

## Understand the California Payroll Tax Deposit Requirements

<b>Account Number</b>	The eight-digit Employment Development Department (EDD) employer account number assigned to each registered employer (e.g., 000-0000-0). Always refer to your EDD employer account number when communicating with the EDD.
<b>Accumulated PIT</b>	The Personal Income Tax (PIT) withheld from employees' paychecks for the duration of the reporting period for each deposit, e.g., pay periods or months within a calendar quarter that has not been sent to the EDD yet.
<b>DE 88 and DE 88ALL</b>	The form number of the Payroll Tax Deposit coupon. The Payroll Tax Deposit coupon is used to report and pay Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) to the EDD.
<b>Delinquent Date</b>	The first day a payment is subject to late penalty and interest. The delinquent date is always the day after the last timely date.  Note: The delinquent date <b>can</b> fall on a Saturday, Sunday, or a legal holiday.
<b>Deposit</b>	An amount of money sent to the EDD with a <i>Payroll Tax Deposit</i> (DE 88) coupon or through an Electronic Funds Transfer (EFT).
<b>Deposit Schedule</b>	The Deposit Schedule is the field on the DE 88 coupon which indicates the frequency of deposits made during the quarter. The Deposit Schedule is determined by the Internal Revenue Service (IRS) for employers and used by the EDD as a guideline for making state payroll tax deposits to the EDD.
<b>Disability Insurance (DI)</b>	See State Disability Insurance (SDI).
<b>Due Date</b>	The last date on which a <i>Payroll Tax Deposit</i> (DE 88) is due based on California Deposit Requirements.

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<p><b>Electronic Funds Transfer (EFT)</b></p>	<p>An electronic method of remitting state payroll tax payments. Funds are transferred from the employer's bank account (with payment information) to the state's bank account, eliminating the need to send a <i>Payroll Tax Deposit</i> (DE 88) coupon and paper check.</p>
<p><b>Employment Taxes</b></p>	<p>Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) withholdings.</p>
<p><b>Employment Training Tax (ETT)</b></p>	<p>An employer-paid tax that the employer pays to the EDD that provides funds to train employees in targeted industries to improve the competitiveness of California businesses. Employers subject to ETT pay one-tenth of one percent (.001) on wages paid to each employee in a calendar year, up to the \$7,000 UI taxable wage limit. (See Unemployment Insurance [UI] Tax.)</p>
<p><b>e-Services for Business</b></p>	<p>Internet services that offer employers and tax professionals the ability to manage their payroll tax accounts, file reports, make tax payments, register businesses, and more.</p>
<p><b>Credit Card Payment</b></p>	<p>A convenient method to pay payroll tax deposits by major credit card using either the Internet or a touch-tone phone.</p>
<p><b>Federal Deposit Schedule</b></p>	<p>The employer's Federal Deposit Schedule with the Internal Revenue Service (IRS) is used to determine when their California payroll tax deposit is due to the EDD.</p>
<p><b>Last Timely Date</b></p>	<p>The last date that an employer has to send or deliver a DE 88 payment and still have it be considered timely.</p> <p>The last timely date <b>cannot</b> fall on a Saturday, Sunday, or legal holiday.</p> <p>If the last timely date falls on a Saturday, Sunday, or legal holiday, the next business day becomes the last timely date for payment.</p>

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<p><b>Monthly Schedule</b></p>	<p>Employers are required to make monthly State Disability Insurance (SDI) and Personal Income Tax (PIT) deposits by the 15<sup>th</sup> of the following month if they have accumulated between \$350 and \$500 in California PIT during one or more months in a quarter, regardless of their Federal Deposit Schedule.</p> <p>Employers are required to make Monthly SDI and PIT deposits by the 15<sup>th</sup> of the following month if they have accumulated more than \$500 in California PIT during one or more pay periods of a quarter AND if they are monthly depositors with the Internal Revenue Service (IRS).</p>
<p><b>Next Business Day</b></p>	<p>A “business day” is defined as any day other than a Saturday, Sunday, or legal holiday as recognized by the IRS, statewide legal holiday as recognized by the State of California, or a day on which the EDD is closed. Employers use “business days” to measure the due date for payroll tax deposits.</p> <p>If the deposit due date falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next business day.</p>
<p><b>Next-Day Schedule</b></p>	<p>Employers are required to make Next-Day SDI and PIT deposits to the EDD if they are on a Next-Day deposit schedule with the IRS AND their accumulated PIT is more than \$500 during one or more payroll periods within a calendar quarter.</p>
<p><b>Pay Date</b></p>	<p>The date the wages are paid to the employee(s).</p> <p>For example: If an employer pays employees every two weeks on a Thursday for wages earned through the preceding Sunday, the pay date would be the Thursday on which employees are paid.</p> <p>The pay date can fall on a Saturday, Sunday, or legal holiday.</p>

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<p><b>Payroll Period</b></p>	<p>The frequency wages are paid to employees: daily, weekly, bi-weekly (every two weeks, e.g., every other Friday), or semi-monthly (twice a month, e.g., the 1st and the 15<sup>th</sup>), etc.</p>
<p><b>Payroll Taxes (State)</b></p>	<p>Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) withholding.</p>
<p><b>Personal Income Tax (PIT) Withholding</b></p>	<p>The employer withholds California PIT from employees' wages based on the employee's <i>Withholding Allowance Certificate</i> (Form W 4 or DE 4) on file with the employer and pays the withholding to the EDD. The withholding is based on the amount of wages paid, the number of withholding allowances claimed by the employee, and the payroll period.</p> <p>California PIT is a tax levied on the income of California residents, and on the income of nonresidents who work in California.</p>
<p><b>PIT Deposit Threshold</b></p>	<p>The California PIT deposit threshold is used in conjunction with the employer's Federal Deposit Schedule to determine the deposit due date based on the amount of accumulated California PIT withheld.</p> <p>The PIT threshold is calculated each year based on the provisions of the California Unemployment Insurance Code (CUIC) and the amount of interest the EDD earns on the dollars deposited. <b>Refer to the <i>California Employer's Guide (DE 44)</i> for the applicable tax year to review the PIT thresholds that apply to the specific DE 88 payment.</b></p> <p>If the employer is not required to follow a Federal Deposit Schedule, he/she is still required to make California payroll tax deposits of accumulated SDI deductions and PIT withholdings quarterly or more based on the PIT threshold guidelines.</p>
<p><b>Prepayments (UI and ETT) or UI and ETT Prepayments</b></p>	<p>The UI and ETT taxes an employer voluntarily sends to the EDD during a quarter even though the taxes are not due until the end of the quarter.</p>

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<p><b>Quarter Covered</b></p>	<p>A three-digit number that coincides with the pay date (date on which wages were paid to employees). The first two digits are the year and the third digit is either 1, 2, 3, or 4 for the 1st, 2nd, 3rd, or 4th quarter (YYQ). For example, the quarter covered for wages paid in January 2013 would be shown as 131.</p>
<p><b>Quarterly Schedule</b></p>	<p>If less than \$350 PIT has been accumulated during one or more payroll periods within a calendar quarter, employers are required to make California payroll tax deposits of UI, ETT, SDI and PIT by the quarterly due date, regardless of their Federal Deposit Schedule.</p>
<p><b>Semiweekly Schedule</b></p>	<p>Employers are required to make California Semiweekly SDI and PIT deposits if they are Semiweekly depositors with the IRS AND if the accumulated PIT exceeds \$500 during one or more payroll periods in a calendar quarter.</p> <p>The transition period of the semiweekly schedule allows employers to make a deposit in any of the three business days following the last pay date.</p> <p>If the pay date is Wednesday, Thursday, or Friday, the last timely date for the semiweekly SDI and PIT deposits is the following Wednesday.</p> <p>If the pay date is Saturday, Sunday, Monday, or Tuesday, the last timely date for the semiweekly SDI and PIT deposits is the following Friday.</p>
<p><b>State Disability Insurance (SDI) Tax</b></p>	<p>The SDI program is funded by taxes withheld from employees' wages. Employers are responsible for withholding SDI taxes from their employees' wages and submit them to the EDD by the timely due date.</p>
<p><b>Unemployment Insurance (UI) Tax</b></p>	<p>The Unemployment Insurance (UI) Tax is an employer paid contribution that is due and paid by the employer quarterly to the EDD. Employers, that are tax-rated to pay UI, pay a percentage to the EDD on the first \$7,000 in wages paid to each employee in a calendar year.</p>

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