



First Quarter 2021

Form 1099G for Unemployment Compensation

The California Employment Development Department (EDD) released information and resources to help individuals who received a Form 1099G for unemployment compensation, as these payments must be reported on the individual's state and federal tax returns. **Note:** Unemployment Insurance benefits are not taxable for California's State Income Tax.

Are you a victim of fraud?

Individuals who receive a Form 1099G but did not file a claim for benefits and think that someone filed a claim using their name, address, or Social Security number are encouraged to notify the EDD through [Ask EDD](#) by selecting the Form 1099G category. Visit [Help Fight Fraud](#) to learn more about how to identify, report, and prevent identity theft. Once fraud has been verified, the EDD will issue a corrected Form 1099G.

Resources

The new [Form 1099G information center](#) provides information on the Form 1099G and how to request a copy if needed. Other materials include [answers to frequently asked questions](#), a video about how to [Access Tax Information/Form 1099G Using UI Online \(YouTube\)](#), and a [printable one-page guide \(PDF\)](#) to use as a helpful handout.

A designated helpline is also available during regular business hours at 1-866-401-2849 for individuals who do not agree with the information on their Form 1099G or believe they have been victim of fraud.

For additional information on the Form 1099G, please refer to Department's [press release \(PDF\)](#).

New Form: 1099-NEC, Nonemployee Compensation

Beginning in tax year 2020, you must complete the new [Form 1099-NEC, Nonemployee Compensation](#) to report any payment of \$600 or more to a payee if you meet the following conditions:

- You made the payment to someone who is not your employee.
- You made the payment for services or purchases for cash in the course of your trade or business (including government agencies and nonprofit organizations).
- You made the payment to an individual, partnership, estate, or, in some cases, a corporation.

You must file a paper or electronic copy of the form 1099-NEC directly with Franchise Tax Board (FTB), even if you filed it with the Internal Revenue Service. For tax year 2020, the due date is:

- February 28, 2021 for paper.
- March 31, 2021 for electronic submissions.

You may request an extension to file electronically by submitting FTB Form 6274A. Visit the FTB webpage, [Information Returns](#), for more information including mandatory electronic filing requirements.

Employee's Withholding Allowances — What You Need to Know

As a reminder, the Internal Revenue Service (IRS) changed [federal withholding](#) requirements starting in 2020. The IRS Form W-4 is not applicable for California Personal Income Tax (PIT) withholding purposes as it no longer includes allowances.

What does this mean for you?

This means that if you are hiring new employees, they must submit a [Form W-4 \(PDF\)](#) and an *Employee's Withholding Allowance Certificate* (DE 4) for California PIT withholdings. Please use the redesigned [DE 4 \(PDF\)](#) for the appropriate California PIT withholdings

How does it affect your existing employees?

If you have an existing Form W-4 on file for your existing employees prior to 2020 which has allowances, you can continue to use it to calculate PIT.

What about those who want to make changes to their allowances?

If your employees need to make changes to an existing Form W-4 for their PIT withholding, then they must submit **both** a new Form W-4 for federal withholding **and** a DE-4 for California PIT withholding. If an employee does not complete a DE 4, you must withhold California PIT from the employee's wages as if the employee were single and claiming zero withholding allowances.

You can also refer to the [California Employer's Guide \(DE 44\) \(PDF\)](#), visit our [Rates, Withholding Schedules, and Meals and Lodging Values](#) webpage, or call the Taxpayer Assistance Center at 1-888-745-3886 for more information.

New Employee and Independent Contractor Reporting

As an employer, you play a vital role in the success of both the New Employee Reporting and Independent Contractor Reporting (ICR) programs.

All employers are required to report new hires, or employee(s) rehired after a separation of 60 consecutive days, within 20 days of their start-of-work date. In addition, any business or government entity that files a federal Form 1099-MISC or 1099-NEC for services performed by an independent contractor is required to report the independent contractor information to the EDD for the ICR program.

For more information on the new hire and independent contractor programs or the reporting requirements, please visit [Reporting Requirements](#).

Understanding Your Employment Status Resources

There have been many changes to the way California workers are classified due to [Assembly Bill 5](#), [Assembly Bill 2257](#), and [Proposition 22](#) (2020).

Assembly Bill 5: Effective January 1, 2020, hiring entities are required to classify most workers as employees unless they meet **all** conditions of the ABC test.

Proposition 22: App-based drivers for network companies are independent contractors and not employees or agents if the network company meets the conditions set by the [Business and Professions Code](#), effective December 16, 2020.

The EDD has many resources available on employment status information to help you make the right determination. (continued on page 3)

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Information Sheets

The updated *Information Sheet: Employment* [available in English, [DE 231 \(PDF\)](#) and Spanish, [DE 231S \(PDF\)](#)] is available on our website. The information sheet addresses:

- The ABC test.
- Exceptions to the ABC test.
- Who is an employee/ employer by specific statute.
- Services excluded by statute from employment.

Seminars

We continue to offer no-cost [Payroll Tax Seminars](#) in a webinar format available online.

The webinar on Employment Status covers topics such as:

- The ABC test and excepted categories.
- How to distinguish between employees and independent contractors.
- Resources to help classify workers.

Online Resources

The EDD and Labor and Workforce Development Agency have websites with employment status information:

- [AB 5 – Employment Status](#)
- [Employment Status Portal](#)

Get E-mail Notices

Subscribe to our e-mail lists to stay informed of the latest news about EDD programs and services. This is the best way to get notified as soon as new information sheets or other important payroll tax information becomes available. Learn more and enroll at [Get E-mail Notices](#).

2021 Due Dates

With the New Year come the 2021 forms due dates and California deposit requirements. You are required to submit your employment tax returns, wage reports, and payroll tax deposits electronically. You can use [e-Services for Business](#) to comply with the [e-file and e-pay mandate](#) and avoid penalties. Refer to the [California Employer's Guide \(DE 44\) \(PDF\)](#) for additional information or contact the Taxpayer Assistance Center at 1-888-745-3886.

2021 Forms and Due Dates	
Name (Form Number)	Due
<i>Commercial Employer Account Registration and Update Form</i> (DE 1)	Within 15 calendar days after paying more than \$100 in wages during any calendar quarter.
<i>Report of New Employee(s)</i> (DE 34)	Within 20 days of start-of-work date for new or rehired employees.
<i>Report of Independent Contractor(s)</i> (DE 542)	Within 20 days of paying an independent contractor \$600 or more or entering into a contract for \$600 or more, whichever is earlier.

Quarterly Contribution Return and Report of Wages (DE 9) and (Continuation) (DE 9C) Due Dates		
Quarter	Due	Delinquent if Not Filed by ¹
1 st (January, February, March)	April 1, 2021	April 30, 2021
2 nd (April, May, June)	July 1, 2021	August 2, 2021
3 rd (July, August, September)	October 1, 2021	November 1, 2021
4 th (October, November, December)	January 1, 2022	January 31, 2022

¹ If the due date falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next business day. For example, if a deposit is due on Friday, but Friday is a holiday, the deposit due date is extended to the following Monday.

California Deposit Requirements				
If Your Federal Deposit Schedule/ Requirement Is ¹	And You Have Accumulated State PIT Withholding Of	If Pay Date Is	PIT and SDI Deposit Is Due by ²	California "Deposit Schedule" Box to Indicate on the DE 88
Next-Day	Less than \$350	Any payday	Quarterly ³	Quarterly
	\$350 to \$500	Any payday	15 th of the following month	Monthly
	More than \$500	Any payday	Next-Day	Next-Day
Semi-Weekly	Less than \$350	Any payday	Quarterly ³	Quarterly
	\$350 to \$500	Any payday	15 th of the following month	Monthly
	More than \$500	Wed., Thurs., or Fri.	Following Wednesday ⁷	Semi-weekly
	More than \$500	Sat., Sun., Mon., or Tues.	Following Friday ⁷	Semi-weekly
Monthly	Less than \$350	Any payday	Quarterly ³	Quarterly
	\$350 or more	Any payday	15 th of the following month	Monthly
Quarterly ^{4,5} or Annually ⁶	Less than \$350	Any payday	April 30, 2021 August 2, 2021 November 1, 2021 January 31, 2022	Quarterly
	\$350 or more	Any payday	15 th of the following month	Monthly

¹ If the due date falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next business day. For example, if a deposit is due on Friday, but Friday is a holiday, the deposit due date is extended to the following Monday.

² Electronic transactions for Next-Day deposits must be settled in the state's bank account on or before the third business day following the payroll date.

³ If the due date falls on a Saturday, Sunday, or legal holiday, the due date is extended to the next business day. For example, if a deposit is due on Friday, but Friday is a holiday, the deposit due date is extended to the following Monday.

⁴ If you have accumulated less than \$350 of PIT and you choose to make an additional deposit before the quarterly due date, designate the "DEPOSIT SCHEDULE" as QUARTERLY on your DE 88.

⁵ If you are not required to follow one of the above federal deposit schedules/requirements, you are still required to make California payroll tax deposits of accumulated SDI deductions and PIT withholdings quarterly or more often, based on the guidelines in this table. Information about federal deposit schedules is located in the Internal Revenue Service's Employer Tax Guide (Publication 15).

⁶ A deposit of employer Unemployment Insurance (UI) and Employment Training Tax (ETT) taxes and any accumulated State Disability Insurance (SDI) and Personal Income Tax (PIT) withholdings not previously paid MUST BE DEPOSITED EACH QUARTER by the due dates shown.

⁷ If your federal deposit requirement is annually, you are required to make California payroll tax deposits quarterly or monthly based on the guidelines in this table.



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 1-916-651-7572. TTY users, please call the California Relay Service at 711.

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