News and Notes for California Employers from the State Employment Development Department

CALIFORNIA EMPLOYER

Serving the People of California

Third Quarter 1998

Watch the mail for your special Telefile invitation

Household employers and other employers with five or fewer employees will be receiving a special invitation to use the new Telefile System to file their reports.

With this system, you can use your phone to file in minutes, no matter what time of the day or evening, and also cut your paperwork and postage costs.

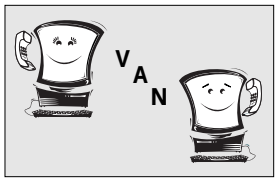
These invitations, which will be mailed out at intervals through early 1999, explain all the features and benefits of our Telefile System, and provide the information you need to register and begin using this new system.

If you have not yet received your invitation, but would like more information on this filing option, please call the Telefile Customer Service Help Line at 1-800-796-3524, Monday - Friday, 8 a.m. - 5 p.m.

Ready? Set? Go!

Check out Electronic Data Interchange

You can now file your DE 6, *Quarterly Wage and Withholding Report,* via your computer using Electronic Data Interchange (EDI). If you currently use a Value Added Network (VAN) in your business operations, then EDD's EDI program could help simplify your reporting.



To access the *EDI Trading Partner Implementation Guide* (DE 813) and the *EDI Brochure* (DE 813B), visit our Internet site at *www.edd.cahwnet.gov*.

For more information, please call an EDI Customer Service Representative at (916) 255-1649, or e-mail us at *TEAM1@edd.ca.gov*.

Other filing methods to make your reporting easier

To simplify your tax filing and reduce your paperwork, EDD offers employers a number of different methods to file and pay your employment taxes.

In addition to Telefile and Electronic Data Interchange, we offer the option of filing by **Magnetic Media**. While employers with more than 250 employees are required to file by Magnetic Media, we also encourage other employers to use this method because it significantly reduces both processing costs and the time needed to record wage and tax information. If you are interested in reporting by Magnetic Media, please contact our Magnetic Media Coordinator at (916) 654-6845. If you would like to use an alternate reporting form, please contact our Alternate Forms Coordinator at (916) 654-9814 for specifications and approval.

We also offer **Electronic Funds Transfer (EFT)** as an alternate method to remit your employment taxes in one simple transaction. Some employers are required to pay their employment taxes via EFT, but you may wish to voluntarily use this method to simplify your reporting and reduce your paperwork. If you are interested in filing by EFT, contact our EFT Help Line at (916) 654-9130.

Deposit requirements unchanged for 1999

For calendar year 1999, the California Personal Income Tax (PIT) deposit threshold will remain at $400, the same as the 1998 deposit threshold.

Employers who meet federal deposit requirements and also meet the state PIT threshold of $400 must remit both State Disability Insurance and PIT withholdings to EDD on the *Payroll Tax Deposit* coupon (DE 88). State deposits are generally due at the same time as the federal deposits. The PIT threshold for employers who deposit quarterly is $350.

For further information, please refer to pages 38-40 in your *California Employer's Guide* (DE 44), visit our website at *www.edd.cahwnet.gov*, or contact your local Employment Tax Customer Service Office.

To locate the office nearest you, check your *California Employer's Guide,* or the State Government section of your telephone directory under "Employment Development Department."

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Tax Days for small business to be held in Southern California

In partnership with local, state and federal agencies, EDD is cosponsoring Small Business Tax Days in Orange County, San Diego, and Van Nuys. Tax Days were created to give you the opportunity to access numerous governmental agencies in a single location.

Small Business Tax Days offer workshops and counseling to help you avoid common pitfalls and costly mistakes. The EDD workshops will include topics such as reporting requirements, employee or independent contractor relationships, and an opportunity to talk to our Taxpayer Rights Advocate staff.

Knowledgeable staff will be available to answer your questions and provide you with publications. There is no cost to participate, but we recommend that you make reservations if you plan to attend a workshop. Tax Days will be offered at the following locations and dates:

Small Business
TAX DAYS

	ORANGE COUNTY - CSU, Fullerton	***SAN DIEGO*** - Point Loma Nazarene College	***VAN NUYS*** - Airtel Plaza Hotel
	October 16	October 17	October 20
	9 a.m. - 3:30 p.m.	9 a.m. - 3 p.m.	9 a.m. - 3 p.m.
For Information or Reservations, Call:	(949) 461-5721	(760) 744-1330, Exts. 410	(818) 901-5690
or Fax:	(949) 461-5757	(760) 744-8057	(818) 901-5252 Attn.: M. Varon

Informational seminars can answer your employment tax questions

In addition to Small Business Tax Days, EDD offers no-cost informational seminars to help you understand and comply with California employment tax laws.

The seminars provide useful information in a straightforward manner that can help you avoid many common reporting problems. An employer from Ventura who attended a recent seminar said: "If I had not come to this seminar, I would have made at least 30 to 50 mistakes! This was very informative. Thank you for this seminar and I will get the word out for others."

Seminars may include one or more of the following topics:

- Understanding the difference between an employee and an independent contractor.
- State payroll tax reporting requirements.
- Controlling your unemployment insurance costs.

Seminars can be customized to address the specific needs of your organization. For more information, please contact your nearest Employment Tax Customer Service Office, or visit our website at *www.edd.cahwnet.gov*.

Settlements Program may be good choice for your disputed tax liabilities

Have you or your business been assessed for additional employment taxes that you do not agree with? Did you petition an assessment or file an appeal? Do you believe there is a risk of loss to the state if your case went to a hearing? If you answered yes to all of these questions, it may be beneficial to settle your case rather than going through a hearing process that may take several years.

The Settlements Program provides an opportunity to settle a dispute quickly without large legal bills, years of accrued interest, and the demands of the hearing process. A settlement allows you and the state to work cooperatively to resolve the disputed issues, and lets you focus on your business operations.

Before a settlement can be considered, your case must be petitioned or appealed to the California Unemployment Insurance Appeals Board. Generally, if your case involves a reclassification of workers from independent contractors to employees, part of the settlement agreement will be to voluntarily report the workers in the future.

If you would like to submit a settlement offer, forward your offer to: EDD, Settlements Office, MIC 93, P.O. Box 826880, Sacramento, CA 94280-0001; or fax: (916) 654-6969.

Include the following:

- Your EDD employer account number;
- A copy of the assessment under petition or appeal, or the assessment number and amount in dispute;
- The amount and basis of your offer; and
- The risk of loss to the state.

If we do not reach a settlement agreement, you will still have hearing rights before an Administrative Law Judge.

To request an information sheet on the *Settlements Program* (DE 231SP), or for more information, please contact your local Employment Tax Customer Service Office.

To locate the office nearest you, check your *California Employer's Guide* (DE 44), or the State Government section of your telephone directory under "Employment Development Department." You may also download the information sheet from the EDD website at *www.edd.cahwnet.gov*.

EFT Credit filers: using the correct account number?

Effective January 1, 1998, Union Bank of California began processing EFT payments for EDD, the Board of Equalization (BOE), and the Franchise Tax Board (FTB).

Since this change, some filers have inadvertently used incorrect bank account numbers to initiate Automated Clearinghouse (ACH) Credit or Fedwire payments. Because of this, agencies are not receiving payments intended for them. This causes a delay in crediting the EFT payments to the correct agency, and will usually result in a billing notice being issued to the filer. Each agency uses a different bank account number with the Union Bank of California for your use when paying by EFT.

Therefore, if you remit EFT payments to EDD, BOE, and/or FTB, please make certain that you are using the appropriate bank account number for the agency involved. This will ensure that your payment is sent and credited to the proper agency's account.

Electronic Funds Transfer Help Lines:

To confirm the appropriate agency's EFT bank account number, or for general information, please contact the help line for the agency involved:

- ***EDD . . . . .(916) 654-9130***
- ***BOE . . . . .(916) 327-4229***
- ***FTB. . . . . .(916) 945-4025***

Magnetic Media filing tips to keep your reporting trouble-free

Follow these simple steps to ensure timely processing of your magnetic media:

- Include an external label on each tape reel, cartridge, or diskette. (We are now able to accept the IBM-compatible 3490 tape cartridge.)
- Ensure that your *Magnetic Media Transmittal Sheet* (DE 166) is complete and accurate.
- Verify that the information on the DE 166 agrees with the data provided on your magnetic media. If the wages you pay are subject to California Personal Income Tax (PIT) withholding, ensure that the PIT wages and PIT withholding are reported correctly.

Enclose the tape reel, cartridge, or diskette and the DE 166 in a protective box or mailer, and send it to: EDD, Magnetic Media Production Unit, MIC 15, P.O. Box 826204, Sacramento, CA 94230-6204.

If you have questions regarding magnetic media, please call our Magnetic Media Unit at (916) 654-6845, or write to: EDD, Magnetic Media Coordinator, MIC 15, P.O. Box 826880, Sacramento, CA 94280-0001.

SDI program improves access to services for employers and claimants

The EDD's State Disability Insurance program is changing the way it delivers its services. This is a result of SDI's continuing efforts to improve its services, and to make them more accessible and convenient for employers and claimants.

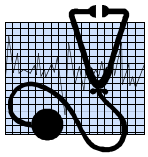
The State Disability Insurance program, or SDI, is California's employee-funded insurance program that pays a partial wage replacement benefit to workers who are unable to work and experience a wage loss due to a non-industrial temporary disability.

Partnering with Employers

The SDI program is working with employers to find opportunities to provide better customer service, and to minimize the hardships that disabilities create for both employers and claimants.

The SDI claim form, for example, has been revised with input from employer groups, and now requests more information from claimants to improve SDI claims management. By gathering more Workers' Compensation information, occupational requirements, and medical information at the beginning of the claim filing process, duplication and rework have been reduced.

Working with the Workers' Compensation program, the medical community, and employers, SDI is also helping disabled employees to return to gainful employment more quickly. This, in turn, will reduce the impact that disabilities have on the employer community.



New SDI Service Centers

SDI is consolidating claims management functions and Workers' Compensation (SDI claims that may have a work-related disability) functions statewide. In June 1998, SDI's Northern California Customer Service Center began operations, and the Southern California Center will begin operating later this year.

When this consolidation is complete, employers and claimants will be able to call a single location for SDI program information. Using automated call processing technology, the Service Centers also will offer improved telephone access and expanded hours of operation to assure customer access to SDI information.

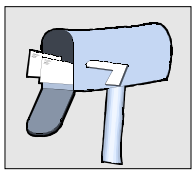
In-Person Services Will Be Available at One-Stop Centers

Appointments at local SDI offices are currently available for claimants who wish to handle SDI claims in-person. By the end of the year, access to SDI services will also be available at all EDD Job Service One-Stop Centers and other EDD offices that are open to the public. Claimants will be able to pick up forms or information, and staff will be able to provide assistance.

For SDI customer service, look in the State Government section of your phone directory under "Employment Development Department." Visit the EDD website at *www.edd.cahwnet.gov* for more information on the SDI program.

Incorrect use of envelopes could cost you money

If you use EDD's *Payroll Tax Deposit* (DE 88) return envelopes to mail your utility payments, credit card payments, or other kinds of mailings, your mail will come directly to EDD.



A bar code on these envelopes automatically directs them to the Department.

Please *do not* use the DE 88 envelopes for any other purpose. The scanning equipment used by the U.S. Postal Service is very sensitive and will read the bar code and forward the mail to EDD, regardless of any changes made to the envelope. And, by the time your mail is redirected or returned to you, your payment may be late, and you may incur a late charge.

New adjustment form for SEF employers

The School Employees Fund (SEF) Unit recently mailed a revised *Quarterly Return Adjustment Form for School Employers* (DE 938SEF) to all SEF employers.

This form should be used to make prior quarter adjustments to subject Unemployment Insurance (UI) wages that were previously reported. The DE 938SEF should be used to adjust UI only accounts (EDD employer account numbers starting with 942).

If you have any questions or would like to request a DE 938SEF form, please contact the SEF Unit at (916) 653-5380.

Employers can receive federal job tax credits

You can receive an $8,500 federal tax credit for every eligible job seeker you hire through the federal Work Opportunity Tax Credit (WOTC) program. To apply for this tax credit, there are only two one-page forms to complete.

For more information, please contact your nearest EDD Job Service office, or visit EDD's Internet site at *www.edd.cahwnet.gov* (select the "For Employers" section).

Employment Tax Information

General Information or Requests for Tax Forms (25 copies or less)	Contact your nearest Employment Tax Customer Service Office
Forms Requests (more than 25 copies)	(916) 322-2835 *Fax: (916) 327-9171*
Electronic Funds Transfer	(916) 654-9130 *Fax: (916) 654-7441*
Magnetic Media Reporting	(916) 654-6845 *Fax: (916) 654-7441*
Alternate Forms Coordinator	(916) 654-9814 *Fax: (916) 657-4949*
Telefile	1-800-796-3524
Electronic Data Interchange	(916) 255-1649
Register for an EDD Employer Account Number	(916) 654-8706 *Fax: (916) 654-9211*
Tax Rates and Benefit Charge Information	(916) 653-7795
New Employee Registry	(916) 657-0529 *Fax: (916) 653-5214*
Offers in Compromise	(916) 464-2726 *Fax: (916) 464-2121*
Underground Economy Operations Center	(916) 464-1075 Extension 299 *Fax: (916) 464-1020*
Office of the Taxpayer Rights Advocate	(916) 654-8957 *Fax: (916) 654-6969*
EDD on the Internet:	www.edd.cahwnet.gov

Tax education videos!

You can learn about California and federal tax laws and earn Continuing Education credits with videos from the Center for Tax Education.

The videos are presented to help taxpayers and tax preparers better understand current tax requirements. They were produced as a cooperative venture by EDD, the California Franchise Tax Board, the State Board of Equalization, the Internal Revenue Service, and the School of Business Administration, California State University, Sacramento.

Video courses are offered on:

- California's Employment Factors
- California Tax Rules for Nonresidents
- Office-In-Home Deductions

To order the videos, which cost $60 each, call (916) 845-7070, or access the Center for Tax Education website at *www.ftb.ca.gov/education/taxtalk.htm.*

California Employer

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The EDD is a recipient of federal and state funds, is an equal opportunity employer/program, and is in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. For copies of this publication in alternate formats, please call (916) 654-7079. TTY users may reach this number through the California Relay Service at 1-800-735-2929.

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