Assembly Bill (AB) 1245 (Chapter 222, Statutes of 2015) requires all employers to electronically file their employment tax returns, reports, and payments to the Employment Development Department (EDD) beginning January 1, 2017. AB 1245, authored by Assembly Member Ken Cooley and sponsored by Small Business California, will be phased in over two years to offer employers ample time to prepare.

Employers with 10 or more employees will become subject January 1, 2017, and all other employers will be subject January 1, 2018.

AB 1245 contains a provision for a hardship waiver for employers who are unable to file returns, reports, and payments electronically.

Employers can enroll now in the EDD e-Services for Business to fulfill these requirements. No specialized software is required – all you need is access to the Internet and a computer, tablet, or smartphone.

The EDD e-Services for Business offers employers more accurate reporting in a secured data environment and online account management tools available 24 hours a day, 7 days a week.

New Employer Requirements for 2017

Additional benefits for reporting electronically include:

- Reduces errors that are common with paper forms.
- Protects data through encryption that is safer and more secure than paper forms.
- Provides an automated receipt so employers immediately know their return, report, or payment was received.
- Saves time by saving basic account information for future transactions.
- Allows employers to easily update account information.
- Reduces paper and mailing cost.

For more information or technical assistance in making the transition to e-Services for Business, visit the e-Services for Business website or contact the EDD Taxpayer Assistance Center at 888-745-3886, Monday through Friday, 8 a.m. to 5 p.m. (Pacific Time).

1Any employer required under existing law to electronically submit wage reports and/or electronic funds transfer to the EDD prior to January 1, 2017, will remain subject to those requirements.

Online. Anytime. e-Services for Business.
Available Now:

Revised Commercial Employer Account Registration and Update Form (DE 1)

The redesigned Commercial Employer Account Registration and Update Form (DE 1) allows you to register for a new employer payroll tax account number or to make changes on an existing employer payroll tax account using one form.

With this update, the Change of Employer Account Information (DE 24) will no longer be available for use.

Look for improved questions and instructions to ensure a successful, timely registration, or changes to your account.

With the new form, you will be able to:

- Register for an employer payroll tax account number.
- Request an account for CalJOBS™.
- Change your address.
- Change your business name.
- Change partners, officers, members, or managers.
- Report the purchase or sale of a business.
- Reopen a previously closed account.
- Request to close an account.
- Change ownership or entity status.

Take advantage of the smart interactive technology that has been added to the online PDF version of the form.

This technology highlights required fields based on your entries to ensure that all necessary information is provided for a successful registration or change request.

No time to mail in your form? The easiest and most efficient way to register for, or update, an employer payroll tax account is to use e-Services for Business.

- No fee to enroll and use.
- Fast, easy, and secure way to manage your payroll taxes.
- Simple one-time online enrollment.
- Most e-Services for Business features are available 24 hours a day, 7 days a week.

No matter which method you use, please remember:

- Employment occurs when an employer engages the services of an employee for pay.
- You become an employer when you employ one or more employees and pay wages over $100 in a calendar quarter.
- You must register with the EDD within 15 days of paying employee wages in excess of $100.
- You are responsible for reporting wages paid to employees and paying Unemployment Insurance and Employment Training Tax on the wages, as well as withholding and remitting State Disability Insurance and Personal Income Tax.

---

2016 Tax Rate Information Notice

The 2016 UI taxable wage limit and the Employment Training Tax (ETT) taxable wage limit is $7,000 per employee. The ETT rate will remain at 0.1 percent (.001).


If you have moved and have a change of address or agent update, please inform the EDD immediately in order to receive your DE 2088 by December 31, 2015.

Once you receive the DE 2088 notice, carefully review all items as it provides you information concerning:

- Tax rates and UI reserve account activity.
- State Disability Insurance (SDI) rate and taxable wage limit.
- Whether you are subject to ETT.

For specific rate information, you or your agent can go to e-Services for Business.

For your protest rights, refer to the Explanation of the Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088C).

For assistance contact the Taxpayer Assistance Center at 888-745-3886.

---

Are You in Compliance?

Lump Sum Reporting Is Easy Using Employer Services Web App

Section 17512 of the California Family Code (CFC) requires all earnings to be reported for employees subject to income withholding for child support. Section 5206 of the CFC classifies earnings as: bonuses, commissions, and stipends, in addition to wages, and salary.

Using the Employer Services Web Application provided by the federal Office of Child Support Enforcement (OCSE) is a simple and easy way for you to report upcoming lump sum payments in a single transaction.

You can use the Employer Services Web Application to either upload a file or enter information online. First, you must register online or with the OCSE by e-mail. Once you’re registered, you can either use the “File Upload” or “Lump Sum Entry” screen to submit information for your employees who are eligible to receive a lump sum payment.

After you have submitted your information, you will receive an acknowledgement indicating the information was successfully transmitted to the Employer Services Web Application.

Within 24 hours, your information will be sent to the California Department of Child Support Services (DCSS).

To report directly to the DCSS, call 916-464-6640 or send an e-mail to: lumpsumresponseteam@dcss.ca.gov.
Worker Adjustment and Retraining Notification (WARN)

As a California employer, you should become familiar with your responsibilities under the state’s Worker Adjustment and Retraining Notification (WARN) Act, a law that requires you to notify affected employees 60 days in advance of plant closures and mass layoffs.

The 60-day notice requirement applies to companies with 75 or more employees that plan to lay off 50 or more employees during any 30-day period.

You must provide the WARN notice to the EDD, affected employees, the Local Workforce Development Board, and the chief elected officials of each city and county government in which the termination, relocation, or mass layoff occurs.

Visit the EDD’s WARN Web page for filing instructions, content requirements, provisions, reports, and FAQs. The EDD publishes bi-weekly WARN Summary Reports on the 10th and 25th of each month or on the next business day if publication dates fall on weekends or holidays.

New on the EDD Website

Reimbursable Method of Financing Unemployment Insurance (UI) Benefits

Newly added to the EDD website is the Reimbursable Method of Paying UI Benefits.

If you are a public entity employer or non-profit employer as described under Section 501(c)(3) of the Internal Revenue Code, you have the option to elect the reimbursable method available for school districts. For additional information on this fund, visit the School Employees Fund website.

Employers are obligated for five complete calendar years.

Whether you are a public or non-public employer, you would be billed quarterly and payments would be due within 30 days of the statement date.

If you terminate your reimbursable coverage, you will remain liable for UI benefits paid to your former employees covered under this program for a period of three calendar years.

Employers of public schools (kindergarten through 12th grade) and community colleges may elect to participate in the School Employees Fund, which is a special reimbursable financing method available for school districts. For additional information on this fund, visit the School Employees Fund website.

New Fraud Prosecution Website Continues Commitment to Safeguard Benefit Programs

The EDD has launched a new Web page which lists the most recent convictions for fraud.

The creation of this Web page is consistent with the EDD’s commitment to safeguard the benefit programs it administers: Unemployment Insurance, Disability Insurance, and Paid Family Leave. It also helps avoid higher employment payroll taxes that can result from fraud.

The EDD is also using detection as a tool to help deter fraud through electronic monitoring, data-matching, and cutting-edge technology.

In addition, education and outreach play a vital role in the EDD’s effort to deter fraud by helping claimants, employers, and their representatives understand what constitutes fraud and how to avoid it and the penalties associated with it.

For more information on what constitutes fraud and how to report fraud, visit the fraud and penalties website.