OPTICAL CHARACTER RECOGNITION ON PAPER RETURNS, PAYMENTS, AND WAGE REPORTS

The Employment Development Department (EDD) uses an Optical Character Recognition (OCR) system to record information reported by employers on their paper tax returns, wage reports, and payments. This system allows the EDD to capture the data reported on paper forms more accurately and effectively than if it was keyed manually.

The Payroll Tax Deposit, DE 88, Quarterly Contribution Return and Report of Wages, DE 9, and Quarterly Contribution Return and Report of Wages (Continuation), DE 9C, are some of the forms specifically designed for use with the OCR system. These forms are printed with target marks and barcodes which are used to identify and align the forms correctly. Other forms or formats, such as computer printouts from your payroll or accounting programs, photocopies, or forms marked “employer’s copy,” should not be submitted in lieu of the correct forms. These formats cannot be read by the OCR system and are not acceptable alternatives for the DE 88, DE 9, or DE 9C.

Preprinted DE 88, DE 9, and DE 9C forms are provided without charge. These and other forms and instructions are available on the EDD website at www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm or can be requested by calling the Taxpayer Assistance Center at 888-745-3886. The website also includes the Checklist for Completing the DE 9C, DE 9CCL, and the California Employer’s Guide, DE 44, which provide additional guidance for completing your EDD forms.

ALTERNATE FORMS

Forms other than those provided by the EDD must be tested and approved by the EDD prior to their use. You can find print specifications, which will assist you in creating an alternate form that can be imaged by our equipment, at the EDD website at www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm.

For further information on print specifications and approvals of alternate forms, contact:

Employment Development Department
Alternate Forms, MIC 96
PO Box 826880
Sacramento, CA  94280-0001
916-255-0649

E-FILE AND E-PAY MANDATE FOR EMPLOYERS (ASSEMBLY BILL 1245)

New state law mandates electronic submission of tax returns, wage reports, and payroll tax deposits for all employers.

Pursuant to Sections 1088(h) and 1110(g) of the California Unemployment Insurance Code (CUIC), employers with 10 or more employees are required to submit tax returns, wage reports, and payroll tax deposits electronically effective January 1, 2017. All remaining employers are required to file electronically effective January 1, 2018. Any employer required under existing law to electronically submit wage reports and/or electronic funds transfer to the EDD will remain subject to those requirements.

This mandate contains a waiver provision for employers who are unable to submit employment tax returns, wage reports, and payroll tax deposits electronically. For more information on the e-file and e-pay mandate and waiver, visit www.edd.ca.gov/EfileMandate.

FILE AND PAY ELECTRONICALLY WITH E-SERVICES FOR BUSINESS

Employers can use e-Services for Business to submit employment tax returns, wage reports, and payroll tax deposits electronically to comply with the e-file and e-pay mandate.

e-Services for Business is a fast, easy, and secure way to manage your employer payroll tax account online 24 hours a day, 7 days a week at no cost. With e-Services for Business, you can:

• Register for an employer payroll tax account number.
• File tax returns and wage reports.
• Make payroll tax deposits and pay other liabilities.
• View and update account information.
• And more!

Filing electronically increases data accuracy, eliminates the cost of postage, protects data through encryption, reduces paper and mailing costs, eliminates lost mail, and results in faster processing of returns and payments.
For more information about e-Services for Business, to create an account, and to access e-Services for Business tutorials, visit [www.edd.ca.gov/e-Services_for_Business](http://www.edd.ca.gov/e-Services_for_Business), email us at [ecom@edd.ca.gov](mailto:ecom@edd.ca.gov), or contact the Taxpayer Assistance Center toll-free at 855-866-2657.

**OTHER ELECTRONIC FILING OPTIONS**

Large employers and payroll agents can read more about other electronic payment and filing options by reviewing the following publications available on our website at [www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm) or by calling the Taxpayer Assistance Center toll-free at 855-866-2657: *Federal/State Employment Taxes Implementation Guide*, DE 545, *Electronic Filing Guide for the Quarterly Wage and Withholding Program*, DE 8300, *Electronic Funds Transfer Program*, DE 27.

**CODE SECTIONS THAT ESTABLISH FILING AND CONTENT REQUIREMENTS FOR EDD RETURNS AND PAYMENTS**

The following CUIC excerpts establish some of the content requirements for the DE 88, DE 9, and DE 9C. The full text of the CUIC can be accessed at [http://leginfo.legislature.ca.gov/faces/codes.xhtml](http://leginfo.legislature.ca.gov/faces/codes.xhtml).

**Section 1088 (a) and (b) of the CUIC**

1088 (a) (1) Each employer shall file with the director within the time required by subdivision (a) or (d) of Section 1110 for payment of employer contributions, a report of contributions, a quarterly return, and a report of wages paid to his or her workers in the form and containing any information as the director prescribes. An electronic funds transfer of contributions pursuant to subdivision (i) of Section 1110 shall satisfy the requirement for a report of contributions. The quarterly return shall include the total amount of wages, employer contributions required under Sections 976 and 976.6, worker contributions required under Section 984, the amounts required to be withheld under Section 13020, or withheld under Section 13028, and any other information as the director shall prescribe. The report of wages shall include individual amounts required to be withheld under Section 13020 or withheld under Section 13028.

(2) (A) In order to enhance efforts to reduce tax fraud and to reduce the personal income tax reporting burden, effective January 1, 1997, the report of wages shall also include the full first name of the employee and total wages, as defined in Section 13009, paid to each employee. This paragraph shall apply to reports of wages for all periods ending on or before December 31, 1999.

(B) For all periods beginning on or after January 1, 2000, the report of wages shall also include total wages subject to personal income tax, as defined in Section 13009.5, paid to each employee.

(b) Each employer shall file with the director within the time required by subdivision (b) or (d) of Section 1110 for payment of worker contributions, a report of contributions containing the employer's business name, address, and account number, the total amount of worker contributions due, and any other information as the director shall prescribe. The director shall prescribe the form for the report of contributions. An electronic funds transfer of contributions pursuant to subdivision (i) of Section 1110 shall satisfy the requirement for a report of contributions.

**Section 1110 of the CUIC**

(f) Contributions due pursuant to this section may be submitted by electronic funds transfer. Contributions submitted by electronic funds transfer shall be deemed complete in accordance with paragraph (4) of subdivision (e) of Section 13021.

(g) (1) Notwithstanding subdivision (f), effective on and after January 1, 2017, an employer with 10 or more employees shall remit the contributions and withholdings by electronic funds transfer.

(2) Notwithstanding subdivision (f), effective on and after January 1, 2018, all employers shall remit the contributions and withholdings by electronic funds transfer.

**Section 1112.1 of the CUIC**

(a) An employer who is required to file a quarterly return electronically pursuant to Section 1088 and without good cause fails to file a quarterly return electronically shall pay a penalty of fifty dollars ($50), in addition to any other penalties imposed by this code.

(b) Notwithstanding subdivision (a), on and after January 1, 2017, and before January 1, 2019, an employer required to file a quarterly return electronically who files a quarterly return within the time required by means that are not electronic shall not be subject to the penalty described in subdivision (a).

**Section 1112.5 of the CUIC**

(a) Any employer who without good cause fails to file the return and reports required by subdivision (a) of Section 1088 and subdivision (a) of Section 13021 within 60 days of the time required under subdivision (a) of Section 1110 shall pay a penalty of 15 percent of the amount of contributions and personal income tax withholding required by this report. This penalty shall be in addition to the penalties required by Sections 1112 and 1126.

(b) For purposes of subdivision (a), the amount of contributions and personal income tax required by the report of contributions shall be reduced by the amount of any contributions and personal income tax paid on or before the prescribed payment dates.
Section 1114 (a) of the CUIC

(a) Any employer who, without good cause, fails to file within 15 days after service by the director of notice pursuant to Section 1206 of specific written demand therefore, a report of wages of each of his or her workers required by this division, shall pay in addition to other amounts required, for each unreported wage item a penalty of $20 ($10 for periods prior to 3rd quarter 2014).

(b) Any employer required by this division to file a report of wages of each of his or her workers on magnetic media or other electronic means as prescribed by subdivision (e) or (h) of Section 1088, who, without good cause, instead files a report of wages by means other than electronic, shall pay, in addition to other amounts required, for each wage item a penalty of twenty dollars ($20).

(c) Notwithstanding subdivision (b), on and after January 1, 2017, and before January 1, 2019, an employer required to file a report of wages, excluding employers previously required to file a report of wages under subdivision (e) of Section 1088, who files a report of wages within the time required by means that are not electronic shall not be subject to the penalty described in subdivision (b).

ADDITIONAL INFORMATION

If you need additional information or need assistance with EDD forms, please visit the EDD website at www.edd.ca.gov or call the Taxpayer Assistance Center at 888-745-3886.

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 888-745-3886 (voice) or TTY 800-547-9565.

This information sheet is provided as a public service, and is intended to provide non-technical assistance. Every attempt has been made to provide information that is consistent with the appropriate statutes, rules and administrative and court decisions. Any information that is inconsistent with the law, regulations, and administrative and court decisions is not binding on either the Employment Development Department or the taxpayer. Any information provided is not intended to be legal, accounting, tax, investment or other professional advice.