

REPORTING NEW EMPLOYEES AND INDEPENDENT CONTRACTORS

As a business or government entity doing business in California, you are required to report certain information on employees and independent contractors you hire to the Employment Development Department (EDD).

This information will assist in locating parents who are delinquent in their child support payments.

The reporting requirements for both new employees and independent contractors are listed below.

NEW EMPLOYEE REPORTING

Background

In 1996, Congress enacted the [Personal Responsibility and Work Opportunity Reconciliation Act](#), requiring all employers to report certain information on newly hired and rehired employees. The federal requirement was implemented by California effective July 1, 1998.

Reporting Requirements for California Employers

California employers are required to report information on newly hired or rehired employees **who work in California** to the EDD's New Employee Registry (NER). However, multistate employers may elect to report electronically all newly hired or rehired employees to one state in which they have employees. The State of California encourages multistate employers to report California employees to the California NER.

Who Must Be Reported

NEWLY HIRED EMPLOYEES are those individuals who have not previously been included on your payroll.

REHIRED EMPLOYEES are those individuals who were previously included on your payroll, left your employment, and were rehired after a separation of at least 60 consecutive days.

An individual is considered a new hire or rehire on their first day of work.

When to Report

Information on newly hired or rehired employees must be reported within 20 days of their start-of-work date.

Employers who choose to report electronically must submit two transmissions each month that are not less than 12 or more than 16 days apart.

INDEPENDENT CONTRACTOR REPORTING

Background

In 1999, California enacted a law requiring businesses and government entities to report similar information on independent contractors. This requirement was effective January 1, 2001.

Reporting Requirements for Businesses and Government Entities Doing Business in California

Any business or government entity (defined as a "service-recipient") that is required to file federal [Form 1099-MISC](#) for services performed by an independent contractor (defined as a "service-provider") must report. A service-recipient means any individual, person, corporation, association, or partnership, or agent thereof, doing business in California, deriving trade or business income from sources within this state, or in any manner in the course of trade or business subject to the laws of this state. An independent contractor is defined as an individual/sole proprietor or single-member LLC who is not an employee of the business or government entity for California purposes and who receives compensation or executes a contract for services performed for that business or government entity either in or outside of California.

Who Must Be Reported

Any individual/sole proprietor or single-member LLC whom the business or government entity is required to provide a federal Form 1099-MISC for services performed as an independent contractor. This does not include an independent contractor who is a corporation, general partnership, limited liability partnership, or limited liability company. In general, independent contractors who are individual/sole proprietor or single-member LLC are to be reported.

When to Report

You must report independent contractor information to the EDD within 20 days of EITHER making payments totaling \$600 or more for services performed OR entering into a contract for \$600 or more for services performed, whichever is earlier. If the threshold is met, reporting is required in each calendar year, but only once in a calendar year.

NEW EMPLOYEE REPORTING

(continued)

Required Information

The following information must be reported to the EDD:

- **Employer Information**
 - Business name, address, and phone number
 - EDD employer payroll tax account number
 - Federal employer identification number
 - Contact person
- **Employee Information**
 - First name, middle initial, and last name
 - Social Security number
 - Address
 - Start-of-work date

Reporting Methods

Employers may elect any of the following methods to report new employee information to the EDD:

- File online using any of the options available with the EDD e-Services for Business. Visit the website at www.edd.ca.gov/e-Services_for_Business to choose the option best for you.
- File a *Report of New Employee(s)*, **DE 34**, form.
- File a copy of the employee's **Form W-4**. You must add the date the employee started working for you, your California EDD employer payroll tax account number, and federal employer identification number to the Form W-4.

Where to Send Reports

Employment Development Department
PO Box 997016, MIC 96
West Sacramento, CA 95799-7016
Fax: 1-916-319-4400

Additional Information

For further assistance, please contact the Taxpayer Assistance Center at 1-888-745-3886, or visit the nearest Employment Tax Office listed in the *California Employer's Guide*, **DE 44**, or access the EDD website at www.edd.ca.gov/Payroll_Taxes/.

INDEPENDENT CONTRACTOR REPORTING

(continued)

Required Information

The following information that applies must be reported to the EDD:

- **Business or Government Entity Information**
 - Business name, address, and phone number
 - Federal employer identification number, EDD employer payroll tax account number, and/or Social Security number
- **Independent Contractor Information**
 - First name, middle initial, and last name
 - Social Security number
 - Address
 - Start date of contract or date \$600 or more is paid
 - Amount of contract (including cents)
 - Contract expiration date
 - Ongoing contract (check box if applicable)

Reporting Methods

Business and government entities may elect any of the following methods to report independent contractor information to the EDD:

- File online using any of the options available with the EDD e-Services for Business. Visit the website at www.edd.ca.gov/e-Services_for_Business to choose the option best for you.
- File a *Report of Independent Contractor(s)*, **DE 542**, form.

Where to Send Reports

Employment Development Department
PO Box 997350, MIC 96
Sacramento, CA 95899-7350
Fax: 1-916-319-4410

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 1-888-745-3886 (voice) or TTY 1-800-547-9565.

This information sheet is provided as a public service and is intended to provide nontechnical 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.