,12312010,M,121000358,12345,C,50.00,1.00,15.15,100.88,0,0