



Second Quarter 2017

E-file and E-pay With e-Services for Business

e-Services for Business is the Employment Development Department's (EDD) online tool to help you satisfy California's [e-file and e-pay mandate](#).

If you aren't familiar with the mandate, employers with **10 or more employees** are now required to electronically submit employment tax returns, wage reports, and payroll tax deposits to the EDD. All

remaining employers will be subject to this mandate beginning January 1, 2018.

e-Services for Business offers you a fast, easy, and secure way to meet your compliance obligations.

Employers and employer representatives/payroll agents can file and pay online with e-Services for Business by directly

entering return, report, and payment information or by uploading bulk return and bulk payment files for multiple accounts.

Get started by visiting the [e-Services for Business](#) website. Once there, you can get answers to frequently asked questions, take advantage of online tutorials, and much more. Visit and enroll today!

How to Report Family Employment in Your Business

If you're considering employing family members, be sure you understand your tax reporting and payment obligations. An important fact to understand is that all family employees' wages are reportable as California Personal Income Tax (PIT) wages and are subject to PIT withholding.

The following family employees' wages are **not** subject to Unemployment Insurance (UI) Tax, Employment Training Tax (ETT), or State Disability Insurance (SDI) Tax:

- Child under age 18 employed by a parent or partnership consisting only of parents. "Child" includes adopted children but **does not** include stepchildren or foster children.
- An individual employed by his/her spouse or registered domestic partner.
- Parent employed by son or daughter. "Parent" includes adoptive parents but **does not** include stepparents or foster parents.

Here are some UI, ETT, and SDI tax exemption examples:

- Mark and Irene, husband and wife, co-own a pizza parlor under a general partnership. They hire Irene's 17-year-old son, Chris, to work in the business. Because one of the partners (Mark) is not his natural or adopted parent, Chris is not an excluded family employee and his wages are subject to UI, ETT, SDI, and PIT.
- Karen owns a bakery and hires her 16-year-old son, Jordan, and 18-year-old daughter, Victoria, to work in the business. Since Jordan is under age 18, Jordan is an excluded family employee and his wages are **not** subject to UI, ETT, and SDI. Since Victoria is age 18, she is not excluded and

her wages **are** subject to UI, ETT, and SDI. Both children's wages are subject to PIT.

- Joy and Jeanette own all the stock in KCK Corporation. They hire their children, all under 18, to work for KCK. Since the children are employed by a corporation, they are not family employees and their wages are subject to UI, ETT, SDI, and PIT.
- Gordon and his daughter, Flo, are partners in a dental practice. They hire Marilyn (Gordon's wife and Flo's mother) as their bookkeeper. Since Marilyn is working for a partnership consisting only of her spouse and her daughter, she is an excluded family employee and is subject only to PIT.

The Employment Development Department and the Internal Revenue Service (IRS) have different rules regarding family employment. For information about IRS rules, see the [Family Help](#) page on the IRS website. For California rules, refer to [Information Sheet: Family Employment, DE 231FAM](#).

Some types of employment (for example, agricultural and household employment) are not subject to PIT withholding, though the wages may be reportable as PIT wages. Refer to [Information Sheet: Types of Employment, DE 231TE](#), for more information.

Excluded family employees may apply for SDI elective coverage on the [Application for Elective Coverage of Disability Insurance \(Excluded Family Employment\), DE 1378J](#). For information about elective coverage, refer to [Information Sheet: Specialized Coverage \(Elective Coverage for Exempt Workers\), DE 231SC](#).

For help finding information, or to answer any questions, contact the Taxpayer Assistance Center at 888-745-3886.

e-Services for Business. Online. Anytime.

Statement of Charges to Reserve Account Will Arrive in September

In September, you will receive your annual *Statement of Charges to Reserve Account*, DE 428T, via the United States Postal Service.

This statement notifies you of the Unemployment Insurance (UI) benefit charges and credits to your reserve account during the fiscal year July 1, 2016, through June 30, 2017.

The itemized charges to your reserve account are based on the UI benefits paid to your former employees. These charges may increase your UI contribution rate for the 2018 tax year. It's important to review your DE 428T and respond within 60 days of the issue date to protest any charges you believe to be incorrect.

If you have any address changes and/or agent updates, you must

immediately notify the Employment Development Department in order to receive your DE 428T.

For more information, refer to the [Explanation and Instruction Sheet-Statement of Charges to Reserve Account, DE 428C](#), included with the DE 428T or call our Taxpayer Assistance Center at 888-745-3886.

Help Spread the Word About Paid Family Leave



The Employment Development Department (EDD) has embarked on a statewide endeavor to bring awareness to the Paid Family Leave (PFL) program through outreach and a multi-media campaign entitled "[Moments Matter](#)" and asks for your help in spreading the word.

Current research shows that many of California's 18.1 million eligible employees are unaware or misinformed about the PFL program*.

As an employer, you are required to provide the brochure *Paid Family Leave*, DE 2511, to new employees, as well as to those employees who request leave to care for an ill family member or to bond with a new child. The brochure is provided to employers at no-cost and is [available online](#) or [by mail](#).

Visit the EDD website for more information about your responsibilities as an employer and to get answers to the most frequently asked questions.

*EDD News Release No. 17-02

Health Insurance Agents Are Your Partners in Covered California for Small Business

If you're a small business owner looking to enhance employee satisfaction by providing health insurance benefits, it is important to partner with an insurance agent that specializes in the small group market.

Equally important is having confidence and trust in your insurance agent's level of expertise, and it is for this reason that agents who sell insurance plans through [Covered California for Small Business](#) must complete a specialized training and certification process.

Here are four tips to help you when shopping for an agent:

1. Do they have other clients in your region, in the same industry, and of similar size?

2. Are they certified with Covered California, representing a broad range of carriers?
3. Do they have bilingual support staff for occasions when your employees need help?
4. Agents earn a commission from the carrier, which is embedded in the rate. Ask for details so you can understand the services you will receive.

Employers with up to 100 employees can apply for health insurance through Covered California for Small Business. Tax credits may be available to those who qualify. For information on how to apply, visit the [Covered California for Small Business](#) website or call 844-269-3760.

CALIFORNIA EMPLOYER

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To request alternate formats, call 916-654-9029.

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