Employment Development Department
State of California

CALIFORNIA

Employer's Guide 2009

2009 Payroll Tax Rates, Taxable Wage Limits, and Maximum Benefit Awards

Unemployment Insurance (UI)

The UI taxable wage limit for 2009 is $7,000 per employee, per year. The UI tax rate for new employers is 3.4 percent (.034) for up to three years.* The UI tax rate for experienced employers varies based on each employer's experience and the balance in the UI Fund. The 2009 maximum weekly benefit award is $450. Please refer to page 8 for additional information.

Employment Training Tax (ETT)

The 2009 ETT rate is 0.1 percent (.001) of the first $7,000 per employee, per year. Please refer to page 8 for additional information.*

State Disability Insurance (SDI)

The 2009 SDI tax rate (which includes Disability Insurance [DI] and Paid Family Leave [PFL] is 1.1 percent [.011]). The SDI taxable wage limit is $90,669 per employee, per year.* The 2009 maximum weekly DI/PFL benefit award is $959. PFL is a component of SDI. Please refer to page 8 for additional information.

California Personal Income Tax (PIT) Withholding

California PIT withholding is based on the amount of wages paid, the number of withholding allowances claimed by the employee, and the payroll period. Please refer to page 12 for more information on PIT withholding and page 36 for the California PIT withholding schedules.

*UI, ETT, and SDI rate information is available on the Employment Development Department (EDD) 24-hour automated call system at (916) 653-7795.

What's New in 2009?

- To report fraud, access EDD's Web site at **www.edd.ca.gov** and select the "Report Fraud" link.
- The Federal/State Employment Taxes (FSET) program is available to California employers. This program allows employers and/or payroll agents to transmit the *Quarterly Wage and Withholding Report* (DE 6) and *Annual Reconciliation Statement* (DE 7) as a file attachment over the Internet. For more information, please go to our Web site at **https://eddservices.edd.ca.gov.**

Hot Topics

Tips for Reducing Your UI Rate – for tips on ways to reduce your UI rate, refer to page 100.

Fraud Prevention, Detection, and Reporting – for information on how to prevent and detect UI fraud, see page 101.

UI Rate Manipulation – for more information on this illegal practice, see page 101.

Important Information

Tax Seminars

EDD continues to partner with other agencies to provide you with the information you need. To find out more about a tax seminar near you or to register online, access EDD's Web site at **www.edd.ca.gov/Payroll_Tax_Seminars/**.

Web-Based Seminars

EDD has web-based seminars on employee and independent contractor issues available in both English and Spanish. Access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Web_Based_Seminars.htm** for additional information.

Payroll Tax Deposit (DE 88) Coupon

Preprinted DE 88 coupons are encoded to identify the EDD employer account that should be credited for the payroll tax payment. Using another employer's preprinted DE 88 (original or copy) to send your payroll tax payments will result in your payments being applied to the other employer's account. See page 73 for the methods to obtain coupons.

Workers' Compensation

If you have employees, you are required by law to have workers' compensation insurance coverage. Please refer to page 111 for additional information.

Value of Meals and Lodging

If you provide meals and/or lodging to your employees, you are required to report their value as wages. For the value of meals and lodging or additional information, see page 11.

Patrick W. Henning, Director

Arnold Schwarzenegger
Governor

Dear California Employer:

The Employment Development Department (EDD) recognizes that employers are vital to California's economy and we realize that with the current struggles in the economy, employers are working harder than ever to meet their obligations.

The EDD Web site (**www.edd.ca.gov**) has been redesigned to make it easier to obtain information you need to comply with California payroll tax laws.

As part of this effort, we offer a new option for employers through our e-Services program. The Federal/State Employment Taxes (FSET) service is a standardized method for reporting federal and state employment tax and wage reports. This allows you to transmit your *Quarterly Wage and Withholding Reports* (DE 6) and *Annual Reconciliation Statement* (DE 7) as a file attachment over the Internet. This option may reduce the time you spend completing paper reports. To take advantage of this program, visit **https://eddservices.edd.ca.gov**. For additional information, refer to page 86 in this guide.

We offer Web-based and classroom tax seminars on a variety of employment tax topics. Visit our Web site for more information or to locate a seminar near you.

Additional information or copies of our forms and publications can also be found on our Web site. You also may call us toll-free at (888) 745-3886 or visit one of our Employment Tax Offices located throughout California. Office locations are listed on page 2.

We appreciate your commitment to doing business in California and wish you continued success in the year ahead.

Sincerely,

PATRICK W. HENNING
Director
Employment Development Department

TABLE OF CONTENTS

Introduction 1

Quick and Easy Access for Tax Help, Forms, and Publications 2

How to Get Started 3
- Flowchart 4

2009 Forms and Due Dates 5

Who Is an Employer and When to Register 6
- Who Is an Employer? 6
- When to Register 6

Who Is an Employee? 7
- "Common Law" Employee or Independent Contractor 7

What Are State Payroll Taxes? 8
- Unemployment Insurance (UI) 8
- Employment Training Tax (ETT) 8
- State Disability Insurance (SDI) 8
- California Personal Income Tax (PIT) 8
- State Payroll Taxes (table) 9
- Underground Economy 9

What Are Wages? 10
- Subject Wages 10
- Personal Income Tax (PIT) Wages 10
- Difference Between Subject Wages and PIT Wages 10
- Employers Subject to California Personal Income Tax (PIT) Only 10
- Meals and Lodging 11
- Additional Information 11

California Personal Income Tax Withholding 12
- Wages Subject to PIT Withholding 12
  - How to Determine Which Wages Require PIT Withholding 12
- Marital Status, Withholding Allowances, and Exemptions (Form W-4 and DE 4) 12
  - Employer's Obligations for the Form W-4 and DE 4 13
- How to Determine PIT Withholding Amounts 14
  - What if Your Employee Wants Additional PIT Withholding? 14
- How to Withhold PIT on Supplemental Wages 14
- Quarterly Estimated Payments 14
- Wages Paid to:
  - California Residents 15
  - Nonresidents of California 15
- Additional Information 15

Types of Employment (table) 16

Types of Payments (table) 26

California Withholding Schedules for 2009 36

Required Forms 68
- *Report of New Employee(s)* (DE 34) 69
  - Sample DE 34 Form 70
- *Report of Independent Contractor(s)* (DE 542) 71
  - Sample DE 542 Form 72
- *Payroll Tax Deposit* (DE 88) 73
  - Overview 73
  - Sample DE 88 Form 73
  - Withholding Deposits 74
  - California Deposit Requirements 75
  - Due Dates for Quarterly Tax Deposits 76

Due Dates for Quarterly Tax Deposits 76
2009 Quarterly EFT Payment Chart 76
Correcting Payroll Tax Deposits 77
Quarterly Wage and Withholding Report (DE 6) 79
Overview 79
Sample DE 6 Form 80
Annual Reconciliation Statement (DE 7) 81
Overview 81
Sample DE 7 Form 82
Federal Forms W-2 and 1099 84

Filing Options 86
e-Services 86
e-File 86
Federal/State Employment Taxes (FSET) 86
e-Pay 87
Electronic Funds Transfer (EFT) 87
EZPAY 87
e-Register 87
EZREG 87
Additional Filing Options 87
Telefile 88
Magnetic Media Reporting 88

Change of Status 89
Purchase, Sell, Transfer, or Change Ownership 89
What Is a Successor Employer? 90
Business Name Change 90
Mailing Address Change 90
No Longer Have Employees 90
Close Your Business 90
Additional Information 90

Additional Requirements 90
Required Notices and Pamphlets 91
Earned Income Tax Credit Information Act 92
Plant Closure or Mass Layoff (WARN) 93
U.S. Government Contractor Job Listing Requirements 95
Recordkeeping 95

Employers' Bill of Rights 96
Commitment 96
Employer Rights 96
Office of the Taxpayer Rights Advocate 96
Taxpayer Advocate Office 96
Settlements 97
Protecting Your Privacy 97
Offers in Compromise (OIC) 97

Unemployment Insurance Taxes 98
Methods of Paying for UI Benefits 98
How Your UI Tax Rate Is Determined 98
Notice of Tax Rates 99
Federal Unemployment Tax Act (FUTA) Certification 99
Reserve Account Transfers 99
Interstate Reciprocal Coverage Elections for Multistate Workers 100
Tips for Reducing Your UI Tax Rate 100
Fraud Prevention, Detection, and Reporting 101
UI Rate Manipulation 101

TABLE OF CONTENTS

Unemployment Insurance Benefits 102
UI Funding 102
Benefit Award 102
Benefit Qualifications 102
Qualifying UI Wages 103
UI Eligibility Determination 103
How to Designate an Agent 103
How to Request an Electronic DE 1545 103
Responding to Notices 104
Subsequent Benefit Year 105
Notices of Determination, Ruling, or Modification 106
UI Benefits - Appeal Rights 106
False Statement Penalty 107
Benefit Audits to Determine Fraud 107
Back Pay Award 108
Workers' Compensation Benefits 108
Statement of Charges 108
Layoff Alternatives 109
Partial UI Claims 109
Work Sharing Program 109
Notice of Layoff 109
Wage Notices 109

State Disability Insurance (SDI) Program 110
Taxes - Who Pays for DI and PFL Coverage? 110
Employee Benefits 110
Claim Notices 110
Employer Sponsored Voluntary Plan 111
Self-Employed Benefits 111
Workers' Compensation Insurance 111
Additional Information 111

Employment and Training Services 112
EDD Job Service 112
Employment Training Panel 112
Funding 112
How is ETP Different? 112
General Information 113
Trade Adjustment Assistance 113
Work Opportunity Tax Credit 114
Workforce Investment Act 114

Labor Market Information 115
What Labor Market Information Is Available on the Web 115
Multiple Location and/or Function Employers 115
How Your Industry Code Is Determined 115

Information and Assistance by Topic 116

Glossary 122

Index 126

EDD Forms and Publications 130
Forms, Guides and Brochures, Notices 130
Information Sheets 131
Fact Sheets 132
Instructions for Ordering Forms and Publications 132

This guide is published to help you understand your rights and responsibilities as an employer.

How to Use This Guide
Information in this guide is presented in a chronological sequence, beginning with what you need to know or do first, such as who is an employer, when to register, who is an employee, and what are wages.

To simplify reporting requirements, the Employment Development Department (EDD) follows federal tax guidelines and due dates whenever possible. However, California laws and rates may differ from federal laws and rates. The EDD administers payroll tax reporting laws according to the California Unemployment Insurance Code (CUIC) and California Code of Regulations (CCR).

Regardless of the size of your business, this guide is an important resource on the procedures required for compliance with California payroll tax laws. It clarifies both the provisions of the CUIC and CCR and their application to your business.

This guide provides general information that applies to the majority of employers. The guide provides references to additional information on specialized topics. Information on detailed or complex issues that only apply to a small number of employers is not included in the guide.

How to Obtain Assistance and Additional Information
If you have questions that are not addressed in this guide or need additional information, you can access reference materials on EDD's Web site at **www.edd.ca.gov** or contact the Taxpayer Assistance Center toll-free at (888) 745-3886. For your convenience, EDD's Web site and the telephone number are listed at the bottom of most pages. Also, this guide is available on EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de44.pdf**. To access the guide, as well as other online forms and publications you need the free Adobe Reader, which can be downloaded from **www.adobe.com/products/acrobat/readstep2.html**.

We also offer workshops on California payroll tax reporting requirements and customized seminars and presentations to help you:

- Understand your California payroll tax reporting requirements.
- Avoid common pitfalls and costly mistakes.
- Control Unemployment Insurance costs.
- Learn the differences between employees and independent contractors.
- Understand your reporting requirements for new employees and independent contractors.
- Discover no-cost services and resources available to you.

We tailor our education and outreach activities to meet your needs, such as providing seminars in Spanish, accommodations for the hearing-impaired, and personalized consultations. We offer seminars, workshops, and presentations at locations throughout California. To find out more about a payroll tax education event near you, contact the Taxpayer Assistance Center at (888) 745-3886 or register online by accessing EDD's Web site at **www.edd.ca.gov/Payroll_Tax_Seminars.**

Other Services
This guide also contains useful information on the many services that EDD offers specifically for employers. The EDD supplies information on a wide range of programs, including programs offering tax credits. The EDD also provides a number of employment services, such as job development and job search workshops that are designed to reduce unemployment and, consequently, your taxes. Whether you are a new or established employer, we offer a variety of services to assist you in building a more successful business while complying with California laws.

We Want to Hear From You
Please let us know what you think about our products and services, especially what we can do to improve this guide to better meet your needs. Please send your comments and suggestions to:

Employment Development Department
Publications and Marketing Services Group, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001

Fax: (916) 654-6969

Other Web Site of Interest

www.taxes.ca.gov – This is a joint Web site sponsored by the Board of Equalization, Employment Development Department, Franchise Tax Board, and Internal Revenue Service.

e-Services

- Register as an Employer
- File Reports
- Pay Deposits
- Make Address Changes
- Inactivate Your Account

Using the Internet at **https://eddservices.edd.ca.gov**

Telephone

Toll-free from the U.S. or Canada:
(888) 745-3886
Hearing impaired: (800) 547-9565
Outside U.S. or Canada:
(916) 464-3502

Staff is available Monday through Friday from 8 a.m. to 5 p.m., Pacific Time (PT) to answer your questions.

Personal Computer

Access EDD's Web site at **www.edd.ca.gov** to:

- Download and order forms, instructions, and publications at **www.edd.ca.gov/Forms**
- Obtain answers to Frequently Asked Questions at **www.edd.ca.gov/Payroll_Taxes/FAQS.htm**
- Obtain information on payroll tax seminars at **www.edd.ca.gov/Payroll_Tax_seminars**
- Obtain information for tax professionals at **www.edd.ca.gov/Payroll_Taxes/Tax_Practitioner.htm**
- Send comments and questions to EDD online at **www.edd.ca.gov/About_EDD/Contact_edd.htm** (click on "ask EDD").

Access the California Tax Service Center Web site at **www.taxes.ca.gov** for federal and California tax information for businesses and individuals.

Self-Service Offices

Tax forms and a free direct-line telephone are available from 8 a.m. to 5 p.m., PT, at our self-service offices.

Bakersfield	1800 30th Street, Suite 390, 93301
Capitola	2045 40th Avenue, Suite A, 95010
Chico	240 West 7th Street, 95928
El Centro	1550 West Main Street, 92243
Eureka	409 "K" Street, Suite 202, 95501
Los Angeles	5401 S. Crenshaw Blvd., 90043
Modesto	3340 Tully Road, Suite E-10, 95350
Riverside	1180 Palmyrita Avenue, Suite B, 92507
San Francisco	745 Franklin Street, Suite 400, 94102
San Luis Obispo	3196 South Higuera Street, Suite C, 93401
Santa Rosa	50 "D" Street, Room 415, 95404
Vallejo	1440 Marin Street, 94590
Ventura	4820 McGrath Street, Suite 250, 93003

Fax on Demand

Call (877) 547-4503 to get most tax forms, publications, and information sheets faxed to you. You can also listen to recorded messages on various payroll tax topics. Request Document No. 1001 for a catalog of all available documents.

Walk-In Offices

For information and advice on your payroll tax responsibilities, visit your local Employment Tax Office between 8 a.m. and 5 p.m., PT, Monday through Friday:

Anaheim	2099 S. State College Blvd., #401, 92806
Escondido *	240 West 2nd Avenue, 92025
Fresno	1050 "O" Street, 93721
Oakland	7700 Edgewater Drive, Suite 100, 94621
Redding	1255 Shasta Street, 96001
Sacramento	3321 Power Inn Road, Suite 220, 95826
San Bernardino	464 West 4th Street, Suite 454A, 92401
San Diego *	3110 Camino Del Rio South, Suite 100, 92108
San Diego *	10636 Scripps Summit Court, Suite 202, 92131
San Jose	906 Ruff Drive, 2nd Floor, 95110
Santa Fe Springs	10330 Pioneer Blvd., Suite 150, 90670
Van Nuys	6150 Van Nuys Blvd., Room 210, 91401

* The Escondido office at 240 West 2nd Avenue and the San Diego office at 3110 Camino Del Rio South are scheduled to move to a single new location in January of 2009. The new location at 10636 Scripps Summit Court, Suite 202, San Diego, 92131 will not be open until that time. The exact move date was not known at the time of publication.

Forms and Publications

For a listing of forms and publications, access EDD's Web site at **www.edd.ca.gov/Forms,** or pages 130-132 of this guide.

HOW TO GET STARTED?

To help you meet your employer reporting and tax payment obligations, we have highlighted some essential steps to ensure that you get off to a good start. Please keep in mind that your employer requirements may **not** be limited to what is listed on this page. You may also register by telephone or online using EDD's e-Services. Refer to page 6 for additional information.

Step 1

Are You an Employer?
If you have paid in excess of $100 in total wages in a calendar quarter to one or more employees, you are an employer and must register with the Employment Development Department (EDD).

Step 2

***ACTION REQUIRED*: Complete and submit a *Registration Form for Commercial Employers* (DE 1)** no later than 15 days after the date you paid in excess of $100 in wages. A "commercial employer" is a business connected with commerce or trade, operating primarily for profit. This form is appropriate for most employers.

NOTE: Industries such as agriculture, government, nonprofit, or household are required to register using an alternate form. Refer to page 6 to determine the appropriate registration form for your type of industry.

Be sure to complete all items on the DE 1. You will be assigned an eight-digit EDD employer account number, which identifies your business for the purpose of reporting and paying payroll taxes. Include your EDD employer account number on all correspondence, including reports and payments that you send to EDD.

Step 3

***ACTION REQUIRED*:**

- **Report new employee(s)** within 20 days of the employee's start-of-work date. All employees who are newly hired, rehired, or returning to work from a furlough, separation, leave of absence without pay, or termination **must be reported** to EDD on the *Report of New Employee(s)* (DE 34) form. If you acquire an ongoing business and employ any of the former owner's workers, these employees are considered new hires, and you should report them to EDD's New Employee Registry. For additional information on reporting new employees, refer to page 69.
- **Report independent contractor information** within 20 days of paying an independent contractor $600 or more, or entering into a contract for $600 or more, whichever is earlier. Independent contractor information must be reported to EDD by completing the *Report of Independent Contractor(s)* (DE 542) form. For additional information on Independent Contractor Reporting, refer to page 71.
- **Provide your employees** with pamphlets on employee withholdings and Unemployment Insurance (UI), State Disability Insurance (SDI), and Paid Family Leave (PFL). For additional information on employee pamphlets, refer to page 91.
- **Post an employee notice** with UI, SDI, and Paid Family Leave claim and benefit information. This notice should be posted in a prominent location, easily seen by your employees. The appropriate notice will be sent to you after you register. For additional information on employee notices, refer to page 91.

Step 4

***ACTION REQUIRED*: Make your UI, Employment Training Tax (ETT), SDI, and California Personal Income Tax (PIT) deposits** by submitting a *Payroll Tax Deposit* (DE 88) coupon with your remittance by mail or through Electronic Funds Transfer (EFT) or the EZPAY credit card program (some limitations may apply). Your SDI and PIT withholdings deposit due dates are based on your federal deposit schedule/requirement and the amount of accumulated PIT that you have withheld. Your UI and ETT payments are due quarterly. For additional information on your deposit requirements, refer to pages 74 and 75.

Step 5

***ACTION REQUIRED*: File a *Quarterly Wage and Withholding Report* (DE 6)** to report wages paid and PIT withheld for each employee for each quarter. The reports are due on January 1, April 1, July 1, and October 1 each year. This report must be submitted even if no wages are paid during a calendar quarter. For additional information on DE 6 reporting requirements, refer to page 79.

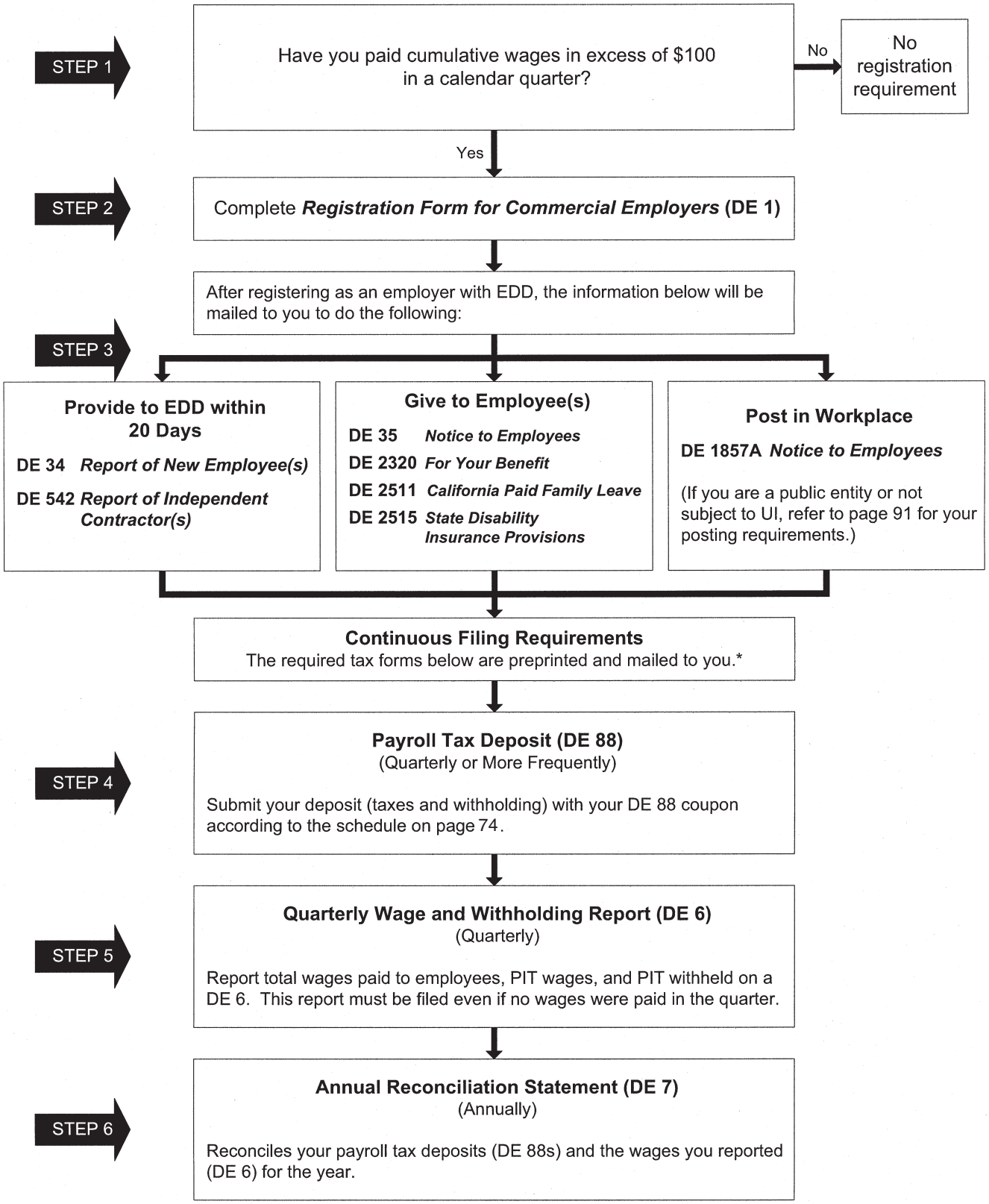
Step 6

***ACTION REQUIRED*: File an *Annual Reconciliation Statement* (DE 7)** to reconcile the tax and withholding amounts with your DE 88 deposits for the year. Your 2009 DE 7 must be postmarked by February 1, 2010, to be timely. This report must be submitted even if you had no payroll for the year. For additional information on DE 7 reporting requirements, refer to page 81.

NOTE: Failure to complete the above steps on time may result in penalty and interest charges.

Most forms and publications are available on EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm** or by contacting our Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

For information on your federal employment tax reporting requirements, access the IRS' Web site at **www.irs.gov** contact IRS at (800) 829-1040.



* To ensure that you receive your forms, it is important that EDD has your correct mailing address and that you notify EDD of any address change. Most forms are available on our Web site at **www.edd.ca.gov**, or by calling our Taxpayer Assistance Center at (888) 745-3886 or Fax on Demand at (877) 547-4503.

2009 FORMS AND DUE DATES

Due	Form	Name
Within 15 calendar days after paying over $100 in wages.	DE 1	*Registration Form for Commercial Employers* (If you are **not** a commercial employer, refer to page 6.)
Within 20 days of start of work for new or rehired employees.	DE 34	*Report of New Employee(s)*
Within 20 days of paying an independent contractor $600 or more or entering into a contract for $600 or more, whichever is earlier.	DE 542	*Report of Independent Contractor(s)*

Due	Delinquent if Not Filed by[1]	Report	Quarter/Annual (Covering)
April 1, 2009	April 30, 2009	DE 6	**1st** (January, February, March)
July 1, 2009	July 31, 2009	DE 6	**2nd** (April, May, June)
October 1, 2009	November 2, 2009	DE 6	**3rd** (July, August, September)
January 1, 2010	February 1, 2010	DE 6	**4th** (October, November, December)
January 1, 2010	February 1, 2010	DE 7	**2009** (Entire Year)

CALIFORNIA DEPOSIT REQUIREMENTS

If Your Federal Deposit Schedule/Requirement Is[1]	And You Have Accumulated State PIT Withholding of	If Payday Is	PIT and SDI Deposit Due by[2]
Next Banking Day	Less than $350	Any day	Quarterly[3]
	$350 to $400	Any day	15th of the following month
	More than $400	Any day	Next Banking Day
Semiweekly	Less than $350	Any day	Quarterly[3]
	$350 to $400	Any day	15th of the following month
	More than $400	Wed., Thurs., or Fri.	Following Wednesday
	More than $400	Sat., Sun., Mon., or Tues.	Following Friday
Monthly	Less than $350	Any day	Quarterly[3]
	$350 or more	Any day	15th of the following month
Quarterly[4, 5] or Annually[6]	Less than $350	Any day	April 30, 2009 July 31, 2009 November 2, 2009 February 1, 2010
	$350 or more	Any day	15th of the following month

NOTE:

[1] Electronic Fund Transfer (EFT) transactions for Next Banking Day deposits must be settled in the State's bank account on or before the third banking day following the payroll date.

[2] 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.

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

[4] 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 withholding quarterly or more often, based on the guidelines in this table.

[5] A deposit of employer UI and ETT taxes not previously paid is also due each quarter by the due dates shown.

[6] 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.

WHO IS AN EMPLOYER?

An employer is a person or legal entity that hires one or more persons to work for a wage, salary, or other compensation. Employers include sole proprietors, joint ventures, partnerships, co-ownerships, corporations, S corporations, limited liability companies, limited liability partnerships, nonprofit organizations, associations, trusts, charitable foundations, public entities, and State and federal agencies.

Private households, local college clubs, and local chapters of fraternities and sororities that employ workers to perform household services are "household employers." For more information on household employment, obtain a *Household Employer's Guide* (DE 8829) by accessing EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de8829.pdf** or contacting the Taxpayer Assistance Center at (888) 745-3886.

NOTE: If you acquired an existing business, refer to "What is a Successor Employer?" on page 90 for further details.

When Do I Become an Employer?

A business becomes an employer when it pays wages in excess of $100 in a calendar quarter to one or more employees. Wages are compensation for services performed, including, but not limited to, cash payments, commissions, bonuses, and the reasonable cash value of nonmonetary payments for services, such as meals and lodging. For more information, refer to "What are Wages" on page 10.

WHEN TO REGISTER

All employers conducting business in California are subject to the employment tax laws of the California Unemployment Insurance Code (CUIC). Once a business hires an employee, the business is considered an employer and must complete and submit a registration form to the Employment Development Department (EDD) within 15 days after paying wages in excess of $100 in a quarter.

Employers are responsible for reporting wages paid to their employees and paying Unemployment Insurance (UI) tax and Employment Training Tax (ETT) on those wages, as well as withholding and remitting State Disability Insurance (SDI) tax and California Personal Income Tax (PIT) due on wages paid to their workers. Once subject, an employer **must** report wages for that year and the following year, regardless of the amount of wages paid.

❑ ***ACTION REQUIRED:*** Register with EDD for an employer account number if you have paid wages in excess of $100 in a calendar quarter to one or more employees.

How to Register (Obtaining an EDD Employer Account Number)

Register online from EDD's e-Services at **https://eddservices.edd.ca.gov** by selecting EZREG or by completing the appropriate registration form for your industry.

• Commercial	DE 1	• Household	DE 1HW
• Agricultural	DE 1AG	• Nonprofit	DE 1NP
• Government/Schools/Indian Tribes	DE 1GS	• Personal Income Tax Only	DE 1P

To obtain your industry-specific registration form, access EDD's Web site at **www.edd.ca.gov/taxrep/taxform.htm**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886. Please mail or fax the completed registration form to:

Employment Development Department
Account Services Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001

Fax: (916) 654-9211

You may also register by telephone by calling EDD's Tele-Reg at (916) 654-8706. When you use Tele-Reg, you will receive your EDD employer account number over the telephone and your new employer packet in three separate mailings.

NOTE: If you employ workers in and around your private residence, refer to the *Household Employer's Guide* (DE 8829) for your reporting requirements. The DE 8829 is available on our Web site at **www.edd.ca.gov/pdf_pub_ctr/de8829.pdf**.

REMEMBER:

- Employment occurs when an employer engages the services of an employee for pay.
- You become an employer when you pay total wages in excess of $100 in a quarter to one or more employees.
- You must complete a registration form and submit to EDD within 15 days of paying wages in excess of $100.
- Employers are responsible for reporting wages paid to employees and paying UI and ETT on the wages, as well as withholding and remitting SDI and PIT.

WHO IS AN EMPLOYEE?

An "employee" includes all of the following:

- Any officer of a corporation.
- Any worker who is an employee under the usual common law rules.
- Any worker whose services are specifically covered by law.

An employee may perform services on a temporary or less than full-time basis. The law does not exclude services from employment what are commonly referred to as day labor, part-time help, casual labor, temporary help, probationary, and outside labor.

"COMMON LAW" EMPLOYEE OR INDEPENDENT CONTRACTOR

What Is "Common Law"?

Common law, as we know it, has evolved slowly over the years based upon decisions rendered by the courts on individual cases. The **common law** rules of employment, as they exist today, are the total of all court decisions related to the question of what constitutes an employment relationship.

When Does an Employer-Employee Relationship Exist?

An employer-employee relationship exists when a person who hires an individual to perform services has the right to exercise control over the manner and means by which the individual performs those services. The **"right of control,"** whether or not exercised, is the most important factor in determining the relationship. Tax decisions by the California Unemployment Insurance Appeals Board (CUIAB) are based on the right of control factor along with the examination of secondary factors, when necessary.

NOTE: California does not provide relief under the "Safe Harbor" provisions of the Internal Revenue Code. Therefore, it is important that workers are properly classified under the usual common law rules which determine employer-employee relationships.

How Can I Get Additional Information on This Topic?

Incorrectly classifying your workers can be a costly mistake. If you have incorrectly treated employees as independent contractors, you could be liable for back taxes, penalties, and interest. To help you determine if you have correctly classified your workers, EDD has several resources available:

- ***Employment Determination Guide* (DE 38) -** Asks a series of "Yes" or "No" questions regarding your treatment of workers to help determine if a problem may exist and whether you need to seek additional guidance. To obtain this guide, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de38.pdf**.

- ***Determination of Employment Work Status for Purposes of State of California Employment Taxes and Personal Income Tax Withholding* (DE 1870) -** Provides a series of questions regarding your relationship with the workers. After you complete and return this form, EDD will send you a written determination stating whether your workers are employees or independent contractors based on the facts that you have provided. To obtain this publication, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de1870.pdf**.

- **Information Sheets** on general and industry-specific issues including *Information Sheet: Employment* (DE 231) - To obtain information sheets, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886.
- **Precedent Tax Decisions** by the CUIAB - Available on CUIAB's Web site at **www.cuiab.ca.gov/precedent_decisions.shtm**.
- **Payroll Tax Seminars** on employee and independent contractor issues - Access EDD's Web site at **www.edd.ca.gov/Payroll_Tax_Seminars/** or contact the Taxpayer Assistance Center at (888) 745-3886.
- **Web-Based Seminars** on employee and independent contractor issues are available in both English and Spanish. Access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Web_Based_Seminars.htm** for additional information.
- **Verbal Guidance** on worker classification issues - Contact the Taxpayer Assistance Center at (888) 745-3886.

***REMEMBER*:**

- An employee includes any officer of a corporation, a worker who is an employee under common law, and a worker whose services are specifically covered by law. (Refer to the "Types of Employment" table on page 16 for additional information.)
- An employee may perform services on a temporary or less than full-time basis.
- The "right of control" is the most important factor in determining an employer-employee relationship.
- The EDD has several resources available to help you correctly classify your workers.

WHAT ARE STATE PAYROLL TAXES?

The EDD administers the following California payroll tax programs:

- Unemployment Insurance (UI)
- Employment Training Tax (ETT)
- State Disability Insurance (SDI)
- California Personal Income Tax (PIT) withholding

NOTE: Paid Family Leave (PFL) is a component of the State Disability Insurance Program.

The UI and ETT are employer paid contributions. The SDI and PIT are withheld from employee wages. Wages are subject to all four payroll taxes unless otherwise stated.

UNEMPLOYMENT INSURANCE (UI)

What Is UI Tax?

The UI program was established as part of a national program administered by the U.S. Department of Labor under the Social Security Act. The UI program provides temporary payments to individuals who are unemployed through no fault of their own.

Who Pays It?

The UI program is an employer-paid tax. Tax-rated employers pay a percentage on the first $7,000 in wages paid to each employee in a calendar year. The UI rate schedule and amount of taxable wages are determined annually. New employers pay 3.4 percent (.034) for up to three years. The UI rate could increase to a maximum of 6.2% (.062) based on an employer's experience rating. For a detailed explanation of the experience rating method, see the *Information Sheet: California System of Experience Rating* (DE 231Z) by accessing EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231z.pdf**.

Governmental and certain nonprofit employers may elect the reimbursable method of financing UI in which they reimburse the UI Fund on a dollar-for-dollar basis for all benefits paid to their former employees.

EMPLOYMENT TRAINING TAX (ETT)

What Is ETT?

The ETT provides funds to train employees in targeted industries to improve the competitiveness of California businesses. The ETT funds promote a healthy labor market by helping California businesses invest in a skilled and productive workforce and develop the skills of workers who directly produce or deliver goods and services.

Who Pays It?

The ETT is an employer-paid tax. Employers subject to ETT pay one-tenth of one percent (.001) on the first $7,000 in wages paid to each employee in a calendar year.

STATE DISABILITY INSURANCE (SDI)

What Is SDI Tax?

The SDI Program provides temporary benefit payments to workers for non-work-related disabilities. The SDI tax provides Disability Insurance (DI) and Paid Family Leave (PFL) benefits. The DI benefits are paid to eligible California workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a non-work related illness or injury, pregnancy, or childbirth. The PFL is a component of SDI. The PFL extends benefits to individuals unable to work because they need to care for a seriously ill family member or bond with a new child.

Who Pays It?

The SDI is a deduction from employees' wages. Employers withhold a percentage for SDI on the first $90,669 in wages paid to each employee in a calendar year.

CALIFORNIA PERSONAL INCOME TAX (PIT)

What Is PIT?

California PIT is a tax levied on the income of California residents and on income that nonresidents derive within California. The EDD administers the reporting, collection, and enforcement of PIT wage withholding. The Franchise Tax Board (FTB) and EDD administer the California PIT program for the Governor to provide resources needed for California public services such as schools, public parks, roads, and health and human services.

Who Pays It?

California PIT is withheld from employees' pay based on the *Employee's Withholding Allowance Certificate* (Form W-4 or DE 4) on file with their employer.

STATE PAYROLL TAXES

	Unemployment Insurance (UI)	Employment Training Tax (ETT)	State Disability Insurance (SDI)	California Personal Income Tax (PIT)
Who Pays	Employer	Employer	Employee (employer withholds from employee wages).	Employee (employer withholds from employee wages).
Taxable Wages	First $7,000 of subject wages per employee, per year.	First $7,000 of subject wages per employee, per year.	First $90,669 of subject wages per employee, per year.	No limit. Please refer to PIT withholding schedules on page 36.
Tax Rate	New employer tax rate is 3.4 percent (.034) for up to three years. Following this period, the tax rate is calculated annually based on each employer's previous experience. The EDD notifies employers of their new rate each December.	Set by statute at 0.1 percent (.001) of UI taxable wages for employers with positive UI reserve account balances and employers subject to Section 977(c) of the CUIC.	The 2009 SDI tax rate is 1.1 percent (.011) (this includes the rate for Disability Insurance and Paid Family Leave) of SDI taxable wages per employee, per year. Set by the California State Legislature, SDI may change each year.	Withheld based on the employee's Form W-4 or DE 4.
Maximum Tax (Except if employer is subject under Section 977(c) of the CUIC.)	$434 per employee, per year. (Calculated at the highest UI tax rate of 6.2 percent x $7,000.).	$7 per employee, per year ($7,000 x .001).	$997.36 per employee, per year ($90,669 x .011).	No maximum.
NOTE: Some types of employment are not subject to payroll taxes and/or PIT withholding. Please refer to the "Types of Employment" table on page 16. Certain types of wages and benefits are not subject to payroll taxes. Please refer to the "Types of Payments" table on page 26.				

UNDERGROUND ECONOMY

The "underground economy" comprises those individuals and businesses that deal in cash and/or use other schemes to conceal their activities and their true tax liability from government licensing and taxing agencies. When businesses operate in the underground economy, they gain an unfair competitive advantage over businesses that comply with the law because they do not pay workers' compensation and State and federal payroll taxes. This causes unfair competition in the marketplace and forces law-abiding businesses to pay higher taxes. To address this, EDD, in partnership with several other governmental entities, follows up on leads and conducts on-site inspections of businesses throughout the State. To learn more about EDD's Underground Economy Operation (UEO) programs, visit EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Underground_Economy_Operations.htm**.

To report businesses that are paying workers undocumented cash payments, failing to carry workers' compensation insurance, or not complying with labor and licensing laws, please download and complete an *Underground Economy Operations Lead Referral/Complaint Form* (DE 660 in English or DE 660/S/ in Spanish) available at **www.edd.ca.gov/pdf_pub_ctr/de660.pdf or de660s.pdf** or contact UEO at:

Hotline: **(800) 528-1783**
Telephone: **(916) 227-2730**
Fax: **(916) 227-2772**
E-mail: **ueo@edd.ca.gov**
Online: **www.edd.ca.gov (Select "Report Fraud")**

To obtain the *Paying Cash Wages "Under the Table"* brochure (DE 573CA in English or DE 573CA/S/ in Spanish), access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, request Document No. 2141 (English) or Document No. 2142 (Spanish) from our Fax on Demand at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886.

WHAT ARE WAGES?

Wages are all compensation for an employee's personal services, whether paid by check or cash, or the reasonable cash value of noncash payments such as meals and lodging. The method of payment, whether by private agreement, consent, or mandate, does not change the taxability of wages paid to employees. Payments are considered wages even if the employee is: a casual worker; a day or contract laborer; part-time or temporary worker; or paid by the day, hour, or any other method or measurement. Supplemental payments, including bonuses, overtime pay, sales awards, commissions, and vacation pay are also considered wages.

SUBJECT WAGES

Generally, all wages are considered subject wages and are used to determine the amount of Unemployment Insurance (UI), State Disability Insurance (SDI) and Paid Family Leave (PFL) benefits a claimant should receive. Subject wages are the full amount of wages, regardless of the UI and SDI taxable wage limits. Refer to inside cover for UI/SDI taxable wage limits. Enter the Total Subject Wages in "Item G" for each employee on the *Quarterly Wage and Withholding Report* (DE 6). Certain types of employment and payments are not considered subject (refer to the "Types of Employment" table on page 16 and "Types of Payments" table on page 26).

PERSONAL INCOME TAX (PIT) WAGES

Personal Income Tax (PIT) wages are cash and noncash payments subject to State income tax. Wages that must be reported on an individual's California income tax return are PIT wages. Most payments for employees' services are reportable as PIT wages. An employee's calendar year total for PIT wages should agree with the amount reported on the employee's federal *Wage and Tax Statement* (Form W-2) in Box 16 (State wages, tips, etc.). The PIT wages for each employee must be reported quarterly in "Item H" on the DE 6. For additional information, obtain the *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Wage and Withholding Report* (DE 231PIT). To obtain the DE 231PIT, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231pit.pdf**, call our automated Fax on Demand system at (877) 547-4503, request Document No. 3303 (English), or Document No. 3305 (Spanish) or contact the Taxpayer Assistance Center at (888) 745-3886.

NOTE: Some wages excluded from PIT withholding are still considered PIT wages and must be reported to EDD (for example, wages paid to agricultural workers).

DIFFERENCE BETWEEN SUBJECT WAGES AND PIT WAGES

In most situations, when wages are subject to UI, ETT, SDI, and PIT withholding, subject wages and PIT wages are the same. Examples of when subject wages and PIT wages are different are:

- Employee salary reduction contributions to a qualified retirement or pension plan are included as subject wages, but are not reportable as PIT wages (refer to the "Retirement and Pension Plans" section of the "Types of Payments" table on page 26).
- Under certain situations, wages paid to family employees (minor child under 18, registered domestic partner, spouse, and parent) may not be reported as subject wages but are reportable as PIT wages (refer to the "Family Employees" section of the "Types of Employment" table on page 16).
- Payments made to employees of churches are not reported as subject wages, but are reportable as PIT wages (refer to the "Nonprofit Organization Employees" section of the "Types of Employment" table on page 16).

EMPLOYERS SUBJECT TO CALIFORNIA PERSONAL INCOME TAX (PIT) ONLY

Employers, who are only required to withhold California PIT, but not the other payroll taxes, are still required to register with EDD using the *Registration Form for Employers Depositing Only Personal Income Tax Withholding* (DE 1P). The employer is liable for the required PIT, whether or not it is withheld. By law, the filing of federal Form 1099-MISC (issued to the worker) with the Internal Revenue Service or Franchise Tax Board does not relieve the employer of liability.

MEALS AND LODGING

Meals and lodging provided free of charge or at a reduced rate to an employee are wages. If your employees are covered under a contract of employment or union agreement, the taxable value of meals and lodging cannot be less than the estimated value stated in the contract or agreement.

If the cash value is not stated in an employment contract or union agreement, please refer to the table below for the value of the meals and/or lodging. To determine the value of lodging, multiply the amount you could rent the property for (ordinary rental value) by 66 2/3 percent (0.6667). Ordinary rental value may be calculated on a monthly or weekly basis as follows:

Value of Meals						Value of Lodging	
Year	3 Meals per Day	Breakfast	Lunch	Dinner	Meal Not Identified	Minimum Per Week	Maximum Per Month
2009	$ 10.00	$ 2.20	$ 3.00	$ 4.80	$ 3.50	$ 37.20	$ 1,145
2008	$ 9.60	$ 2.10	$ 2.90	$ 4.60	$ 3.35	$ 35.40	$ 1,092
2007	$ 9.30	$ 2.00	$ 2.80	$ 4.50	$ 3.20	$ 33.80	$ 1,041
2006	$ 9.15	$ 2.00	$ 2.80	$ 4.35	$ 3.20	$ 32.45	$ 1,000

The values above apply to non-maritime employees only.

For more information on meals and lodging, including values for those provided to maritime employees, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm** or call the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

ADDITIONAL INFORMATION

- EDD Web site (forms and publications) **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**
- Fax on Demand (request Document No. 1001 for a catalog of available documents) (877) 547-4503
- Who is an Employee Page 7
- Types of Employment (table) Page 16
- Types of Payments (table) Page 26
- Information Sheets: Page 131
  - DE 231A – *Wages*
  - DE 231PIT – *Personal Income Tax Wages Reported on the Quarterly Wage and Withholding Report (DE 6)*
  - DE 231W – *Personal Income Tax Adjustment Process*

Subscribe to EDD's free e-mail subscription services
www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

WAGES SUBJECT TO PIT WITHHOLDING

With certain exceptions, compensation for services performed by an employee is considered wages and subject to California Personal Income Tax (PIT) withholding. California wages include, but are not limited to, salaries, bonuses, commissions, fees (except fees paid to public officials), and payments in forms other than checks or cash. Wages in any form other than checks or cash are measured by the fair market value of the goods, lodging, meals, or other compensation given in payment for the employee's services.

How to Determine Which Wages Require PIT Withholding

Most wages require California PIT withholding. In order to determine which wages require PIT withholding, refer to the "Types of Employment" table on page 16 and the "Types of Payments" table on page 26. These tables identify special classes of employment and special types of payments and their treatment for UI, ETT, SDI, and California PIT wages and withholding. Also refer to "Who Is an Employee" on page 7.

To obtain information sheets for specific industries and types of services, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada call, (916) 464-3502.

MARITAL STATUS, WITHHOLDING ALLOWANCES, AND EXEMPTIONS (FORM W-4 AND DE 4)

An Internal Revenue Service (IRS) *Employee's Withholding Allowance Certificate* (Form W-4) is normally used for California PIT withholding. However, if an employee wants to claim a different marital status and/or a different number of allowances than are claimed for federal withholding purposes, the employee must file an *Employee's Withholding Allowance Certificate* (DE 4). For instance, California recognizes the "Head of Household" status, and an employee would need to file a DE 4 to claim that status.

If employees expect to itemize deductions on their California income tax return, they can claim additional withholding allowances, which are greater than their regular withholding allowances. When reduced withholding amounts are appropriate because of large amounts of itemized deductions, employees **must** complete a DE 4, including the attached worksheets, to support additional allowances for the itemized deductions. An online DE 4 calculator is available at **www.taxes.ca.gov/de4.xls** (requires Microsoft Excel). For information on treatment of additional withholding allowances for estimated deductions, refer to "Instructions for Additional Withholding Allowances for Estimated Deductions" on page 36 and the "Estimated Deduction" table on page 38.

Use of the DE 4 is optional; however, if employees provide you with a DE 4, you must use it to determine their California PIT withholdings. To obtain copies of the DE 4, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de4.pdf,** call our automated Fax on Demand system at (877) 547-4503, contact the Taxpayer Assistance Center at (888) 745-3886, or use the online calculator as mentioned above.

Employees may request that no California PIT be withheld if they:

- Incurred no liability for federal income tax for the preceding taxable year; **and**
- Anticipate that no federal income tax liability will be incurred for the current taxable year.

❑ ***ACTION REQUIRED***: Each employee must complete a Form W-4 for federal and California withholding. If the employee wants to claim a different marital status and/or different number of allowances for California PIT withholding, the employee also must complete a DE 4.

If	Then
Employee does not file a DE 4	You **must** use the marital status and allowances claimed (including any additional allowances) by the employee on the federal Form W-4 to calculate the employee's California PIT withholding. **Exception:** Do not withhold any California PIT from wages of employees who have filed "EXEMPT" on their Form W-4 unless you receive a written notice from IRS or Franchise Tax Board (FTB) to withhold at a special rate. To maintain "EXEMPT" status, the employee **must** file a new Form W-4 **each year** on or before February 15.
Employee files a DE 4	You **must** use the DE 4 to calculate and withhold California PIT.
Employee's marital status cannot be determined from the Form W-4 or DE 4	Request the employee correct the Form W-4 or DE 4 or submit a new one. Until the new or corrected form is received, consider the employee as single with zero withholding allowances for California PIT withholding purposes.

Employer's Obligations for the Form W-4 and DE 4

Each employee must complete a Form W-4 for federal and California withholding. Employers withhold taxes based on what the employee reports on the Form W-4. If the employee wants to claim a different marital status and/or different number of allowances for California Personal Income Tax (PIT) withholding, the employee must also complete a DE 4. Employers retain the Form W-4 and/or DE 4 for payroll records.

If you question the Form W-4 or DE 4 because it meets either of the following two conditions, then you must submit a copy of this form to Franchise Tax Board (FTB) by fax at (916) 843-1094 or mail to the address shown below. Please retain the original form in the employee's payroll records.

- The employee claims more than 10 withholdings.
- The employee claims exemption from State or federal income tax withholding and the employee's usual weekly wages will exceed $200.

Continue to treat the Form W-4 and/or DE 4 as valid until notified in writing by FTB of the proper marital status and number of allowances to use for California withholding purposes for the employee.

If an employee disagrees with an FTB determination as it applies to California withholding, the employee may request a review of the determination by writing to:

W-4 Unit
Franchise Tax Board MS F 180
P.O. Box 2952
Sacramento, CA 95812-2952

Fax: (916) 843-1094

The burden of proof rests with the employee to show that the determination is incorrect for California withholding purposes. Continue to withhold California PIT based on the FTB determination until notified in writing by FTB of any changes. In the event FTB finds no reasonable basis for the number of withholding allowances claimed on the DE 4, the employee may be subject to a $500 penalty.

If either of the following two conditions exist, the W-4/DE 4 is considered invalid per the Code of Federal Regulations, Title 26, Section 31.3402(f)(2)-1(e) and the California Code of Regulations, Title 22, Section 4340-1(b):

- The employee makes major changes to Form W-4 or DE 4, such as crossing out words or writing more than is asked.
- The employee admits that Form W-4 or DE 4 is false.

When you receive an invalid Form W-4 or DE 4, do not use it to calculate PIT withholding. Tell the employee that it is invalid and ask for another one. If the employee does not give you a valid one, withhold PIT as if the employee was single and claiming no withholding allowances. However, if you have an earlier Form W-4 or DE 4 for this worker that is valid, withhold as you did before.

Subscribe to EDD's free e-mail subscription services
www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

HOW TO DETERMINE PIT WITHHOLDING AMOUNTS

Refer to page 36 for the 2009 California Personal Income Tax (PIT) withholding schedules and information on how to calculate withholdings.

What if Your Employee Wants Additional PIT Withholding?

In addition to the tax required to be withheld from salaries and wages, you may, upon written request from the employee, agree to withhold an additional amount from the employee's wages. This agreement will be effective for the periods you and the employee mutually agree upon or until written termination of the agreement.

If employees rely on the Form W-4 instructions when calculating California withholding allowances, their California PIT could be significantly underwithheld. This is particularly true if the household income is derived from more than one source. If an employee wants more California PIT withheld than the schedules and the alternate methods allow, the employee should either request additional withholding or, if married, indicate "single" on the DE 4. For more information, refer to the DE 4 form and instructions. An online DE 4 calculator is available at **www.taxes.ca.gov/de4.xls** (requires Microsoft Excel).

HOW TO WITHHOLD PIT ON SUPPLEMENTAL WAGES

Supplemental wages include, but are not limited to, bonuses, overtime pay, sales awards, commissions, stock options, and vacation pay. Under certain circumstances, bonuses and stock options are taxed at a different flat rate than other types of supplemental wages (see "Supplemental Wages" below). This only applies to stock options that are considered wages subject to PIT withholding.

If the supplemental wage is given to the employee at the same time as the employee's regular wages are paid, you are ***required*** to treat the sum of the payments as regular wages and withhold PIT based on the regular payroll period using the PIT withholding schedules.

If the supplemental wage is **not** given to the employee at the same time as the employee's regular wages are paid, you may use either of the following two options:

1. Compute the amount of PIT to withhold from the supplemental wage based on the combined regular wages and the supplemental wage. Compute the PIT withholding on the total of the supplemental wage and the current or most recent regular (gross) wage payment using the PIT withholding schedules. From that amount, subtract the PIT you withheld from the regular wages. The difference is the PIT amount you should withhold from the supplemental wages.

   or

2. Withhold the percentage noted below on the following types of supplemental wages without allowing for any withholding allowances claimed by the employee:

Supplemental Wages	**Percentage**
Bonuses and stock options	9.3 percent (.093)
Other types (such as overtime pay, commissions, sales awards, and vacation pay)	6 percent (.06)

To find out if stock options are wages subject to PIT withholding, obtain the *Information Sheet: Stock Options* (DE 231SK) by accessing EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231sk.pdf** or by calling our automated Fax on Demand system at (877) 547-4503, or calling the Taxpayer Assistance Center at (888) 745-3886.

QUARTERLY ESTIMATED PAYMENTS

Wages are subject to mandatory California PIT withholding at the time they are paid to the employee. Quarterly estimates paid directly to Franchise Tax Board (FTB) are intended to satisfy taxes on income that is not subject to withholding. Quarterly estimates paid by an employee directly to FTB in lieu of proper withholdings from wages may result in an assessment to the employer. If you have questions regarding quarterly estimated payments, contact FTB at (800) 852-5711.

WAGES PAID TO CALIFORNIA RESIDENTS

If	Then
A California resident performs services in California or in another state	Wages paid to the resident employee are subject to California PIT withholding, and PIT must be withheld from all wages paid, in accordance with the employee's Form W-4 or DE 4. The wages paid must be reported as PIT wages on the *Quarterly Wage and Withholding Report* (DE 6). The PIT withheld must also be reported on the DE 6.
A California resident performs services that are subject to personal income tax withholding laws of both California and another state, political subdivision, or the District of Columbia	Make the withholding required by the other jurisdiction and: • For California, withhold the amount by which the California withholding amount exceeds the withholding amount for the other jurisdiction; **or** • Do not withhold any California PIT if the withholding amount for the other jurisdiction is equal to, or greater than, the withholding amount for California. The wages reported as PIT wages on the *Quarterly Wage and Withholding Report* (DE 6) are the same wages that are entered in "Box 16" on your employee's Form W-2. The PIT withheld must also be reported on the DE 6.

WAGES PAID TO NONRESIDENTS OF CALIFORNIA

If	Then
A nonresident employee performs all services in California	The wages paid to the nonresident employee are subject to California PIT withholding, and PIT must be withheld from all wages paid, in accordance with the employee's Form W-4 or DE 4. The wages paid must be reported as PIT wages on the DE 6. The PIT withheld must also be reported on the DE 6.
A nonresident employee performs services both in California as well as in another state	Only the wages earned in California are subject to California PIT withholding. The amount of wages subject to California PIT withholding is that portion of the total number of working days employed in California compared to the total number of working days employed in both California and the other state. The California wages must be reported as PIT wages on the DE 6. The PIT withheld must also be reported on the DE 6. **NOTE:** For employees whose compensation depends on the volume of business transacted, the amount of earnings subject to California PIT withholding is that portion received for the volume of business transacted in California compared to the total volume of business in both California and the other state.

PIT Withholding on Payments to Nonresident Independent Contractors

Please see Franchise Tax Board (FTB) Publication 1023 for guidance regarding PIT withholding on payments to nonresident independent contractors for services performed in California. Publication 1023 can be obtained by calling FTB at (800) 852-5711 or by accessing their Web site at **www.ftb.ca.gov/forms/misc/1023.pdf**.

ADDITIONAL INFORMATION

- EDD Web site (forms and publications) **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**
- Fax on Demand (request Document No. 1001 for a catalog of all available documents) (877) 547-4503
- Information Sheets: Page 131
  - DE 231D – *Multistate Employment*
  - DE 231P – *Withholding From Pensions, Annuities, and Certain Other Deferred Income*
  - DE 231PS – *Personal Income Tax Withholding - Supplemental Wage Payments, Moving Expense Reimbursement - WARN Act Payments*
  - DE 231R – *Third-Party Sick Pay*
- Types of Employment (table) Page 16
- Types of Payments (table) Page 26

TYPES OF EMPLOYMENT

This table identifies special classes of employment and whether the type of employment is subject to California payroll taxes. For additional information on the taxability for a particular type of employment, refer to the Code section(s) noted under the specific tax. If you have questions regarding an individual's proper status in working for/with you, please contact the Taxpayer Assistance Center at (888) 745-3886.

In addition to this table, EDD has prepared the "Types of Payments" table on page 26 and information sheets for specific industries, types of services, or types of payments. To obtain the information sheets, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada call (916) 464-3502.

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
Agricultural Labor Also refer to federal *Agricultural Employer's Tax Guide* (Publication 51, Circular A).	Subject California Unemployment Insurance Code (CUIC) Section (§) 611	Subject CUIC §611	Not subject[2] CUIC §13009(a)	Reportable CUIC §13009.5
Artists and Authors: A. Common law employees.	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
B. Statutory employees hired for specific work in the motion picture, radio, or television industry. Refer to *Information Sheet: Statutory Employees* (DE 231SE).	Subject CUIC §601.5	Subject CUIC §601.5	Not subject California Code of Regulations (CCR), Title 22 §4304-1	Not reportable CUIC §13009.5
Automotive Repair Industry Refer to *Information Sheet: Automotive Repair Industry* (DE 231B).	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
Barber and Beauty Shops Refer to *Information Sheet: Barbering and Cosmetology Industry* (DE 231C).	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
Baseball Players	Subject unless under agreement to perform for expenses and a share of the profits of the club. CUIC §653	Subject unless under agreement to perform for expenses and a share of the profits of the club. CUIC §653	Subject CUIC §13009	Reportable CUIC §13009.5
Brokers and/or Salespersons (does not apply to nonprofit or public agencies): A. Gas, oil, or mineral. B. Real estate. C. Yacht.	Not subject if all three of the conditions in endnote 3 are met. CUIC §650	Not subject if all three of the conditions in endnote 3 are met. CUIC §650	Not subject if all three of the conditions in endnote 3 are met. CUIC §13004.1	Not reportable if all three of the conditions in endnote 3 are met. CUIC §13004.1
D. Cemetery.	Not subject if all three of the conditions in endnote 3 are met. CUIC §650	Not subject if all three of the conditions in endnote 3 are met. CUIC §650	Subject if common law employee. CUIC §13009	Reportable if common law employee. CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
Casual Labor: Refer to *Information Sheet: Casual Labor* (DE 231K) A. Part-time or temporary workers.	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
B. Service **not** in the course of employer's trade or business: • Noncash payments (e.g., meals and lodging)	Not subject CUIC §936	Not subject CUIC §936	Not subject CUIC §13009(h)	Not reportable CUIC §13009.5
• Cash payments	Subject **only** if $50 or more is paid in a quarter **and** employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC §640	Subject **only** if $50 or more is paid in a quarter **and** employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC §640	Subject **only** if $50 or more is paid in a quarter **and** employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC §13009(c)	Reportable **only** if $50 or more is paid in a quarter **and** employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC §13009.5
Construction Contractors Refer to *Information Sheet: Construction Industry* (DE 231G).	Subject unless contractor has a valid contractor's license and is not a common law employee. CUIC §621(b) or 621.5	Subject unless contractor has a valid contractor's license and is not a common law employee. CUIC §621(b) or 621.5	Subject unless contractor has a valid contractor's license and is not a common law employee. CUIC §13009 or 13004.5	Reportable unless contractor has a valid contractor's license and is not a common law employee. CUIC §13009.5
Domestic (Household) Employment In private homes, local college clubs, fraternities, and sororities. Refer to *Information Sheet: Household Employment* (DE 231L), *Household Employer's Guide* (DE 8829), and the federal *Household Employer's Tax Guide* (IRS Publication 926).	Subject for the remainder of the calendar year and the following calendar year once $1,000 or more in cash is paid in any calendar quarter for household services. CUIC §629 and 682	Subject for the remainder of the calendar year and the following calendar year once $750 or more in cash is paid in any calendar quarter for household services. CUIC §2606.5 and 684	Not subject[2] CUIC §13009(b)	Reportable if otherwise required to register with EDD. CUIC §13009.5
Election Campaign Workers for candidates or committees. Refer to *Information Sheet: Election Campaign Workers* (DE 231V).	Not subject CUIC §636	Not subject CUIC §636	Subject CUIC §13009	Reportable CUIC §13009.5
Election Officials or Election Workers	Subject if the individual's remuneration reasonably expected to be received during the calendar year for such service will be $1,000 or more. CUIC §634.5(c)(7)	Generally not subject, unless an elective coverage agreement is in place. CUIC §605 and 2606	Not subject Considered a fee paid to a public official. CUIC §13009 and CCR, Title 11, §4309-2(b)(2)	Not reportable Considered a fee paid to a public official. CUIC § 13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Family Employees Minor child under 18 employed by a father or mother; an individual employed by spouse, registered domestic partner, son, or daughter. Refer to *Information Sheet: Family Employment* (DE 231FAM) and *Information Sheet: Specialized Coverage* (DE 231SC).	Not subject – only applies to sole proprietorships and partnerships. CUIC §631	Not subject unless an approved elective coverage agreement is in effect. (This only applies to sole proprietorships and partnerships.) CUIC §631	Subject CUIC §13009	Reportable CUIC §13009.5
Federal Employees: A. Members of the U.S. Armed Forces.	Not subject CUIC §632	Not subject CUIC §632	Subject if stationed in and domiciled in California; both conditions must be present. CCR, Title 22 §4305-1(d)	Reportable if stationed in and domiciled in California; both conditions must be present. CUIC §13009.5
B. Federal civilian employees.	Not subject Certain nonprofit organizations which are instrumentalities of the federal government pay cost of benefits. CUIC §632	Not subject CUIC §632	Subject CCR, Title 22 §4305-1(d)	Reportable CUIC §13009.5
Fishing and Related Activities Refer to *Information Sheet: Commercial Fishing* (DE 231CF).	Subject CUIC §621(b)	Subject CUIC §621(b)	Not subject CUIC §13009(j)	Not reportable CUIC §13009.5
Foreign Government and International Organizations	Not subject CUIC §643, 644, and 644.5	Not subject CUIC §643, 644, and 644.5	Not subject CUIC §13009(d)	Not reportable CUIC §13009.5
Foreign Service Performed by a U.S. Citizen: A. U.S. Government employee.	Not subject CUIC §632	Not subject CUIC §632	Subject if employee is a California resident. CUIC §13009	Subject if employee is a California resident. CUIC §13009.5
B. For an American employer or a foreign subsidiary of U.S. corporation or other private employer. Refer to *Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft* (DE 231FE).	Subject if the conditions in endnote 4 are met. CUIC §610	Subject if the conditions in endnote 4 are met. CUIC §610	Subject if employee is a California resident. CUIC §13009	Reportable if employee is a California resident. CUIC §13009.5
Golf Caddies	Not subject CUIC §651	Not subject CUIC §651	Subject CUIC §13009	Reportable CUIC §13009.5
Homeworkers (Industrial): A. Common law employees Refer to *Information Sheet: Employment* (DE 231).	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Homeworkers (Industrial): (cont.) B. Statutory employees Refer to *Information Sheet: Statutory Employees* (DE 231SE).	Subject CUIC §621(c)(1)(C)	Subject CUIC §621(c)(1)(C)	Not subject CUIC §13009	Not reportable CUIC §13009.5
Hotel and Restaurant Industries Refer to *Information Sheet: Restaurant and Hotel Industries* (DE 231E).	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
Household (Domestic) Employment In private homes, local college clubs, fraternities, and sororities. Refer to *Information Sheet: Household Employment* (DE 231L), *Household Employer's Guide* (DE 8829), and the federal *Household Employer's Tax Guide* (IRS Publication 926).	Subject if $1,000 or more in cash paid in any calendar quarter for household services. CUIC §629 and 682	Subject if $750 or more in cash paid in any calendar quarter for household services. CUIC §2606.5 and 684	Not subject[2] CUIC §13009(b)	Reportable if otherwise required to register with EDD. CUIC §13009.5
Interns Working in Hospitals (Also, see "Students" item D Nurse working for a hospital or nursing school).	Not subject CUIC §645	Not subject CUIC §645 unless employed by a nonprofit or district hospital. CUIC §2606	Subject CUIC §13009	Reportable CUIC §13009.5
Janitors (Business Services Industry) Refer to *Information Sheet: Service Industries* (DE 231I).	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
Jockeys or Exercise Persons working freelance, if licensed by the California Horse Racing Board.	Not subject CUIC §654	Not subject CUIC §654	Subject if a common law employee. CUIC §13009	Reportable if a common law employee. CUIC §13009.5
Manufacturing Industry Refer to *Information Sheet: Manufacturing Industry* (DE 231H).	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
Ministers of churches and members of religious orders, performing duties as such, may elect coverage. Refer to *Information Sheet: Specialized Coverage* (DE 231SC).	Not subject CUIC §634.5(b)	Not subject unless an approved elective coverage agreement is in effect. CUIC §634.5(b)	Not subject[2] CUIC §13009(f)	Reportable if otherwise required to register with EDD. CUIC §13009.5
Multistate Employment Refer to *Information Sheet: Multistate Employment* (DE 231D).	Subject CUIC Section 602 and 603	Subject CUIC Section 602 and 603	Go to **www.edd.ca.gov/pdf_pub_ctr/de231d.pdf**	Go to **www.edd.ca.gov/pdf_pub_ctr/de231d.pdf**
Newspaper Carriers under 18 years old delivering to consumers.	Not subject if not regular, full-time work. CUIC §634.5(g) and 649(a)	Not subject if not regular, full-time work. CUIC §634.5(g) and 649(a)	Not subject[2] CUIC §13009(g)(1)	Not reportable CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
Newspaper and Magazine Vendors buying at fixed prices and retaining excess from sales to consumers.	Not subject CUIC §634.5(h) and 649(b)	Not subject CUIC §634.5(h) and 649(b)	Not subject CUIC §13009(g)(2)	Not reportable CUIC §13009.5
Nonprofit Organization Employees: Refer to *Information Sheet: Nonprofit and/or Public Entities* (DE 231NP). A. Churches, conventions, or associations of churches, or religious organizations which are operated primarily for religious purposes and operated, supervised, controlled, or principally supported by a church, convention, or association of churches. (See also Ministers and members of religious orders.)	Not subject CUIC §634.5(a)	Not subject unless employed by a nonprofit hospital CUIC §645 (g) and 2606 or while an approved elective coverage agreement is in effect.	Subject CUIC §13009 (except ministers and members of religious orders)	Reportable CUIC §13009.5
B. Elected or appointed officials of nonprofit fraternal organizations earning less than $100 per month.	Not subject CUIC §652	Not subject CUIC §652	Subject CUIC §13009	Reportable CUIC §13009.5
C. All other nonprofit organizations exempt under Internal Revenue Code (IRC) §501(c) (3) except those under "A" and "B" above.	Subject (Employees earning less than $50 in any quarter are exempt.) CUIC §641	Subject (Employees earning less than $50 in any quarter are exempt.) CUIC §641	Subject CUIC §13009	Reportable CUIC §13009.5
D. All other organizations exempt under IRC §501(a), other than a pension, profit-sharing, or stock bonus plan described in IRC §401(a) or under IRC §521.	Subject CUIC §608	Subject CUIC §608	Subject CUIC §13009	Reportable CUIC §13009.5
Nonresidents of California: A. U.S. Residents: • Service performed in California.	Subject CUIC §601	Subject CUIC §601	Subject CUIC §13009	Reportable CUIC §13009.5
• Service performed outside U.S.	Subject if employee is a U.S. citizen, and the employer's principal place of business in U.S. is in California.[4] CUIC §610	Subject if employee is a U.S. citizen, and the employer's principal place of business in U.S. is in California.[4] CUIC §610	Not subject CUIC §13009	Not reportable CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Nonresidents of California: (cont.) B. Aliens Working in California: • Residents of Canada or Mexico entering California frequently in transportation service across the border.	Subject (unless railroad service) CUIC §621(b)	Subject (unless railroad service) CUIC §621(b)	Not subject CUIC §13009(e) and CCR, Title 22 §4309-2(f)(2)(A)	Not reportable CUIC §13009.5
• Residents of Canada or Mexico entering California frequently for construction, maintenance, or operation of waterway, bridge, etc., traversing the border.	Subject CUIC §621(b)	Subject CUIC §621(b)	Not subject CCR, Title 22 §4309-2(f)(2)(B)	Not reportable CUIC §13009.5
• Residents of any foreign country entering California frequently, employed wholly within California.	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
• Workers from any foreign country or its possession lawfully admitted on a temporary basis to perform agricultural labor.	Subject CUIC §611	Subject CUIC §611	Not subject[2] CUIC §13009(a)	Reportable CUIC §13009.5
• Students, scholars, trainees, or teachers as nonimmigrant aliens under sections of the Immigration and Nationality Act (INA).[6]	Subject unless excluded per CUIC §642 or if a nonresident nonimmigrant temporarily residing in U.S. performs services for a CUIC §608 nonprofit employer to carry out the purpose specified in the employee's "F," "J," "M," or "Q" type visa.	Subject unless excluded per CUIC §642 or if a nonresident nonimmigrant temporarily residing in the U.S. performs services for a CUIC §608 nonprofit employer to carry out the purpose specified in the employee's "F," "J," "M," or "Q" type visa.	Subject unless exempted by regulations or treaty with a foreign government. Treaty must specify exemption from "State or local taxes." CUIC §13009(e)	Reportable CUIC §13009.5
• Professional athlete, in California for occasional or incidental engagements.	Not subject CUIC §655	Not subject CUIC §655	Subject CUIC §13009	Reportable CUIC §13009.5
Officer of a Corporation performing services as an employee: A. Corporation subject to FUTA. *Sole Shareholder/Corporate Officer Exclusion Statement* (DE 459).	Subject CUIC §621(a)	Subject unless sole shareholder or only shareholder other than his/her spouse or registered domestic partner and has filed an exclusion for SDI (DE 459). CUIC §621(a) and 637.1	Subject unless agricultural labor. CUIC §13009 and 13009(a)	Reportable CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
B. Corporation not subject to FUTA.	Subject unless excluded as an officer and/or director who is sole shareholder or the only shareholder other than his/her spouse or registered domestic partner. CUIC §637	Subject unless excluded as an officer and/or director who is the sole shareholder or the only shareholder other than his/her spouse. CUIC §637	Subject unless agricultural labor. CUIC §13009 and 13009 (a)	Reportable if otherwise required to register with EDD. CUIC §13009.5
Patients employed by hospitals.	Not subject CUIC §647	Not subject unless nonprofit or district hospital. CUIC §647 and 2606	Subject CUIC §13009	Reportable CUIC §13009.5
Private Postsecondary School Intermittent and Adjunct Instructors Services must be performed for an institution that meets the requirements of the Education Code, Article 8 (commencing with §94900), Chapter 7, Part 59.	Subject CUIC §621(b)	Not subject if the conditions in endnote 5 are met. CUIC §633	Not subject if the conditions in endnote 5 are met. CUIC §13009(r)	Not reportable if the conditions in endnote 5 are met. CUIC §13009.5
Public Entity Employees of cities and counties, local public agencies, and schools. Refer to *Information Sheet: Nonprofit and/or Public Entities* (DE 231NP) and *Information Sheet: Specialized Coverage* (DE 231SC).	Subject CUIC §605	Not subject unless employed by a district hospital or public housing administration agency operated by state or local governmental subdivisions or an approved elective coverage agreement is in effect. CUIC §605 and 2606	Subject CUIC §13009	Reportable CUIC §13009.5
Restaurant and Hotel Industries Refer to *Information Sheet: Restaurant and Hotel Industries* (DE 231E).	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
Salespersons: Refer to *Information Sheet: Salespersons* (DE 231N). A. Common law employees.	Subject CUIC §621(b)	Subject CUIC §621(b)	Subject CUIC §13009	Reportable CUIC §13009.5
B. Real estate or direct sales salespersons.	Not subject if all three conditions in endnote 3 are met. CUIC §650	Not subject if all three conditions in endnote 3 are met. CUIC §650	Not subject if all three conditions in endnote 3 are met. CUIC §13004.1	Not reportable if all three conditions in endnote 3 are met. CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
C. Traveling or City Salespersons. Refer to *Information Sheet: Statutory Employees* (DE 231SE).	Subject CUIC §621(c)(1)(B)	Subject CUIC §621(c)(1)(B)	Not subject CCR, Title 22 §4304-1	Not reportable CUIC §13009.5
Services on or in Connection With an American Aircraft or Vessel, and such services are subject to the Federal Unemployment Tax Act (FUTA). Refer to *Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft* (DE 231FE).	Subject if the operations are ordinarily and regularly directed and controlled from the employer's California office. CUIC §125.3, 125.5, and 609	Subject if the operations are ordinarily and regularly directed and controlled from the employer's California office. CUIC §125.3, 125.5, and 609	Subject if services are performed on an aircraft by a California resident or by a nonresident if over 50 percent of the nonresident's scheduled flight time is in California. CUIC §13009 and Title 49, U.S. Code, §40116 Not subject if services are performed on a vessel.	Reportable if services are performed on an aircraft by a California resident or by a nonresident if over 50 percent of the nonresident's scheduled flight time is in California. CUIC §13009.5 and Title 49, U.S. Code, §40116 Not reportable if services are performed on a vessel.
Standby Employee doing no actual work in period for which paid.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
State Government and Political Subdivisions, services performed as:				
A. An elected official	Not subject CUIC §634.5(c)	Not subject CUIC §634.5(c)	Subject CUIC §13009	Reportable CUIC §13009.5
B. A member of a legislative body, or a member of the judiciary, or a State or political subdivision thereof.	Not subject CUIC §634.5(c)	Not subject CUIC §634.5(c)	Subject CUIC §13009	Reportable CUIC §13009.5
C. A member of a State National Guard, Ready Reserve, or Air National Guard.	Not subject CUIC §634.5(c)	Not subject CUIC §634.5(c)	Subject CUIC §13009	Reportable CUIC §13009.5
D. An employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency.	Not subject CUIC §634.5(c)	Not subject CUIC §634.5(c)	Subject CUIC §13009	Reportable CUIC §13009.5
E. In a position which, under or pursuant to State law, is designated as either of the following: • A major, nontenured policy-making or advisory position.	Not subject CUIC §634.5(c)	Not subject CUIC §634.5(c)	Subject CUIC §13009	Reportable CUIC §13009.5
• A policymaking or advisory position, the performance of the duties of which ordinarily does not require more than eight hours per week.	Not subject CUIC §634.5(c)	Not subject CUIC §634.5(c)	Subject CUIC §13009	Reportable CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
State Government and Political Subdivisions, services performed as: (cont.) F. Employees of State or local governments and instrumentalities not included above.	Subject CUIC §605	Not subject unless an approved election by a bargaining unit is in effect. CUIC §710.5	Subject CUIC §13009	Reportable CUIC §13009.5
G. Fees of public officials	Subject CUIC §926	Subject CUIC §926	Not reportable CCR, Title 22 §4309-2(b)	Not reportable CUIC §13009.5
Students: A. Working for a public or private school, college, or university, if enrolled and regularly attending classes at that school.	Not subject CUIC §642	Not subject CUIC §642	Subject CUIC §13009	Reportable CUIC §13009.5
B. Spouse or registered domestic partner of student, if such person is advised at the time service commences at the school that employment is provided under a program to provide financial assistance to the student by the school, college, or university, and that employment will not be covered by unemployment insurance or State disability insurance.	Not subject CUIC §642	Not subject CUIC §642	Subject CUIC §13009	Reportable CUIC §13009.5
C. Under age 22 enrolled in a full-time program at a nonprofit or public education institution. Institution must normally maintain a regular faculty and curriculum and normally have a regularly organized body of students where its educational activities are located. Student's service must be taken for credit at such an institution. It must combine academic instruction with work experience. It must be an integral part of such program, and the institution must have so certified to the employer.	Not subject unless program established solely for one employer or one group of employers. CUIC §646	Not subject unless program established solely for one employer or one group of employers. CUIC §646	Subject CUIC §13009	Reportable CUIC §13009.5
D. Student nurse working for a hospital or nursing school.	Not subject CUIC §645	Subject if employed by a nonprofit or district hospital. CUIC §2606 Not subject if employed by any other hospital or nursing school. CUIC §645	Subject CUIC §13009	Reportable CUIC §13009.5

See page 25 for endnotes

Types of Employment	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Students: (cont.) E. Full-time students[7] working for an organized camp.[8]	Not subject CUIC §642.1	Not subject CUIC §642.1	Subject CUIC §13009	Reportable CUIC §13009.5
Temporary Services and Employee Leasing Industries Refer to *Information Sheet: Temporary Services and Employee Leasing Industries* (DE 231F).	Subject CUIC §621(b) and 606.5	Subject CUIC §621(b) and 606.5	Subject CUIC §13009	Reportable CUIC §13009.5
Transcribers of depositions, court proceedings, and hearings performed away from the office of the person, firm, or association obligated to produce a transcript of the proceedings.	Not subject CUIC §630	Not subject CUIC §630	Not subject CCR, Title 22 §4304-1	Not reportable CUIC §13009.5

1 Employers who have elected the "cost of benefits" or "reimbursable method" of financing Unemployment Insurance contributions or who have a negative reserve account balance are not required to contribute to the Employment Training Tax Fund.

2 Subject if employer and employee voluntarily agree to withhold California Personal Income Tax.

3 Not subject if all three of the following conditions are met:
a) Substantially all payments are directly related to sales or other output.
b) Services are performed pursuant to a written contract that provides the individual will not be treated as an employee with respect to those services for State tax purposes.
c) The individual has the license required to perform the services.

4 If the employer's principal place of business in the U.S. is in California or if the employer has no place of business in the U.S. but:
a) The employer is an individual who is a resident of California, or
b) The employer is a corporation, limited liability company, or limited liability partnership which is organized under the laws of California, or
c) The employer is a partnership or a trust and the number of partners or trustees who are residents of California is greater than the number who are residents of any one other state.

If none of the criteria above applies, but the employer has elected coverage in California or the employer has not elected coverage in any state and an individual has filed for benefits in California, based on such service.

5 Not subject if service is performed under written contract with **all** of the following provisions:
a) Any federal or State income tax liability shall be the responsibility of the party providing the services.
b) No disability insurance coverage is provided under the contract.
c) The party performing the services certifies that he/she is doing so as a secondary occupation or as a supplemental source of income.

6 "Employment" excludes services performed by a nonresident alien for the period temporarily in the U.S. as a nonimmigrant under IRC §3306(c)(19).

7 Full-time student – enrolled full-time for the current term of an academic year or, if between terms, for the immediately preceding period with a reasonable assurance of enrollment in the immediately subsequent period.

8 Organized camp – offers outdoor group living experience for social, spiritual, educational, or recreational purposes; must not operate more than 7 months a year, or at least two-thirds of its previous yearly gross income must have been in any 6 of the 12 months of the year.

NOTE: A registered domestic partner means an individual partner in a domestic relationship within the meaning of Section 297 of the Family Code.

The California Unemployment Insurance Code is available online at **http://www.leginfo.ca.gov/calaw.html.**

TYPES OF PAYMENTS

This table identifies special types of payments and whether the type of payment is subject to California payroll taxes. For additional information on the taxability for a particular type of payment, refer to the Code section(s) noted under the specific tax. If you have questions regarding if or how an individual payment is taxed, please call the Taxpayer Assistance Center at (888) 745-3886.

In addition to this table, EDD has prepared the "Types of Employment" table on page 16 and information sheets for specific industries, types of services, or types of payments. To obtain the information sheets, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada call (916) 464-3502.

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
Adoption Assistance: Payments as defined in the Internal Revenue Code (IRC) Section (§)137.				
A. If the adoption assistance program is **not** under an IRC §125 Cafeteria Plan.	Subject California Unemployment Insurance Code (CUIC) Section §926	Subject CUIC §926	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
B. If the adoption assistance program is under an IRC §125 Cafeteria Plan:				
• Employer contributions (into the plan).	Subject CUIC §926	Subject CUIC §926	Not subject CUIC §13009(i)(5)	Not reportable CUIC §13009.5
• Employee contributions (into the plan).	Subject CUIC §926	Subject CUIC §926	Not subject CUIC §13009(i)(5)	Not reportable CUIC §13009.5
• Payments from the plan.	Not subject CUIC §926	Not subject CUIC §926	Not subject CUIC §13009(i)(5)	Not reportable CUIC §13009.5
Board of Director Fees A director of a corporation or association performing services in the capacity of a director.	Not subject CUIC §622	Not subject CUIC §622	Subject if a common law employee. Not subject if corporation pays compensation to a nonresident corporate director for director services performed in California. CUIC §13020(c)	Reportable if a common law employee. Not reportable if corporation pays compensation to a nonresident corporate director for director services performed in California. CUIC §13009.5
Bonuses Subject	CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable - refer to page 14. CUIC §13009.5
Business Expenses:				
A. Employer reimbursement of required or necessary business expenses incurred by the employee while performing services for the employer.	Not subject CUIC §929	Not subject CUIC §929	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
B. Long-term travel expenses allowed under IRC §162.	Not subject CUIC §929	Not subject CUIC §929	Subject CUIC §13009	Reportable CUIC §13009.5

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
Cafeteria Plan Payments Under IRC §125 Refer to *Information Sheet: Taxability of Employee Benefits* (DE 231EB).	Generally not subject CUIC §938.3(d)	Generally not subject CUIC §938.3(d)	Not subject CUIC §13009(i)(5)	Not reportable if excluded from taxable income. CUIC §13009.5
Commissions	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable – refer to page 14. CUIC §13009.5
Debts Paid by Employer: (Amounts in lieu of cash wages offset by the employer.) A. Amounts paid against a debt due from employee.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
B. Amounts applied to a debt owed to a third-party by the employee.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
Deceased Employee Wages Wages paid to beneficiary or estate after the date of the worker's death.	Subject in the calendar year in which the employee died. CUIC §938.7	Subject in the calendar year in which the employee died. CUIC §938.7	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
Dependent Care Assistance Programs (Limited to $5,000; $2,500 if married, filing separately.)	Not subject if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC §129. CUIC §938.3(b)	Not subject if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC §129. CUIC §938.3(b)	Not subject if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC §129. CUIC §13009(q)	Not reportable if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC §129. CUIC §13009.5
Dismissal or Severance Pay	Subject unless payments qualify as supplemental UI benefits. CUIC §1265	Subject unless payments qualify as supplemental UI benefits. CUIC §1265	Subject CUIC §13009(q)	Reportable CUIC §13009.5
Educational Assistance (Payments under IRC §127) Undergraduate and graduate level courses excluded up to $5,250 (maximum), per employee, per calendar year.	Not subject if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC §127. CUIC §938.3(a)	Not subject if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC §127. CUIC §938.3(a)	Not subject if the amounts are excludable from gross income under IRC §127. CUIC §13009(q)	Not reportable if the amounts are excludable from gross income under IRC §127. CUIC §13009.5

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Employee Achievement Awards	Not subject if at the time awarded, it is reasonable to believe the amount is excludable from gross income under IRC §74(c). CUIC §938.3(c)	Not subject if at the time awarded, it is reasonable to believe the amount is excludable from gross income under IRC §74(c). CUIC §938.3(c)	Not subject if at the time awarded, it is reasonable to believe the amount is excludable from gross income under IRC §74(c). CUIC §13009(q)	Not reportable if at the time awarded, it is reasonable to believe the amount is excludable from gross income under IRC §74(c). CUIC §13009.5
Fringe Benefits: A. Employee use of employer's vehicle for personal use.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
B. Employer-paid transportation costs that have no business connection and are not excluded under IRC §132.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
C. Employer-paid FICA, SDI, and/or Medicare. Refer to *Information Sheet: Social Security/Medicare/SDI Taxes Paid by an Employer* (DE 231Q).	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
D. Employer-paid FICA and/or Medicare for domestic service in private home or agricultural labor. Refer to *Information Sheet: Social Security/ Medicare/SDI Taxes Paid by an Employer* (DE 231Q).	Not subject CUIC §935	Not subject CUIC §935	Not subject CUIC §13009(a) and 13009(b)	Reportable CUIC §13009.5
E. Benefits excluded from gross income under IRC §132 (i.e., services supplied to employees at no additional cost to the employer, discounts, parking, bus passes, athletic facilities, free coffee, moving expenses, qualified retirement planning services, etc.).	Not subject CUIC §938.3(c)	Not subject CUIC §938.3(c)	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
F. Rideshare subsidies defined in Revenue and Taxation Code (R&TC) §17149. Subsidies include vanpool, commuter bus, bus pool, etc.	Not subject unless the subsidies exceed the federal limits of IRC §132. CUIC §926	Not subject unless the subsidies exceed the federal limits of IRC §132. CUIC §926	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
Gifts of nominal value given as an expression of goodwill and not based on the rate of pay, length or degree of prior personal service, or required under union agreement or contract of hire.	Not subject CUIC §926 and California Code of Regulations (CCR), Title 22 §926-2	Not subject CUIC §926 and CCR, Title 22 §926-2	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
Group Legal Services	Subject CUIC §926 and IRC §120	Subject CUIC §926 and IRC §120	Subject CUIC §13009	Reportable CUIC §13009.5

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Health Plans: A. Employer-provided coverage under accident or health plans or medical expense reimbursements.	Not subject CUIC §931	Not subject CUIC §931	Not subject (subject for 2% shareholder-employees of S corporations) CUIC §13009(q)	Not reportable (reportable for 2% shareholder-employees of S corporations) CUIC §13009.5
B. Employer-provided coverage under accident or health plans or medical expense reimbursements to an employee's registered domestic partner.	Not subject CUIC §931	Not subject CUIC §931	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
Health Savings Accounts (HSAs): Contributions as defined in IRC §106(d). A. Contributions to a Health Savings Account **not** under an IRC §125 Cafeteria Plan.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009(q) and R&TC §17131.4	Reportable CUIC §13009.5 and R&TC §17131.4
B. Contributions to a Health Savings Account under an IRC §125 Cafeteria Plan.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009(q) and R&TC §17131.5	Reportable CUIC §13009.5 and R&TC §17131.5
Life Insurance Premiums Paid on Behalf of Employees	Not subject CUIC §931(c)	Not subject CUIC §931(c)	Not subject if group-term life insurance. CUIC §13009(l)	Reportable if face value of group-term life insurance exceeds $50,000. CUIC §13009.5 see endnote 4
Lodging	Subject CUIC §926 and CCR, Title 22 §926-3, 926-4, and 926-5	Subject CUIC §926 and CCR, Title 22 §926-3, 926-4, and 926-5	Subject unless furnished on employer's premises, for the employer's convenience, and as a condition of employment. CCR, Title 22 §4309-1(b)(9)	Reportable unless furnished on employer's premises, for the employer's convenience, and as a condition of employment. CUIC §13009.5
Meals	Subject CUIC §926 and CCR, Title 22 §926-3, 926-4, and 926-5	Subject CUIC §926 and CCR, Title 22 §926-3, 926-4, and 926-5	Subject unless furnished for employer's convenience and on employer's premises. CCR, Title 22 §4309-1(b)(9)	Reportable unless furnished for employer's convenience and on employer's premises. CUIC §13009.5
Moving Expenses: A. Qualified expenses	Not subject if you reasonably believe expenses are deductible by the employee under IRC §217. CUIC §937	Not subject if you reasonably believe expenses are deductible by the employee under IRC §217. CUIC §937	Not subject CUIC §13009(m) and IRC §217	Not reportable CUIC §13009.5 and IRC §217
B. Nonqualified expenses	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Noncash Payments: Refer to "Lodging" and "Meals" sections in this table.				
A. Household employees- For Personal Income Tax wages, refer to *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 231PH).	Refer to *Household Employer's Guide* (DE 8829) or *Information Sheet: Household Employment* (DE 231L). CCR, Title 22 §926-3	Refer to *Household Employer's Guide* (DE 8829) or *Information Sheet: Household Employment* (DE 231L). CCR, Title 22 §926-3	Not subject[2] CUIC §13009(b)	Reportable[2] CUIC §13009.5
B. Services not in the course of employer's trade or business.	Not subject CUIC §936	Not subject CUIC §936	Not subject CUIC §13009(h)	Not reportable CUIC §13009.5
Railroad Retirement Tax Act and Railroad Unemployment Insurance Act (payments to employees covered by these acts)	Not subject CUIC §635	Not subject CUIC §635	Subject CCR, Title 22 §4304-1	Reportable CUIC §13009.5
Retirement and Pension Plans: Refer to *Information Sheet: Withholding From Pensions, Annuities, and Certain Other Deferred Income* (DE 231P).				
A. Payments from a qualified plan.[3]	Not subject CUIC §934	Not subject CUIC §934	Subject if employee is a California resident, unless recipient elects exemption from withholding. CUIC §13028	Not reportable CUIC §13009.5
B. Employee contributions to a qualified cash or deferred compensation plan as defined in IRC §401(k).	Subject CUIC §928.5(a)	Subject CUIC §928.5(a)	Not subject if payments are not includable in gross income for California income tax purposes. CUIC §13009(i)(5)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC §13009.5
C. Employer contributions to a qualified cash or deferred compensation plan as defined in IRC §401(k).	Not subject unless the contributions result from a salary reduction agreement. CUIC §934	Not subject unless the contributions result from a salary reduction agreement. CUIC §934	Not subject if payments are not includable in gross income for California income tax purposes. CUIC §13009(i)(1)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC §13009.5
D. Employer contributions to a Simplified Employee Plan-Individual Retirement Arrangement (SEP-IRA) as defined in IRC §408(k).	Not subject unless the contributions result from a salary reduction agreement. CUIC §934(c)	Not subject unless the contributions result from a salary reduction agreement. CUIC §934(c)	Not subject if payments are not includable in gross income for California income tax purposes. CUIC §13009(i)(1)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC §13009.5

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Retirement and Pension Plans: (cont.)				
E. Employer contributions to a Savings Incentive Match Plan for Employees of Small Employers Individual Retirement Account (SIMPLE IRA) as defined in IRC §408(p).	Not subject unless the contributions result from a salary reduction agreement. CUIC §934(d)	Not subject unless the contributions result from a salary reduction agreement. CUIC §934(d)	Not subject if payments are not includable in gross income for California income tax purposes. CUIC §13009(i)(2)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC §13009.5
F. Employee contributions to a "Deemed IRA" as defined in IRC §408(q).	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
G. Employee contributions to a Roth contribution program as defined in IRC § 402A.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
H. Employer contributions to a qualified annuity contract as defined in IRC §403(a) (applies to IRC §501[c][3] organizations and public school employees).	Not subject CUIC §934(b)	Not subject CUIC §934(b)	Not subject CUIC §13009(i)(2)	Not reportable CUIC §13009.5
I. Employer contributions to a qualified annuity contract as defined in IRC §403(b) (applies to IRC §501[c][3] organizations and public school employers).	Not subject unless the contributions result from a salary reduction agreement. CUIC §934(e)	Not subject unless the contributions result from a salary reduction agreement. CUIC §934(e)	Not subject CUIC §13009(i)(2)	Not reportable CUIC §13009.5
J. Employer contributions under an exempt governmental deferred compensation plan as defined in IRC §3121(v)(3).	Not subject CUIC §934(f)	Not subject CUIC §934(f)	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
K. Employer contributions to certain nonqualified deferred compensation plans.	Subject at the time services are performed or when there is no substantial risk of a forfeiture of the right to the amount, whichever is later. CUIC §928.5(c)	Subject at the time services are performed or when there is no substantial risk of a forfeiture of the right to the amount, whichever is later. CUIC §928.5(c)	Subject CUIC §13009(q)	Reportable CUIC §13009.5
L. Payments upon death or retirement for disability to employee or his/her dependent made under a plan providing for employees or a class or classes of employees.	Not subject CUIC §938	Not subject CUIC §938	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
Salary Advances	Subject at the time the advance is paid, **not** when it is deducted from future earnings (wage payments). CUIC §926	Subject at the time the advance is paid, **not** when it is deducted from future earnings (wage payments). CUIC §926	Subject at the time the advance is paid, **not** when it is deducted from future earnings (wage payments). CUIC §13009	Reportable at the time the advance is paid, **not** when it is deducted from future earnings (wage payments). CUIC §13009.5

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	**State Disability Insurance**	**Personal Income Tax Withholding**	**Personal Income Tax Wages**
Scholarship Payments, Fellowship Grants, Tuition Reductions, or Stipend Award	Not subject if it is reasonable to believe that the benefit is excludable from gross income under IRC §117. CUIC §938.3(c)	Not subject if it is reasonable to believe that the benefit is excludable from gross income under IRC §117. CUIC §938.3(c)	Not subject if it is reasonable to believe that the benefit is excludable from gross income under IRC §117. CUIC §13009(q)	Not reportable if it is reasonable to believe that the benefit is excludable from gross income under IRC §117. CUIC §13009.5
Sickness or Injury Payments under:				
A. Workers' Compensation law.	Not subject CUIC §931(a)	Not subject CUIC §931(a)	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
B. Employer plans and contracts of insurance.	Not subject after the end of six calendar months after the calendar month employee last worked for employer. CUIC §933	Not subject after the end of six calendar months after the calendar month employee last worked for employer. CUIC §933	Subject to the extent the payments into the plan were made by the employer and were not included in the gross taxable income of the employee. CUIC §13009	Reportable to the extent the payments into the plan were made by the employer and were not included in the gross taxable income of the employee. CUIC §13009.5
C. Sick pay while employed.	Subject CUIC §931	Subject CUIC §931	Subject CUIC §13009	Reportable CUIC §13009.5
D. A plan entirely funded by employees.	Not subject CUIC §926	Not subject CUIC §926	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
Sick Pay Paid by Third-Party Payers such as insurance companies and trusts: Reporting is the responsibility of the last employer if timely notified by the payer. Refer to *Information Sheet: Third-Party Sick Pay* (DE 231R).				
A. Third-party payer notifies the recipient's last employer within 15 days after payment. *Request for State Income Tax Withholding from Sick Pay* (DE 4S).	Subject – recipient's employer is responsible for reporting UI and ETT. CUIC §931.5	Not subject CUIC §931.5	Subject if employee requests withholding by filing form DE 4S with the third-party who is responsible for reporting PIT withholding. CUIC §931.5 and 13028.6	Reportable – recipient's employer is responsible for reporting PIT wages. CUIC §13009.5(a)(3)(A)
B. Third-party payer **does not** notify the recipient's last employer within 15 days after payment. Third-party payer is responsible for reporting UI, ETT, any voluntary PIT withholding, and PIT wages.	Subject – third-party payer is responsible for reporting UI and ETT. CUIC §931.5	Not subject – neither employer nor third-party payer are required to report. CUIC §931.5	Subject if employee requests withholding by filing form DE 4S with the third-party payer. CUIC §931.5 and 13028.6(c)	Reportable – third-party payer is responsible for reporting PIT wages. CUIC §13009.5(a)(3)(B)

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Sick Pay Paid by Third-Party Payers (cont.) C. Sick pay paid after the end of six calendar months after the calendar month the employee last worked for the employer, and the third-party payer notifies the recipient's last employer within 15 days after payment.	Not subject – neither employer nor third-party payer are required to report. CUIC §933	Not subject – neither employer nor third-party payer are required to report. CUIC §933	Subject if employee requests withholding by filing form DE 4S with the third-party who is responsible for reporting PIT withholding. CUIC §931.5 and 13028.6(c)	Reportable – recipient's employer is responsible for reporting PIT wages. CUIC §13009.5(a)(3)(A)
D. Sick pay paid after the end of six calendar months after the calendar month the employee last worked for the employer, and the third-party payer **does not** notify the recipient's last employer within 15 days after payment.	Not subject – neither employer nor third-party payer is required to report. CUIC §933	Not subject – neither employer nor third-party payer is required to report. CUIC §933	Subject if employee requests withholding by filing form DE 4S with the third-party payer. CUIC §13009	Reportable – third-party payer is responsible for reporting PIT wages. CUIC §13009.5(a)(3)(B)
Stock Options: Refer to page 14 and *Information Sheet: Stock Options* (DE 231SK) A. Incentive Stock Option (ISO): • Qualifying Disposition (after minimum holding period).	Not subject CUIC §928	Not subject CUIC §928	Not subject CUIC §13003(b)(4) and 13009	Not reportable CUIC §13009
• Disqualifying Disposition.	Not subject CUIC §928	Not subject CUIC §928	Not subject CUIC §13003(b)(4) and 13009	Reportable when disposed CUIC §13009
B. Employee Stock Purchase Plan (ESPP): • Qualifying Disposition.	Not subject CUIC §928	Not subject CUIC §928	Not subject CUIC §13003(b)(4) and 13009	Not reportable CUIC §13009
• Disqualifying Disposition.	Not subject CUIC §928	Not subject CUIC §928	Not subject CUIC §13003(b)(4) and 13009	Reportable when disposed CUIC §13009
C. Nonstatutory Stock Option (NSO): • With Readily Ascertainable Fair Market Value when granted.	Subject when granted CUIC §928	Subject when granted CUIC §928	Subject when granted CUIC §13003(b)(4) and 13009	Reportable when granted CUIC §13009
• Without Readily Ascertainable Fair Market Value when granted.	Subject when exercised CUIC §928	Subject when exercised CUIC §928	Subject when exercised CUIC §13003(b)(4) and 13009	Reportable when exercised CUIC §13009

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Stock Options: (cont.) D. California Qualified Stock Option: • Defined by R&TC §17502.	Not subject CUIC §928	Not subject CUIC §928	Not subject CUIC §13003(b)(4)	Not reportable CUIC §13009
• Not defined by R&TC §17502.	Same treatment as NSO	Same treatment as NSO	Same treatment as NSO	Same treatment as NSO
Supplemental Unemployment Compensation Plan Benefits paid under an employer's plan	Not subject CUIC §1265	Not subject CUIC §1265	Subject CCR, Title 22 §4309-1(b)(4)	Reportable CUIC §13009.5
Supplemental Wages	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable - refer to page 14. CUIC §13009.5
Tips: Refer to *Information Sheet: Tips* (DE 231T) A. Cash tips that are received by the employee while performing services in employment **and** included in a written statement furnished to the employer.	Subject if $20 or more in a month. CUIC §927 and CCR, Title 22 §927-1	Subject if $20 or more in a month. CUIC §927 and CCR, Title 22 §927-1	Subject if $20 or more in a month. CUIC §13009 and 13009(n)(2)	Reportable if $20 or more in a month. CUIC §13009.5
B. Employer controlled tips, such as banquet tips, that are received by the employee from the employer while performing services in employment.	Subject CUIC §926	Subject CUIC §926	Subject CUIC §13009	Reportable CUIC §13009.5
C. Noncash tips.	Not subject IRC §3121(a)(12)(A)	Not subject IRC §3121(a)(12)(A)	Not subject CUIC §13009(n)(1)	Not reportable CUIC §13009.5
Tuition Programs Payments as defined in R&TC §17140, including Golden State Scholarshare Trust. A. Contribution to trust by participant.	Not subject CUIC §926	Not subject CUIC §926	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5
B. Contribution to trust by participant's employer.	Subject CUIC §926 and R&TC §17140(c)(2)	Subject CUIC §926 and R&TC §17140(c)(2)	Subject CUIC §13009(q)	Reportable CUIC §13009.5
C. Distribution from trust to school or participant for educational expenses.	Not subject CUIC §926	Not subject CUIC §926	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5

See page 35 for endnotes

Types of Payments	TREATMENT FOR TAX PURPOSES			
	Unemployment Insurance and Employment Training Tax[1]	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
Vacation Pay, Sick Pay, and Holiday Pay Only when earned, but not paid, prior to termination of employment due to a voluntary quit, discharge, or layoff due to lack of work with no specific date to return to work.	Not subject CUIC §1265.5, 1265.6, and 1265.7	Not subject CUIC §1265.5, 1265.6, and 1265.7	Subject CUIC §13009	Reportable CUIC §13009.5
Worker Adjustment and Retraining Notification (WARN) Payments received by an individual from an employer who has failed to provide the advance notice of a facility closure as required by federal and California WARN legislation.	Not subject CUIC §1265.1	Not subject CUIC §1265.1	Subject CUIC §13009(q)	Reportable CUIC §13009.5
Workers' Compensation	Not subject CUIC §931	Not subject CUIC §931	Not subject CUIC §13009(q)	Not reportable CUIC §13009.5

1 Employers who have elected the "cost of benefit reimbursable method" of financing Unemployment Insurance contributions or who have a negative reserve account balance are not required to contribute to the Employment Training Tax fund.

2 Subject if employer and employee voluntarily agree to withhold California PIT.

3 Pension, annuity, and other deferred income distributions reported on Form 1099R.

4 Employer should report the same amount as PIT wages that is reported for federal income tax wages.

NOTE: A registered domestic partner means an individual partner in a domestic relationship within the meaning of Section 297 of the Family Code.

The California Unemployment Insurance Code is available online at **http://www.leginfo.ca.gov/calaw.html.**

Subscribe to EDD's free e-mail subscription services
www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

CALIFORNIA WITHHOLDING SCHEDULES FOR 2009

California provides two methods for determining the amount of wages and salaries to be withheld for state personal income tax:

- METHOD A - WAGE BRACKET TABLE METHOD **(Limited to wages/salaries less than $1 million)**
- METHOD B - EXACT CALCULATION METHOD

METHOD A provides a quick & easy way to select the appropriate withholding amount, based on the payroll period, filing status, and number of withholding allowances (regular and additional) if claimed. The STANDARD DEDUCTION and EXEMPTION ALLOWANCE CREDIT are **already** included in the wage bracket tables. Even though this method involves fewer computations than Method B, it cannot be used with your computer in determining amounts to be withheld.

METHOD B may be used to calculate withholding amounts either manually or by computer. This method will give an exact amount of tax to withhold. To use this method, you must enter the payroll period, filing status, number of withholding allowances, standard deduction, and exemption allowance credit amounts. These amounts are included in TABLES 1 through 5 of the EXACT CALCULATION Section.

If there are any questions concerning the operation/methodology of Method B for computer software, you may contact:

Franchise Tax Board, Statistical Research Section - 516 Mail Stop A-351
P.O. Box 942840, Sacramento, CA 94240.

SPECIAL NOTE FOR MARRIED EMPLOYEES WITH EMPLOYED SPOUSES: to avoid underwithholding of State income tax liability we recommend that you use one of the following options: Single filing status to compute withholding amounts for the employee and spouse; or withhold an additional flat amount of tax.

Instructions for additional withholding allowances for estimated deductions:

All additional allowances for ESTIMATED DEDUCTIONS that are claimed on a DE 4 must be used to reduce the amount of salaries & wages subject to withholding by using steps 1 and 2 shown below. If the Form W-4 is used for California withholding purposes, all additional allowances for ESTIMATED DEDUCTIONS claimed must be treated as regular withholding allowances; **unless** the employee requests in writing that they be treated in accordance with the following:

1. Subtract the employee's estimated deduction allowance shown in the "TABLE 2 - ESTIMATED DEDUCTION TABLE" from the gross wages subject to withholding; and

2. Compute the tax to be withheld using:

   METHOD A - WAGE BRACKET TABLE METHOD; or http://www.edd.ca.gov/pdf_pub_ctr/09metha.pdf
   METHOD B - EXACT CALCULATION METHOD http://www.edd.ca.gov/pdf_pub_ctr/09methb.pdf

If the DE 4 is used for California withholding purposes, compute the tax to be deducted and withheld based on the total number of regular withholding allowances claimed on line 1 of DE 4.

If the Form W-4 is used for California withholding purposes, compute the tax to be deducted and withheld based on the total number of withholding allowances claimed on line 1 of Form W-4; minus the number of additional allowances for estimated deductions claimed. If Form W-4 does not separately identify the number of additional allowances for estimated deductions, the employee's request must specify the number claimed. The employee's request will remain in effect until the employee terminates it by furnishing a signed written notice or by furnishing a DE 4.

Employers may require employees to file DE 4 when they wish to use additional allowances for estimated deductions to reduce the amount of wages subject to withholding.

REQUIRED FORMS

Under California law, you are required to report specific information periodically or upon notification or request. Timely filing of the required forms will avoid penalty and interest charges. In addition, it will enable EDD to pay Unemployment Insurance, State Disability Insurance, and Paid Family Leave benefits and assist the California Department of Child Support Services and the Department of Justice in the collection of delinquent child support obligations.

The required reporting forms are:

- *Report of New Employee(s*) (DE 34)
- *Report of Independent Contractor(s)* (DE 542)
- *Payroll Tax Deposit* (DE 88)
- *Quarterly Wage and Withholding Report* (DE 6)
- *Annual Reconciliation Statement* (DE 7)

Registered employers receive the forms by mail automatically. New employers will receive the required reporting forms by mail after they register with the Employment Development Department (EDD) for their eight-digit employer account number. Please use the forms mailed to you. If you do not have a form, you can obtain blank forms and detailed instructions by accessing EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm** or calling the Taxpayer Assistance Center at (888) 745-3886. If you are not able to obtain the forms by the delinquency date, you may file an informal report. Detailed instructions on completing informal reports are explained later in this chapter.

When sending payments to EDD, always include your EDD employer account number and make checks/money orders **payable to** the "Employment Development Department."

REMEMBER:

- Use black ink only.
- Print or type the information. If printing, stay within the boxes.
- Include the cents on your wage and tax reports. Do not round to the nearest dollar or use dashes.
- Remove all stubs and vouchers from your checks.
- Do not use staples, paper clips, or tape.
- Do not use highlighters.
- Do not alter preprinted information.

Use the preprinted envelope provided by EDD. If you do not have a preprinted envelope, send your form and payment to:

Employment Development Department
P.O. Box 826276
Sacramento, CA 94230-6276

The information on the following pages explains the **purpose** of the required reporting forms, **how to obtain** the forms, and the **due dates**. If you need to make **adjustments** to a previous deposit, refer to "Correcting Payroll Tax Deposits Chart" in this chapter.

Subscribe to EDD's free e-mail subscription services
www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

REPORT OF NEW EMPLOYEE(S) (DE 34)

Purpose: All employers are required to report new employees to the New Employee Registry (NER). The NER assists California's Department of Child Support Services and Department of Justice in locating parents to collect delinquent child support payments. Employers must also report the actual start-of-work date (not the date hired) for each newly hired employee so that the NER data can be cross-matched to the Unemployment Insurance (UI) benefit payment file. This will result in the early detection and prevention of UI benefit overpayments.

How to Obtain: New employers receive a *Report of New Employee(s)* (DE 34) as part of their new employer package. You may also file online using EDD's e-Services at **https://eddservices.edd.ca.gov**. To obtain DE 34 forms, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de34.pdf**, or contact the Taxpayer Assistance Center at (916) 657-0529 or (888) 745-3886.

When Due: You must report all newly hired employees **within 20 days** of the start-of-work date. If an employee returns to work after a layoff or leave of absence and is required to complete a new IRS *Employee's Withholding Allowance Certificate* (Form W-4), you must report the employee as a new hire. If the returning employee was not formally terminated or removed from payroll records, you do not need to report the employee as a new hire.

The following information must be included when reporting new employees:

Employer Information	Employee Information
• EDD employer account number • Federal Employer Identification Number (FEIN) • Business name • Business address • Business telephone number • Contact person	• First name, middle initial, and last name • Social security number • Home address • Start-of-work date

See sample DE 34 form on page 70.

Filing an Informal Report

If you are not able to obtain a DE 34 by the due date, file an informal report or a copy of the employee's Form W-4 to avoid penalty and interest charges. Your informal report must include all the information listed in the table above.

Mail or fax your new employee information to:

Employment Development Department
Document Management Group, MIC 96
P.O. Box 997016
West Sacramento, CA 95799-7016

Fax: (916) 319-4400

If you are reporting a large number of new employees, we encourage you to send the information magnetically or electronically. Multistate employers who report new hires magnetically or electronically may select one state in which they have employees to report all of their new hires. If you report magnetically or electronically, you do not need to submit a paper DE 34 form. For further information, access the *Magnetic Media Reporting Requirements for New Employee Registry Program* (DE 340) on EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de340.pdf** or contact:

Employment Development Department
Magnetic Media Coordinator, MIC 15
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 651-6945

EDD Employment Development Department State of California

REPORT OF NEW EMPLOYEE(S)

See detailed instructions on page 2. Please type or print.
NOTE: Report new employees within 20 days of start-of-work date.

00340600

DATE	CA EMPLOYER ACCOUNT NO.	BRANCH CODE	FEDERAL ID NO.
031009 D Y Y	00000000		11111111

BUSINESS NAME	CONTACT PERSON	TELEPHONE NO.
EMPLOYER CITY STORE	JANE JONES	(555) 123-7899

ADDRESS / STREET	CITY	STATE	ZIP
123 MAIN STREET,	ANYTOWN,	CA	12345

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME
CINDY	V	SMITH

SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT
000000000	222	MAPLE STREET	

CITY	STATE	ZIP	START-OF-WORK DATE
ANYTOWN	CA	12345	022609 D Y Y

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT

CITY	STATE	ZIP	START-OF-WORK DATE
			M M D D Y Y

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT

CITY	STATE	ZIP	START-OF-WORK DATE
			M M D D Y Y

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT

CITY	STATE	ZIP	START-OF-WORK DATE
			M M D D Y Y

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT/APT

CITY	STATE	ZIP	START-OF-WORK DATE
			M M D D Y Y

DE 34 Rev. 6 (7-08) **(INTERNET)** MAIL TO: Employment Development Department / P.O. Box 997016, Document Management Group, MIC 96 West Sacramento, CA 95799-7016 or fax to (916) 319-4400 CU

Page 1 of 2

REPORT OF INDEPENDENT CONTRACTOR(S) (DE 542)

Purpose: Any business or government entity that is required to file a federal Form 1099-MISC for services performed must also report specific information to EDD regarding any independent contractor providing services to you or your business. The independent contractor information assists California's Department of Child Support Services and Department of Justice in locating parents for the purpose of collecting delinquent child support. An independent contractor is an individual who is not an employee of a business/government entity for California purposes and who receives compensation for or executes a contract for services performed for a business/government entity, either in or outside of California.

How to Obtain: New employers receive a *Report of Independent Contractor(s)* (DE 542) as part of their new employer package. You may also file online using EDD's e-Services at **https://eddservices.edd.ca.gov.** To obtain DE 542 forms, visit our Web site at **www.edd.ca.gov/pdf_pub_ctr/de542.pdf** or contact the Taxpayer Assistance Center at (916) 657-0529 or (888) 745-3886.

When Due: Independent contractor information must be reported to EDD **within 20 days** of either making payments totaling $600 or more, or entering into a contract for $600 or more with an independent contractor in any calendar year, whichever occurs first. This is in addition to your requirement to report the total annual payments to the Internal Revenue Service on a Form 1099-MISC after the close of the calendar year.

The following information must be included when reporting independent contractors:

Business or Government Entity (Service-Recipient) Information	Independent Contractor (Service-Provider) Information
• Federal Employer Identification Number (FEIN) • EDD employer account number • Social security number (if no FEIN number or EDD employer account number) • Business or government entity name, address, and telephone number	• First name, middle initial, and last name *(do not use company name)* • Social security number *(do not use FEIN)* • Address • Start date of contract • Amount of contract (including cents) • Contract expiration date or check box if the contract is ongoing

See sample DE 542 form on page 72.

Filing an Informal Report

If you are not able to obtain a DE 542 form by the due date, you may file an informal report to avoid penalty and interest charges. Your informal report must include all the information listed in the table above.

Mail or fax your independent contractor information to:

Employment Development Department
Document Management Group, MIC 96
P.O. Box 997350
Sacramento, CA 95899-7350

Fax: (916) 319-4410

If you are reporting a large number of independent contractors, we encourage you to send the information magnetically or electronically. If you report magnetically or electronically, you do not need to submit a paper DE 542. For additional information, access the *Magnetic Media Reporting Requirements for Independent Contractor Reporting* (DE 542M) booklet on EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de542m.pdf** or contact:

Employment Development Department
Magnetic Media Coordinator, MIC 15
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 651-6945

REQUIRED FORMS

Employment Development Department
State of California

REPORT OF INDEPENDENT CONTRACTOR(S)

05420101

See detailed instructions on page 2. Please type or print.

SERVICE-RECIPIENT (BUSINESS OR GOVERNMENT ENTITY):

DATE	FEDERAL ID NO	CA EMPLOYER ACCOUNT NO	SOCIAL SECURITY NO
031009	1111111111	00000000	

SERVICE-RECIPIENT NAME / BUSINESS NAME	CONTACT PERSON
EMPLOYER CITY STORE	JANE JONES

ADDRESS	TELEPHONE NO.
123 MAIN STREET	555 123-7899

CITY	STATE	ZIP
ANYTOWN	CA	12345

SERVICE-PROVIDER (INDEPENDENT CONTRACTOR):

FIRST NAME	MI	LAST NAME
FRED	Z	HILL

SOCIAL SECURITY NO	STREET NO	STREET NAME	UNIT/APT
000000000	421	OAK AVENUE	

CITY	STATE	ZIP
ANYTOWN	CA	12345

START DATE OF CONTRACT (M M D D Y Y)	AMOUNT OF CONTRACT	CONTRACT EXPIRATION DATE (M M D D Y Y)	CHECK HERE IF CONTRACT IS ONGOING
040309	1000.00	063009	

FIRST NAME	MI	LAST NAME

SOCIAL SECURITY NO	STREET NO	STREET NAME	UNIT/APT

CITY	STATE	ZIP

START DATE OF CONTRACT (M M D D Y Y)	AMOUNT OF CONTRACT	CONTRACT EXPIRATION DATE (M M D D Y Y)	CHECK HERE IF CONTRACT IS ONGOING

FIRST NAME	MI	LAST NAME

SOCIAL SECURITY NO	STREET NO	STREET NAME	UNIT/APT

CITY	STATE	ZIP

START DATE OF CONTRACT (M M D D Y Y)	AMOUNT OF CONTRACT	CONTRACT EXPIRATION DATE (M M D D Y Y)	CHECK HERE IF CONTRACT IS ONGOING

DE 542 Rev. 3 (3-05) **(INTERNET)**

MAIL TO: Employment Development Department • P.O. Box 997350, MIC 96 • Sacramento, CA 95899-7350
or Fax to (916) 319-4410
Page 1 of 2

PAYROLL TAX DEPOSIT (DE 88)

Overview

Purpose: The *Payroll Tax Deposit* (DE 88) coupon is used to report and pay Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) withholding to EDD.

How to Obtain: Each year (by March), a DE 88 coupon booklet with preprinted payroll tax rates is mailed to you. Preprinted envelopes are also sent with each DE 88 booklet. Newly registered employers are sent a DE 88 booklet containing preprinted coupons about six weeks after registering with EDD. You may also file online using EDD's e-Services at **https://eddservices.edd.ca.gov.**

To obtain additional DE 88 booklets, use the tear-out reorder postcard at the back of your DE 88 booklet. Allow six to eight weeks for delivery. If you do not have a reorder postcard, contact:

Employment Development Department
Document Management Group, MIC 96
ATTN: Forms Request Desk
P.O. Box 826880
Sacramento CA 94280-0001

(916) 654-7041 or (888) 745-3886
Outside U.S. or Canada call (916) 464-3502

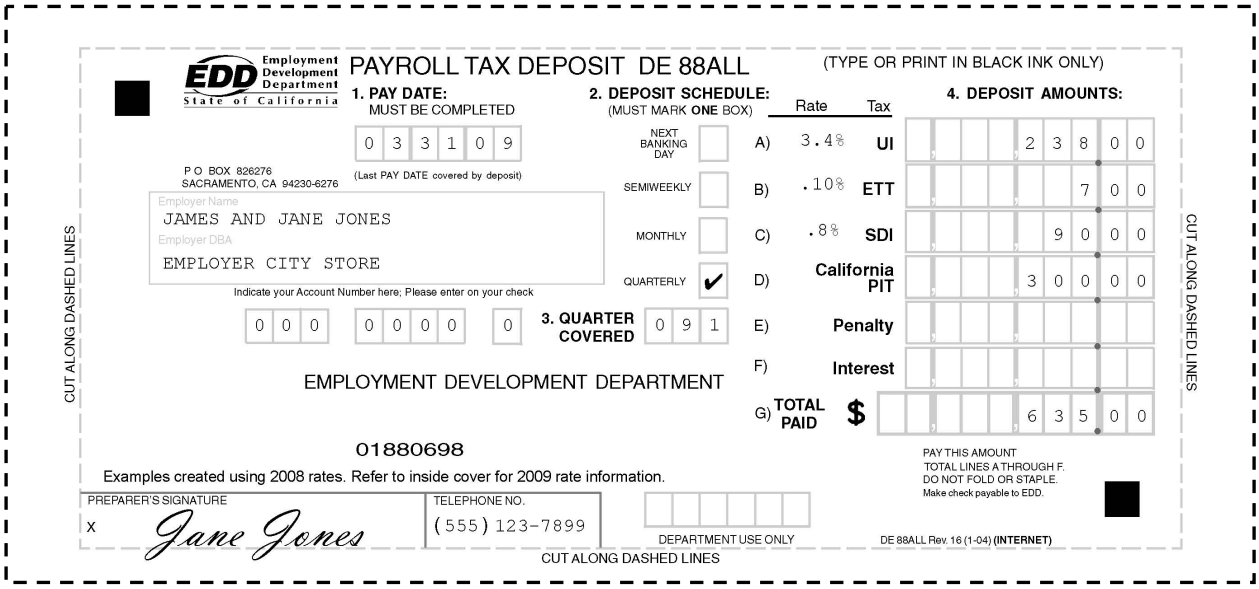
To obtain blank DE 88 coupons (DE 88ALL), access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de88all.pdf**. Detailed instructions on completing a DE 88 coupon can be found in your *Payroll Tax Deposit* (DE 88) coupon booklet or refer to the DE 88ALL-I (instructions) at **www.edd.ca.gov/pdf_pub_ctr/de88alli.pdf** on the Internet. Simple instructions on how to complete items 1, 2, 3, and 4 on the DE 88/DE 88ALL coupon are available at **www.edd.ca.gov/pdf_pub_ctr/de88allsi.pdf**. If you have questions about completing your DE 88 coupon, please contact the Taxpayer Assistance Center at (916) 654-7041 or (888) 745-3886.

PLEASE DO NOT USE ANOTHER EMPLOYER'S DE 88 COUPON. The coupons we provide you are encoded with your EDD employer account number. If you use another employer's coupon, our computers will read the EDD employer account number coded on the coupon and apply the payment accordingly.

When Due: If you do not withhold PIT or if accumulated PIT withholdings are less than $350, taxes (UI, ETT, SDI, and PIT) are due each quarter on January 1, April 1, July 1, and October 1. If your PIT withholdings are $350 or more, your SDI and PIT will need to be deposited more often. For additional information, refer to page 75.
NOTE: Sample forms were completed using 2008 rates. Refer to inside cover for 2009 rates.

FOR ILLUSTRATIVE PURPOSES ONLY

Sample DE 88 Form


EDD Employment Development Department State of California
PAYROLL TAX DEPOSIT DE 88ALL
(TYPE OR PRINT IN BLACK INK ONLY)
1. PAY DATE: MUST BE COMPLETED
0 3 3 1 0 9
(Last PAY DATE covered by deposit)
P O BOX 826276
SACRAMENTO, CA 94230-6276
Employer Name
JAMES AND JANE JONES
Employer DBA
EMPLOYER CITY STORE
Indicate your Account Number here; Please enter on your check
0 0 0 0 0 0 0 0
3. QUARTER COVERED 0 9 1
EMPLOYMENT DEVELOPMENT DEPARTMENT
01880698
2. DEPOSIT SCHEDULE: (MUST MARK ONE BOX)
NEXT BANKING DAY
SEMIWEEKLY
MONTHLY
QUARTERLY ✔
4. DEPOSIT AMOUNTS:
Rate Tax
A) 3.4% UI 2 3 8 0 0
B) .10% ETT 7 0 0
C) .8% SDI 9 0 0 0
D) California PIT 3 0 0 0 0
E) Penalty
F) Interest
G) TOTAL PAID $ 6 3 5 0 0
PAY THIS AMOUNT TOTAL LINES A THROUGH F. DO NOT FOLD OR STAPLE. Make check payable to EDD.
Examples created using 2008 rates. Refer to inside cover for 2009 rate information.
PREPARER'S SIGNATURE
x Jane Jones
TELEPHONE NO.
(555) 123-7899
DEPARTMENT USE ONLY
DE 88ALL Rev. 16 (1-04) (INTERNET)
CUT ALONG DASHED LINES
CUT ALONG DASHED LINES
CUT ALONG DASHED LINES

REQUIRED FORMS

PAYROLL TAX DEPOSIT (DE 88) (cont.)

Withholding Deposits

All tax payments must be submitted with a properly completed *Payroll Tax Deposit* (DE 88/DE 88ALL) coupon, unless payments are made by Electronic Funds Transfer or by credit card using EDD's e-Services. Although employer contributions of UI and ETT are due quarterly, withholdings from employees' wages for SDI and California PIT may need to be deposited more often. California SDI and PIT deposit due dates are based on each employer's federal deposit schedule/requirement and the amount of accumulated PIT the employer has withheld. Details are provided below and in the table on page 75. For information on federal deposit schedules, download IRS' *Employer's Tax Guide* (Publication 15, Circular E) from the IRS' Web site at **www.irs.gov** or contact the IRS at (800) 829-3676. A penalty of 10 percent plus interest will be charged on late payroll tax payments. The postmark date is used to determine the timeliness of tax payments submitted by mail.

Mail all tax payments with *Payroll Tax Deposit* (DE 88/DE 88ALL) to:

Employment Development Department
P.O. Box 826276
Sacramento, CA 94230-6276

Please write your EDD employer account number on your check or money order.

CALIFORNIA DEPOSIT REQUIREMENTS

CALIFORNIA DEPOSIT SCHEDULE	REQUIREMENT DEFINITION
Next Banking Day	You are required to make Next Banking Day SDI and PIT deposits if you are required to make federal Next Banking Day deposits AND you accumulate more than $400* in California PIT during one or more payroll periods. **If you accumulate $350-$400 in PIT during one or more pay period, see Monthly requirements below.*** The Next Banking Day deposit schedule requires deposits to be made by the next banking day. Banking days do not include Saturdays, Sundays, and legal holidays.
Semiweekly	You are required to make Semiweekly SDI and PIT deposits if you are required to make federal Semiweekly deposits AND you accumulate more than $400* in California PIT during one or more payroll periods. **If you accumulate $350-$400 in PIT during one or more pay periods, see Monthly requirements below.*** The Semiweekly deposit schedule requires deposits for paydays on Wednesday, Thursday, and Friday to be made by the following Wednesday. For paydays on Saturday, Sunday, Monday, or Tuesday, deposits must be made by the following Friday. Semiweekly depositors always have three business days after the end of the Semiweekly period to make a deposit. If any of the three business days after the end of the Semiweekly period is a legal holiday, you will have an additional business day to make your deposit.
Monthly	You are required to make Monthly SDI and PIT deposits if you are required to make federal Annual, Quarterly, or Monthly deposits AND you accumulate $350 or more in California PIT during one or more months of a quarter. Monthly deposits are due by the 15th day of the following month. If the 15th is a Saturday, Sunday, or legal holiday, the last timely date would be the next business day. **You are required to make Monthly SDI and PIT deposits if you are required to make federal Semiweekly or Next Banking Day deposits and you accumulate $350-$400* in California PIT during one or more months of a quarter.**
Quarterly	Quarterly tax payments are due and delinquent on the same dates as the *Quarterly Wage and Withholding Report* (DE 6). (See Monthly deposit schedule if you are a Quarterly depositor but accumulate $350 or more in California PIT during one or more months of the quarter.) Employer contributions for UI and ETT are due quarterly. However, they may be submitted more often with any required SDI and PIT deposits.

*California PIT deposit threshold may be adjusted annually.

WITHHOLDING DEPOSITS

California Deposit Requirements				
If Your Federal Deposit Schedule/ Requirement Is[1]	**And You Have Accumulated State PIT Withholding of**	**If Payday Is**	**PIT and SDI Deposit Due By[2]**	**California "Deposit Schedule" box to mark on the DE 88/DE 88ALL**
Next Banking Day	Less than $350	Any day	Quarterly[3]	Quarterly
	$350 to $400	Any day	15th of the following month	Monthly
	More than $400	Any day	Next Banking Day	Next Banking Day
Semiweekly	Less than $350	Any day	Quarterly[3]	Quarterly
	$350 to $400	Any day	15th of the following month	Monthly
	More than $400	Wed., Thurs., or Fri.	Following Wednesday	Semiweekly
	More than $400	Sat., Sun., Mon., or Tues.	Following Friday	Semiweekly
Monthly	Less than $350	Any day	Quarterly[3]	Quarterly
	$350 or more	Any day	15th of the following month	Monthly
Quarterly[4,5] or Annually[6]	Less than $350	Any day	April 30, 2009 July 31, 2009 November 2, 2009 February 1, 2010	Quarterly
	$350 or more	Any day	15th of the following month	Monthly

NOTE:

[1] Electronic Fund Transfer (EFT) transactions for Next Banking Day deposits must be settled in the State's bank account on or before the third banking day following the payroll date.

[2] 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.

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

[4] 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 withholding quarterly or more often based on the guidelines in this table.

[5] A deposit of employer UI and ETT taxes not previously paid is also due each quarter by the due dates shown.

[6] 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.

REMEMBER*:*

- Once you make a Next Banking Day deposit to IRS, your Federal Deposit Schedule automatically becomes semiweekly for the remainder of that calendar year and all of the following year.
- Semiweekly depositors always have three banking days after the end of the semiweekly period to make a deposit. If any of the three weekdays after the end of a semiweekly period is a holiday, you will have one additional banking day to deposit. By law, the EZPAY DE 88 credit card program is not considered an electronic payment and, therefore, does not satisfy the EFT mandatory requirement for SDI and PIT deposits. Tax deposits made by credit card use the same deposit due dates as the DE 88 coupon and remittance.
- The EFT transactions for quarterly deposits must settle into the State's bank account on or before the banking day following the last timely date. (Refer to page 76 for the timely settlement dates and page 87 for additional information regarding EFT.)

Due Dates for Quarterly Tax Deposits

Using a *Payroll Tax Deposit* (DE 88) Coupon
Mail your tax payments with a DE 88 to EDD or remit electronically through EDD's e-Services. Complete all sections on your DE 88 so that your deposit can be applied correctly to your account. Please **use** the preprinted DE 88 coupons and envelopes mailed to you. When your payroll tax deposits are mailed to EDD, the postmark date is used to determine timeliness. Penalty and interest **are charged** on late deposits. If you mail your DE 88 coupon or use e-Services, the filing due dates and delinquency dates for 2009 quarterly payroll tax deposits are:

Reporting Period	Filing Due Date	Delinquent If Not Paid By
January, February, March	April 1, 2009	April 30, 2009
April, May, June	July 1, 2009	July 31, 2009
July, August, September	October 1, 2009	November 2, 2009
October, November, December	January 1, 2010	February 1, 2010

Using Electronic Funds Transfer (EFT)
The EFT transactions for quarterly UI and ETT payments and quarterly SDI and PIT payments must settle in the State's bank account on or before the timely settlement date. Please refer to the last column in the chart below for specific settlement dates.

2009 Quarterly EFT Payment Chart

Reporting Period	Taxes Due	Last Timely Date (initiate on or before)	Timely Settlement Date
January, February, March	April 1, 2009	April 30, 2009	May 1, 2009
April, May, June	July 1, 2009	July 31, 2009	August 3, 2009
July, August, September	October 1, 2009	November 2, 2009	November 3, 2009
October, November, December	January 1, 2010	February 1, 2010	February 2, 2010

To ensure timely settlement of your EFT payments, please note:

- Automated Clearing House (ACH) **credit** transactions are processed based on individual bank requirements. Ask your bank what day you should report your payment to ensure a timely settlement date.
- ACH **debit** transactions must be reported by 3 p.m., Pacific Time, on or before the last timely date to ensure a timely settlement date.

Late Deposit, Penalty, and Interest
When your tax payments are mailed to EDD, the postmark date is used to determine timeliness. When tax payments are remitted electronically, the settlement date is used to determine timeliness. If the last timely filing date falls on a Saturday, Sunday, or legal holiday, the next business day is considered to be the last timely date. A penalty of ten percent plus interest **will be** charged on late payroll tax payments. If you are late sending your payment, you can use the same DE 88 coupon to pay the penalty and interest. Please refer to your *Payroll Tax Deposit* (DE 88) coupon booklet for instructions on how to calculate late penalty and interest or contact the Taxpayer Assistance Center at (888) 745-3886 for assistance and/or the current Daily Interest Factor. The interest rate is reestablished every six months.

To avoid erroneous penalty and interest on late deposits, be sure your DE 88 is properly completed. It must include your EDD employer account number, business name, address, telephone number, pay date, deposit schedule, quarter to which the deposit applies, and the dollar amount to be applied to each payroll tax (UI, ETT, SDI, and PIT). Your check or money order should also include your business name and EDD employer account number. Please use the preprinted DE 88 envelope to mail your DE 88 and payment to EDD. If you do not have a DE 88 coupon, it is not "good cause" for filing or paying your taxes late.

NOTE: If you **do not** make timely payments, you will receive an *Employer Account Statement* (DE 2176) that provides details of the delinquent balance due. If the delinquency is not paid, a tax lien may be issued. If a tax lien is issued, it will be recorded at the county recorder's office. Tax lien information is a matter of public record after it is recorded.

Penalty for Failure to Deposit Payroll Taxes

Employers are required to withhold payroll taxes and send them to EDD. Any person or employer who fails to do this, even by mistake, can be charged with a misdemeanor. If convicted, the person or employer can be fined up to $1,000 or sentenced to jail for up to one year, or both, at the discretion of the court.

Filing an Informal Report

If you are not able to locate a *Payroll Tax Deposit* (DE 88) coupon by the due date, use the form available on EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de88all.pdf** and then request replacement coupons by contacting the Taxpayer Assistance Center at (888) 745-3886. **Do not use DE 88 coupons from another business** as the account information is embedded in the scanline at the bottom of the coupon, and their account may be credited with your deposit. This may result in penalty and interest being established on your account.

If a DE 88 coupon cannot be obtained prior to the delinquency date, file an informal report to avoid penalty and interest charges. An informal DE 88 should include the following:

- Owner name
- EDD employer account number
- Business name
- Business address
- Business phone number
- Pay date
- UI tax (if end of quarter payment)
- ETT (if end of quarter payment)
- SDI withheld
- PIT withheld
- Quarter covered (year and quarter that wages were paid)
- Deposit schedule (Next Banking Day, Semiweekly, Monthly, or Quarterly)

Sign and mail the informal report with any payment due to:

Employment Development Department
P.O. Box 826276
Sacramento, CA 94230-6276

Correcting Payroll Tax Deposits

The EDD no longer reconciles employer accounts each quarter. Use the following chart to determine when you should notify EDD of any deposit adjustments:

	Reason for Adjustment		How to Make an Adjustment	Form to Use
Correcting *Payroll Tax Deposits* (DE 88) Coupon	Overpaid	UI, ETT, SDI, and/or PIT on a DE 88 **prior to filing your *Annual Reconciliation Statement* (DE 7).**	On the next DE 88 (for the **same calendar year**), regardless of quarter, reduce the amount of taxes due by the amount of the overpayment. **Do not** show credits on the DE 88.	DE 88 (DO NOT USE A DE 678)
	Overpaid	UI, ETT, SDI, and/or PIT on a DE 88 **prior to filing your DE 7**, and it is **not** feasible to offset the overpayment against your next tax deposit.	File one *Tax and Wage Adjustment Form* (DE 678) for each tax deposit for which you are requesting a refund. **NOTE:** This is for a refund **prior to filing your year-end DE 7**.	DE 678, complete sections I, II, III, and IV
	Overpaid	UI, ETT, or SDI and your **DE 7 was filed**.	**Do not file a *Tax and Wage Adjustment Form* (DE 678) if the DE 7 was filed with correct information.** The overpayment will be refunded if your account does not have an outstanding liability. For DE 7 corrections, refer to "Correcting a prior DE 7" on page 81.	None

The *Tax and Wage Adjustment Form* (DE 678) is available online at **www.edd.ca.gov/pdf_pub_ctr/de678.pdf**.

PAYROLL TAX DEPOSIT (DE 88) (cont.)

Correcting Payroll Tax Deposits (cont.)

Correcting *Payroll Tax Deposits* (DE 88) Coupon (cont.)	Over-withheld	PIT and: • DE 7 was filed. • Form W-2 was issued to the employee.	**Do not**: • Refund PIT overwithholding to the employee, • Change the California PIT withholding amount shown on the Form W-2, **or** • File a claim for refund with EDD. The employee will receive a credit for the PIT overwithholding when filing a California State income tax return with the Franchise Tax Board (FTB)	None
	Underpaid	UI, ETT, SDI, and/or PIT prior to filing your DE 7.	File a DE 88 and pay the amount due, including penalty and interest.	DE 88 (indicate the delinquent quarter)
	Underpaid	UI, ETT, SDI, and/or PIT, and your DE 7 was filed.	Complete a DE 88 and pay the additional amount due for the quarter, including penalty and interest, if any, **or** when you receive *an Employer Account Statement* (DE 2176) in the mail, pay the balance due.	DE 88 or DE 2176
	Allocated the wrong amounts to specific funds on a DE 88.		**Do not** file a correction form; EDD will make the necessary adjustments at the end of the year when your DE 7 is filed.	None

When **written permission** is obtained from an employee**,** you are authorized to adjust any overwithholding or underwithholding of California PIT from the employee, if the adjustment is made within the same calendar year and before the IRS Form W-2 is issued. You should obtain a receipt from the employee whenever a credit adjustment or repayment of overwithheld tax is made.

Overwithheld California PIT must be credited or refunded to your employee **before** you can take a credit or receive a refund from EDD. This overpayment can be adjusted in one of the following ways:

- If you have issued an IRS Form W-2 to the employee, you **cannot** adjust any overwithholding of PIT reported. The employee will receive credit for any overwithholding when he/she files a California State income tax return with FTB.
- If you have issued IRS Form W-2 showing the wrong amount, you must issue an IRS *Corrected Wage and Tax Statement* (Form W-2c) to the employee. **Do not** send the State copy of the IRS Form W-2c to EDD or FTB.

NOTE: A claim for credit or refund must be filed within three years of the delinquent date for the quarter being adjusted. When adjusting a tax deposit prior to filing your DE 7, file a separate DE 678 for each tax deposit being adjusted.

	Reason for Adjustment		How to Make an Adjustment	Form to Use
Correcting Payroll Tax Deposits Made by Electronic Funds Transfer (EFT)	Overpaid	UI, ETT, SDI, and/or PIT via Electronic Funds Transfer (EFT) **prior** to filing your DE 7.	On your next EFT transaction for the same calendar year, regardless of quarter, reduce the amount of taxes due by the amount of the overpayment. **Do not** show the credit on the EFT transaction.	EFT transaction*
	Underpaid	UI, ETT, SDI, and/or PIT via EFT **prior** to filing your DE 7.	Initiate two separate EFT transactions, one for the delinquent fund(s) and another for the calculated penalty and interest amount. Indicate the delinquent quarter.	EFT transaction*

*Mandatory EFT filers are subject to noncompliance penalty if an SDI/PIT deposit is paid by check with a DE 88 coupon.

NOTE: If you overpaid or underpaid UI, ETT, SDI, or PIT after filing your DE 7, refer to the tables on Correcting Payroll Tax Deposits on pages 77 and 78.

QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6)

Overview

Purpose: Employers use the *Quarterly Wage and Withholding Report* (DE 6) to report employee wages subject to Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and to report Personal Income Tax (PIT) withheld and PIT wages.

How to Obtain: The DE 6 is mailed to you in March, June, September, and December each year. You may also file online using EDD's e-Services at **https://eddservices.edd.ca.gov.** To obtain a DE 6, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de6.pdf** or call the Taxpayer Assistance Center at (888) 745-3886.

When Due: January 1, April 1, July 1, and October 1 each year (refer to the table below for last timely filing dates). **You must file a DE 6 each quarter even if you paid no wages during the quarter.**

See sample DE 6 form on page 80.

2009 Due Dates for the *Quarterly Wage and Withholding Report* (DE 6)

Report Covering	Due Date	Delinquent If Not Filed By
January, February, March	April 1, 2009	April 30, 2009
April, May, June	July 1, 2009	July 31, 2009
July, August, September	October 1, 2009	November 2, 2009
October, November, December	January 1, 2010	February 1, 2010

NOTE:

- **You must file a DE 6 even if you paid no wages during the quarter.** If you have no payroll during a quarter, you are still considered an employer and are required to sign and file a DE 6. Please enter "0" (zero) in each box in Item A and in Items M, N, and O of the Grand Total line. Check Box "C," sign and date the report, and send it to EDD.
- Wages are reported when they are **paid** to the employee, not when the employee earns the wages. Because UI and SDI benefits are based on the highest quarter of wages, it is important that wages are reported for the correct quarter. If you have any questions on reporting your employees' wages, please contact the Taxpayer Assistance Center at (888) 745-3886.
- A wage item penalty of $10 per employee will be charged for late reporting or unreported employee wages.
- If your reports are filed late or you **do not** make timely payments, you will receive an *Employer Account Statement* (DE 2176) that provides details of the delinquent balance due. If the delinquency is not paid, a tax lien may be issued. If a tax lien is issued, it will be recorded at the county recorder's office. Tax lien information is a matter of public record after it is recorded.
- Employers with 250 or more employees must file magnetically or electronically. For more information, please refer to page 88.
- Only check Box B if you have been approved by EDD to report and pay Disability Insurance (DI) as a Voluntary Plan employer (DI provided to employees through a private plan rather than the State's plan).
- To prevent data capture errors, please use black ink when you type or print. If typing, use font size 12 in upper case letters. If printing, stay within the boxes provided on the form. Include cents – do not round to the nearest dollar or use dashes, commas, slashes, or dollar signs.
- Before submitting your DE 6, make sure the following are correct: the quarter you are reporting, your employer account number, the names of your employees, and their social security numbers.

Correcting a Prior DE 6

If you have made an error on a DE 6, obtain the *Instructions for Completing the Tax and Wage Adjustment Form* (DE 678-I) and *Tax and Wage Adjustment Form* (DE 678) to correct the error. To obtain these forms, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

NOTE: DE 6 information continues on page 81.

FOR ILLUSTRATIVE PURPOSES ONLY

Page number _____ of _____

QUARTERLY WAGE AND WITHHOLDING REPORT

PLEASE TYPE THIS FORM PER INSTRUCTIONS ON REVERSE
You must FILE this report even if you had no payroll. If you had no payroll, complete Items C or D and P.

00060198

YR 09 QTR 2

QUARTER ENDED 06/30/2009 DUE 07/01/2009 DELINQUENT IF NOT POSTMARKED OR RECEIVED BY

EMPLOYER ACCOUNT NO. 00000000

DO NOT ALTER THIS AREA

P1 C T S W A

EFFECTIVE DATE Mo. Day Yr WIC

JAMES AND JANE JONES
P. O. BOX 12345
ANYTOWN, CA 12345

A. **EMPLOYEES** full-time and part-time who worked during or received pay subject to UI for the payroll period **which includes the 12th** of the month

1st Mo	2nd Mo.	3rd Mo
2	2	2

B Check this box if you are reporting ONLY Voluntary Plan DI wages on this page. Report PIT Wages and PIT Withheld, if appropriate. (See instructions for Item B.)

C. NO PAYROLL D. OUT OF BUSINESS/FINAL REPORT Date_____

E. SOCIAL SECURITY NUMBER	F. EMPLOYEE NAME (FIRST NAME)	(M.I.) (LAST NAME)	G. TOTAL SUBJECT WAGES	H. PIT WAGES	I. PIT WITHHELD
000000000	MARY	J PAYNE	25000.00	25000.00	345.10
000000000	CINDY	V SMITH	1000.00	1000.00	0.00

J. TOTAL SUBJECT WAGES THIS PAGE	K. TOTAL PIT WAGES THIS PAGE	L. TOTAL PIT WITHHELD THIS PAGE
26000.00	26000.00	345.10

M. GRAND TOTAL SUBJECT WAGES	N. GRAND TOTAL PIT WAGES	O. GRAND TOTAL PIT WITHHELD
26000.00	26000.00	345.10

P. *I declare that the information herein is true and correct to the best of my knowledge and belief.*

Preparer's Signature *Jane Jones* Title EMPLOYER (Owner, Accountant, Preparer, etc.) Phone (555) 123-7899 Date 07/14/2009

DE 6 Rev. 5 (1-08) **(INTERNET)** MAIL TO: State of California / Employment Development Department / P.O. Box 826288 / Sacramento, CA 94230-6288

Page 1 of 2 CU

Fast, Easy, and Convenient!
Visit EDD's Web site at **www.edd.ca.gov**

REQUIRED FORMS

QUARTERLY WAGE AND WITHHOLDING REPORT (DE 6) (cont.)

Filing an Informal DE 6 Report
If you are not able to obtain a DE 6 or file at **https://eddservices.edd.ca.gov** prior to the delinquency date, file an informal report to avoid penalty and interest charges. Your informal DE 6 should include the following information:

- Owner name
- EDD employer account number
- Business name
- Business address
- Business phone number
- Payroll quarter
- Mid-month employment (the number of full-time and part-time employees who worked during, or received pay for the payroll period which includes the 12th day of the month.)
- Individual employee's:
  - Social security number
  - Full name (for example, Jane D. Jones)
  - Total subject wages
  - PIT wages
  - PIT withheld
- Subtotals per page (should contain no more than 25 employees and use a font size 12 or larger). If the **TOTAL** report exceeds 250 employees, you must file by magnetically or electronically (refer to page 88)
- Grand totals

Sign and mail the informal report to:

Employment Development Department
P.O. Box 826288
Sacramento, CA 94230-6288

REQUIRED FORMS

ANNUAL RECONCILIATION STATEMENT (DE 7)

Overview

Purpose: Each year, you are required to complete an *Annual Reconciliation Statement* (DE 7). It is used to reconcile your payroll tax payments and the total subject wages you reported for the year.

How to Obtain: A DE 7 is mailed to you in December each year. To obtain a DE 7, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de7.pdf** or contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

When Due: Your 2009 DE 7 must be postmarked by February 1, 2010, to be timely.

For assistance completing your DE 7, please contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

Year-End Payment Due: If "Line J" on your DE 7 shows payroll taxes **due**, prepare a DE 88 and include the correct payment quarter. Send the DE 88 with the amount due to EDD using the preprinted DE 88 envelope. Your DE 88 and payment **must** be mailed in a **separate** envelope from your DE 7.

NOTE: Mandatory Electronic Funds Transfer (EFT) filers must remit all SDI and PIT deposits by EFT.

Correcting a Prior DE 7
If you have made an error on a DE 7, obtain the *Instructions for Completing the Tax and Wage Adjustment Form* (DE 678-I) and *Tax and Wage Adjustment Form* (DE 678) to correct the error. To obtain these forms, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886, outside U.S. or Canada call (916) 464-3502.

NOTE: Sample forms were completed using 2008 rates. Refer to inside cover for 2009 rates.

EDD Employment Development Department State of California

ANNUAL RECONCILIATION STATEMENT

PLEASE TYPE THIS FORM - DO NOT ALTER PREPRINTED INFORMATION

00070104

YEAR ENDED 12/31/09 DUE 01/01/10 DELINQUENT IF NOT POSTMARKED OR RECEIVED BY 02/01/10 YEAR 2009

EMPLOYER ACCOUNT NO. 000-0000-0

EMPLOYER CITY STORE
123 MAIN STREET
ANYTOWN, CA 12345

DEPT. USE ONLY — DO NOT ALTER THIS AREA: P1 P2 C P U S A T

EFFECTIVE DATE Mo. Day Yr.

FEIN 00-0000000

ADDITIONAL FEINS

CHECK BOX IF: A. NO WAGES PAID THIS YEAR ☐ B. OUT OF BUSINESS ____ Date ☐

C. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR → 86,000.00

D. UNEMPLOYMENT INSURANCE (UI) (Total Employee Wages up to per employee per calendar year)

(D1) UI % 3.40 TIMES (D2) UI TAXABLE WAGES 14,000.00 = (D3) UI CONTRIBUTIONS 476.00

E EMPLOYMENT TRAINING TAX (ETT)

(E1) ETT % 0.1 TIMES UI Taxable Wages (D2) = (E2) ETT CONTRIBUTIONS 14.00

F. STATE DISABILITY INSURANCE (SDI) (Total Employee Wages up to $ per employee per calendar year)

(F1) SDI % 0.80 TIMES (F2) SDI TAXABLE WAGES 85,916.00 = (F3) SDI EMPLOYEE CONTRIBUTIONS WITHHELD 687.33

Examples created using 2008 rates refer to inside cover for 2009 rate information.

G. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD → PIT WITHHELD PER FORMS W-2 AND/OR 1099R 1,263.24

H. **SUBTOTAL** (Add Items D3, E2, F3, and G) → 2,440.57

I. LESS: CONTRIBUTIONS AND WITHHOLDINGS PAID FOR THE YEAR (**DO NOT** INCLUDE PENALTY AND INTEREST PAYMENTS) → 2,440.57

J. TOTAL TAXES DUE OR OVERPAID (Item H minus Item I) → 0.00

If amount due, prepare a *Payroll Tax Deposit* (DE 88), include the correct payment quarter, and mail to: Employment Development Department, P.O. Box 826276, Sacramento, CA 94230-6276. Mailing payments with DE 7 delays payment processing and may result in erroneous penalty and interest charges. **Mandatory EFT filers must remit all SDI/PIT deposits by EFT to avoid a noncompliance penalty.**

K. Be sure to sign this declaration: *I declare that the information herein is true and correct to the best of my knowledge and belief.*

Signature *Jane Jones* Title OWNER (Owner, Accountant, Preparer, etc.) Phone (555) 123-7899 Date 01/30/10

SIGN AND MAIL TO: State of California / Employment Development Department / P.O. Box 826286 / Sacramento CA 94230-6286

DE 7 Rev. 5 (7-08) **(INTERNET)** Page 1 of 2 CU

Filing an Informal DE 7 Statement
If you are not able to obtain a DE 7 prior to the delinquency date, file an informal report to avoid penalty and interest charges. Your informal DE 7 should include the following:

- Owner name
- EDD employer account number
- Business name
- Business address
- Business phone number
- Payroll year
- The following "totals" for 2009:
  - Subject wages
  - UI/ETT taxable wages
  - UI tax
  - ETT
  - SDI taxable wages
  - SDI withheld
  - PIT withheld
  - Tax liability
  - Less amounts paid
  - Balance due

Sign the informal report and mail to:

Employment Development Department
P.O. Box 826286
Sacramento, CA 94230-6286

When you file your tax reports and pay on time, you will:

- Avoid penalty charges
- Ensure the payment of UI, SDI and PFL benefits
- Provide funds for employment training programs

NOTE: If an employer fails to send a completed DE 7 to EDD, a penalty of $1,000 or 5 percent of total annual taxes, whichever is less, may be assessed.

Subscribe to EDD's free e-mail subscription services
www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

FEDERAL FORMS W-2 AND 1099

***Wage and Tax Statement* (Form W-2)**
As an employer, you are required to prepare a federal *Wage and Tax Statement* (Form W-2) for each of your employees. For 2009, you must provide your employees with Form W-2 by February 1, 2010.* Prepare the Form W-2 on the federal/state four-part paper form.

If you need information on Form W-2 reporting requirements, refer to the IRS *Employer's Tax Guide* (Publication 15, Circular E). For federal instructions on completing Form W-2, refer to the IRS publication *2009 Instructions for Forms W-2 and W-3*. To obtain these publications, access IRS' Web site at **www.irs.gov** or call IRS at (800) 829-3676.

In addition to the federal information required, you must include California Personal Income Tax (PIT) wages and PIT and State Disability Insurance (SDI) withheld in the following Form W-2 boxes:

FORM W-2	
Box	**Enter**
Box 16 (State wages, tips, etc.)	California PIT wages
Box 17 (State income tax)	California PIT withheld
Box 19 (Local income tax)	The abbreviation "CASDI" and SDI withheld (For additional information, see "**NOTE**" below.)

NOTE:

- If Box 19 has local taxes, use "Box 14-Other." If **no** boxes are available, you are required to provide your employees with a separate written statement containing:
  - Your business or entity name, address, and federal and EDD employer numbers.
  - The employee's name, address, and social security number.
  - The amount of disability insurance actually withheld and/or paid directly by you under the State plan or the amount actually withheld under a voluntary plan.
- If the wages were **not** subject for SDI, show "CASDI 0" (zero).
- If you pay SDI taxes **without** withholding SDI from the employee's wages, you should show the SDI taxes as if withheld and increase the amount you report according to the formula as shown on the *Information Sheet: Social Security/Medicare/SDI Taxes Paid by an Employer* (DE 231Q). To obtain a DE 231Q, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231q.pdf**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886.
- If you are covered under an authorized Voluntary DI Plan for disability insurance, enter "VPDI" and the VPDI amount actually withheld.

Generally, the amount reported as California PIT wages on Form W-2 (Box 16, State wages) is the same as the federal wages (Box 1). However, the amounts may differ based on:

- Federal and California differences in definition of:
  - Employee (refer to page 16).
  - Taxable wages (refer to page 26).
- Residency of the employee (refer to page 15).
- If the employee performs services in more than one state.

For additional information on federal and California differences, please contact the Taxpayer Assistance Center at (888) 745-3886. If the employee performs services in more than one state, contact the other state(s) for guidance on how to complete the Form W-2 for that state.

If you discover an error on a previously issued Form W-2, refer to the IRS publication *Instructions for Forms W-2c and W-3c* for instructions on completing an IRS *Corrected Wage and Tax Statement* (Form W-2c).

*Employers failing to provide a Form W-2 to each employee, or who furnish a false or fraudulent statement, are subject to a penalty of fifty dollars ($50) for each such failure as imposed under Section 13052 of the California Unemployment Insurance Code (CUIC). Employers may also be subject to an additional penalty for failure to file informational returns (Form W-2 or a Form 1099-MISC) to misclassified employees as provided under Section 13052.5 of the CUIC. The amount of the penalty is determined based upon the unreported remuneration for personal services multiplied by the maximum rate (9.3%) as provided under Section 17041 of the Revenue and Taxation Code. Contact EDD's Taxpayer Assistance Center at (888) 745-3886 for assistance.

Do not send the "State" copy of Form W-2 and Form W-2c to the State of California (EDD or FTB). The W-2 forms are not filed with the State because you should already be reporting wage and withholding information to EDD on the *Quarterly Wage and Withholding Report* (DE 6). However, you must continue to send Forms W-2 and W-2c to your employees and the Social Security Administration.

Information Return (Form 1099)

Individuals, partnerships, corporations, or other organizations engaged in a trade or business in California may have a requirement to report independent contractor payments made in the course of their business. For 2009, you must provide a statement, containing the information furnished to IRS and FTB, to each independent contractor by February 1, 2010.* If you do not use the official IRS Form 1099 to furnish the statement to recipients, see IRS Publication 1179 for specific rules for substitute statements.

How To File

FTB recommends that you file under the IRS Combined Federal/State Filing Program. When you are approved by the IRS and use the Combined Filing Program, you only have to file once with the IRS, and they will forward your California returns to FTB. The following forms may be filed under this program: 1099-DIV, 1099-G, 1099-INT, 1099-MISC, 1099-OID, 1099-PATR, 1099-R, and 5498.

If you are not participating in the Combined Filing Program and file 250 or more information returns of one type, you must file directly with FTB electronically, on tape cartridge, diskette, or compact disk.

If you file paper information returns with the IRS, **do not send a paper copy to FTB**. The IRS will forward the information to FTB. This works for paper filing only. If you file less than 250 returns electronically, on tape cartridge, diskette, or CD with the IRS, you must use the same method to file with FTB.

Publications and Contact Information

To obtain Form 1099 reporting requirements and instructions, refer to the IRS Web site at **www.irs.gov** or call (800) 829-3676. For information on the Combined Filing Program, call (866) 455-7438. For information on completing paper forms, see the IRS Publication 1220 and IRS general instructions for 1099, 1098, 5498, W-2G, or the individual instructions available for each type of information return.

NOTE: California PIT withheld from pension, annuity, and other deferred income, should be reported on IRS Form 1099-R *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc*. For instructions on completing Form 1099-R, refer to IRS *Instructions for Forms 1099-R and 5498*. To obtain instructions, access IRS' Web site at **www.irs.gov** or call IRS (800) 829-3676. For State requirements for 1099-R reporting, see FTB 8305 Reporting Requirements for Forms 1098, 1099, 5498 and W-2G, available on the FTB Web site at **www.ftb.ca.gov**.

For More Information, Contact:

IRS
(866) 455-7438
www.irs.gov
mccirp@irs.gov

FTB
(916) 845-6304
www.ftb.ca.gov
IRPhelp@ftb.ca.gov

*Failure to provide an Informational Return (Form 1099) to each independent contractor may be subject to a penalty as imposed under Section 13052.5 of the California Unemployment Insurance Code or Section 19175 of the Revenue and Taxation Code. The amount of the penalty is determined based upon the unreported remuneration for personal services multiplied by the maximum rate (9.3%) as provided under Section 17041 of the Revenue and Taxation Code. Contact EDD's Taxpayer Assistance Center at (888) 745-3886 for assistance.

NOTE: As of January 1, 2008, all employers are required to notify all of their employees of the federal Earned Income Tax Credit. (Please refer to page 92 for details).

FILING OPTIONS

The EDD offers a range of e-Services to file payroll tax reports and pay tax deposits. This will eliminate the need for mailing reports or sending a deposit coupon and paper check. In addition to filing magnetically and electronically, EDD also offers filing by Telefile. The following sections describe your filing options:

e-Services features:

- Fast, easy, and secure ways to handle your payroll taxes.
- Easy-to-use, step-by-step instructions.
- Simple one time online registration to use EDD's e-Services programs.
- Ability to view and edit your reports prior to submission.
- Immediate confirmation of successful filing.
- Ability to view and print reports previously submitted online.
- Retains a filing history of reports filed online.
- Change address or inactivate account.

– File

The e-File program allows you to key in and submit the following EDD tax and wage forms through EDD's secure Web site. The programs use a step-by-step approach, making reporting easier and faster than ever before. You can also get online help and answers to questions for completing your reports and submitting them online.

- *Quarterly Wage and Withholding Reports* (DE 6)*
- *Report of New Employee(s)* (DE 34)
- *Report of Independent Contractor(s)* (DE 542)

  *This form is used for employers with less than 250 employees.

For more information regarding our e-File program, visit our Web site at **https://eddservices.edd.ca.gov**, e-mail us at **ecom@edd.ca.gov**, or call the Electronic Systems Customer Service office at (800) 796-3524.

FEDERAL/STATE EMPLOYMENT TAXES (FSET)

Several states, the Internal Revenue Service, and some software vendors developed FSET to provide a standardized method for reporting federal and state employment tax and wage reports in eXtensible Markup Language (XML). FSET allows you to transmit your *Quarterly Wage and Withholding Reports* (DE 6) and *Annual Reconciliation Statement* (DE 7) as a file attachment over the Internet using XML.

FSET is open to**:**

- ✓ Employers who want to either develop their own software, or use the services of a participating payroll service provider or transmitter.
- ✓ Software developers, transmitters, and payroll service providers that act as reporting agents.

Employers who are required to file their federal wage reports magnetically or electronically (those with 250 or more employees) must also file their California *Quarterly Wage and Withholding Report* (DE 6) magnetically or electronically. Filing with FSET fulfills this requirement. Even if you have less than 250 employees, filing electronically with FSET or via the Internet is quick, easy, secure, and convenient.

For more information on the FSET program, visit our Web site at **https://eddservices.edd.ca.gov**, e-mail us at **FSET@edd.ca.gov**, or call the FSET Customer Service office at (866) 592-1651.

– Pay

ELECTRONIC FUNDS TRANSFER

Electronic Funds Transfer (EFT) is an electronic method for remitting all of your Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) payments. Funds are transferred from your bank account (with payment information) to the State's account, eliminating the need to send a *Payroll Tax Deposit* (DE 88) coupon and paper check. The following is a brief overview of the EFT program:

- **Mandatory EFT** – Each year, your account is reviewed to determine if you meet the requirements for mandatory EFT filing. If your average (per payment) deposit for SDI and PIT is $20,000 or more for the prior State Fiscal Year (July 1 to June 30), you are required to pay all SDI and PIT deposits by EFT during the next calendar year, regardless of the dollar amount. First-time mandatory EFT filers are notified of their status by October 31, prior to the year of mandatory EFT participation. Employers who meet the requirement in the preceding year do not receive another notice. Mandatory EFT participants are subject to a 10 percent noncompliance penalty if an SDI and PIT deposit is paid by check with a DE 88 coupon or any method other than EFT. The UI and ETT payments are not subject to the noncompliance penalty.
- **Voluntary EFT Filing** – If you do not meet the mandatory EFT requirement, we still encourage you to file by EFT on a voluntary basis.
- **Payment Options** – There are two EFT payment methods–the Automated Clearing House (ACH) debit method and the ACH credit method. Employers who select the ACH debit method report their payment information to the State's data collector by telephone, Internet, or personal computer (PC) with modem. The ACH credit filers report their payment information to their bank, usually by PC or through a program offered by their bank.
- **Timeliness** – When your tax payment is remitted electronically, the settlement date is used to determine timeliness. The settlement date is different than the due date for DE 88 coupons. For additional information on timely settlement dates, obtain an *Electronic Funds Transfer Program Information Guide* (DE 27).

For more information or to obtain a DE 27 or *Electronic Funds Transfer Authorization Agreement* (DE 26), access EDD's Web site at **https://eddservices.edd.ca.gov** or contact the EFT Unit at (916) 654-9130.

EZPAY

The EZPAY program allows you to use a major credit card to pay your Payroll Tax Deposits (DE 88s), either on the Internet or by touch-tone telephone, eliminating the need to send a DE 88 coupon and a check or money order. EZPAY accepts American Express, Discover, MasterCard, and Visa. There is a 2.5 percent (.025) convenience fee of the payment amount to use this service. The EZPAY program is not considered an Electronic Funds Transfer (EFT) method of payment, so it does not satisfy the EFT mandatory requirement. For more information regarding the EZPAY program, visit our Web site at **https://eddservices.edd.ca.gov** or call the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

– Register

EZREG

The EZREG program is a secure Web site that allows new employers to register online with EDD. The newly registered employer will receive their EDD employer account number and tax rate information immediately upon successful registration. Registered employers can also change their address or inactivate their account using EZREG. For more information regarding the EZREG Internet application, go to EDD's e-Services on our Web site at **https://eddservices.edd.ca.gov** or call the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada call (916) 464-3502.

ADDITIONAL FILING OPTIONS

TELEFILE

The EDD's Telefile program is an interactive voice response system designed for employers with a small number of employees to file tax and wage reports and pay employment taxes by telephone. Newly registered employers with seven or less employees are automatically sent a Telefile Invitation package that includes their temporary four-digit Personal Identification Number (PIN), *Tax Telefile Information Guide* (DE 747), and the *Telefile Remittance Authorization Agreement* (DE 26T) in the mail. You must register as a Telefile customer using your eight-digit employer account number and your temporary PIN. Employers who would like to file tax payments via the Telefile System must enroll as an ACH debit customer by submitting the DE 26T to EDD.

ADDITIONAL FILING OPTIONS (Cont.)

Reports that can be Telefiled:

- *Payroll Tax Deposit* (DE 88) (ACH debit customers only).
- *Quarterly Wage and Withholding Report* (DE 6).
- *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW).
- *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) (ACH debit customers only).

Telefile system advantages:

- Available 24 hours a day, 7 days a week (excluding scheduled maintenance).
- Toll-free numbers for Telefile access and customer service.
- Quick updates to your account.
- Eliminates the need to mail reports or checks (**NOTE:** paper reports will still be mailed to you).
- Wage and withholding reports may be filed for the current and five previous quarters.
- Annual returns may be filed for the current and prior year.
- No cost to you.
- Available in English and Spanish.

To find out if Telefile is right for you, or to request a Telefile Invitation package, contact Electronic Systems Customer Service at (800) 796-3524, Monday through Friday, 8 a.m. to 5 p.m., Pacific time. You may also e-mail Electronic Systems Customer Service at **ecom@edd.ca.gov**.

MAGNETIC MEDIA REPORTING

Employers who are required to file their federal wage reports using magnetic media or electronically (employers with 250 or more employees) must also file their California *Quarterly Wage and Withholding Report* (DE 6) magnetically or electronically. Employers who fail to file their report of wages on magnetic media or electronically after being notified by EDD that they are required to use magnetic media or electronically will be assessed a penalty of $10 for each wage item not reported on magnetic media or electronically.

Employers unable to comply with this requirement may request a waiver by submitting a *Waiver Request From Filing Quarterly Wage Report(s) on Magnetic Media* (DE 3086M) available on EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de3086m.pdf**. The waiver request must be filed within 90 days of becoming subject to the magnetic media or electronic filing requirement. Employers will be notified when the waiver has been approved or denied. Approved waivers are valid for six months, or longer at EDD's discretion. Employers who receive a waiver are required to file paper DE 6 reports.

- The *Magnetic Media Reporting Guide for Quarterly Wage and Withholding Reporting Program* (DE 8300) is available on EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de8300.pdf**.

The EDD also allows tax preparers and payroll services to file their clients' *Payroll Tax Deposit* (DE 88) and *Annual Reconciliation Statement* (DE 7) on magnetic media. Magnetic media reporting is an alternative to filing on paper, but, like paper forms, it must be filed timely. Before a service bureau can begin reporting its clients' *Payroll Tax Deposits* (DE 88) or *Annual Reconciliation Statement* (DE 7) on magnetic media to EDD, a test file must be submitted and evaluated prior to submitting live data.

For further information, or to sign up for magnetic media reporting, contact:

Employment Development Department
Magnetic Media Coordinator, MIC 15
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 654-6845
Fax: (916) 654-0302

CHANGE OF STATUS

What does "change of status" mean?

A change of status occurs when you:

- Purchase or sell a business.
- Change business ownership.
- Change your business name.
- Change your mailing address.
- No longer have employees.
- Close your business.

❑ ***ACTION REQUIRED*:** Notify EDD of any change to your business status by completing a *Change of Employer Account Information* (DE 24) available online at **www.edd.ca.gov/pdf_pub_ctr/de24.pdf**. Registered employers may change addresses and/or inactivate their account using EDD's e-Services at **https://eddservices.edd.ca.gov**.

PURCHASE, SELL, TRANSFER, OR CHANGE OWNERSHIP

Registered employers must report **any** change in business status (for example: any change in business name or legal entity, such as a change from partnership or limited liability company to corporation). Report changes in writing by completing a DE 24 and mailing it to:

Employment Development Department
Account Services Group, MIC 28
P.O. Box 826880
Sacramento, CA 94280-0001

Please be sure to include your EDD employer account number, your name, and your telephone number on **all** correspondence you send to EDD.

Unlike IRS, EDD does not always issue a new employer account number when there is a change in business ownership. When there is a change in the type of ownership but one or more owners of the business remain, the new entity normally keeps the same EDD employer account number and continues to make payroll tax deposits and file reports as though it was the same ownership for the entire year. For additional information, contact our Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

Purchase a Business

If you purchase a business with employees (or a business that previously had employees), you may be held liable for the previous owner's EDD liability if a *Certificate of Release of Buyer* (DE 2220) is not obtained. To request a DE 2220, contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

Until a DE 2220 is issued, you (the buyer) must hold in escrow an amount sufficient to cover all amounts the seller owes to EDD, up to the purchase price of the business. The DE 2220 is issued after the seller pays all amounts owed to EDD. Payment must be made by cash, cashier's check, certified check, escrow check, or money order payable to EDD.

For your protection, escrow funds should not be disbursed until the DE 2220 has been issued. For additional information, obtain the *Requirements for Obtaining Certificate of Release of Buyer When a Business Is Sold* (DE 3409A) by accessing EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de3409a.pdf**, calling our automated Fax on Demand system at (877) 547-4503, or contacting the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

NOTE: If immediately after the acquisition of the business you employ any of the former owner's workers, the wages paid to these employees during the same calendar year are considered as having been paid by you. Therefore, wages paid by the former owner in the current calendar year are applied to the taxable wage limits for Unemployment Insurance, Employment Training Tax, and State Disability Insurance.

***REMEMBER*:** Notify EDD in writing of any change of status to your business.

WHAT IS A SUCCESSOR EMPLOYER?

A successor employer is an employer who has acquired all or part of another employer's (predecessor) business and continues to operate the business without substantial reduction of personnel resulting from the acquisition. The successor employer may receive all or part of the predecessor's UI reserve account balance by applying for a reserve account transfer. The transfer may qualify the successor for a lower UI tax rate. The successor employer must still register with EDD if they do not already have an existing EDD employer account number.

For more information on reserve account transfers, refer to page 99 or contact our Contribution Rate Group at (916) 653-7795.

NOTE: Acquiring all or part of the stock in a corporation does not constitute a new employing unit. The corporation retains the same EDD employer account number.

BUSINESS NAME CHANGE

To report a change in business name, corporation name, personal name (i.e., marriage), or change in ownership of the business, use a *Change of Employer Account Information* (DE 24). To obtain a DE 24, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de24.pdf**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886.

MAILING ADDRESS CHANGE

To change your mailing address, please complete the change of address form provided in the *Payroll Tax Deposit* (DE 88) coupon booklet or the *Instructions for Preparing the DE 88/DE 88ALL Payroll Tax Deposit Coupon* (DE 88ALL-I). You may also use a *Change of Employer Account Information* (DE 24). To obtain a DE 24, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de24.pdf**, call our automated Fax on Demand system at (877) 547-4503, or contact the Taxpayer Assistance Center at (888) 745-3886. Registered employers may change addresses using EDD's e-Services at **https://eddservices.edd.ca.gov**.

Do not make any changes to the preprinted data on the front of the DE 88, *Quarterly Wage and Withholding Report* (DE 6), or *Annual Reconciliation Statement* (DE 7).

NO LONGER HAVE EMPLOYEES

If you no longer have employees and will not be reporting wages in any future quarter, you must send a final DE 88 with payment, DE 6, and DE 7. For EDD to close your employer account, you must complete Box "D" on the DE 6 and Box "B" on the DE 7. Employers may inactivate their account using EDD's e-Services at **https://eddservices.edd.ca.gov**.

If you currently do not have employees but may have employees in future quarters, you are still required to file your DE 6 showing "0" (zero) payroll or EDD may presume you have employees and assess your account.

CLOSE YOUR BUSINESS

If you close your business, you **are required** to file a DE 88 with payment, a DE 6, and DE 7 within 10 days of quitting business, **regardless** of the normal due dates. For EDD to close your employer account, you must complete Box "D" on the DE 6 and Box "B" on the DE 7. Employers may inactivate their account using EDD's e-Services at **https://eddservices.edd.ca.gov**.

NOTE: Please mail each form (DE 88 with payment, DE 6, and DE 7) separately to the preprinted address shown on the form.

ADDITIONAL INFORMATION

Changing your business ownership solely for the purpose of obtaining an employer account with a lower UI contribution rate is not allowed. California Unemployment Insurance Code (CUIC) Section 1052 provides that a reserve account transfer will not apply to any acquisition, which is determined to have been made for the purpose of obtaining a more favorable UI contribution rate. EDD is aggressively pursuing businesses practicing UI rate manipulation. To read more about UI rate manipulation, please refer to page 101.

REQUIRED NOTICES AND PAMPHLETS

Posting Requirements

Once you are registered with EDD, you will receive a notice to post, which informs your employees of their rights under the Unemployment Insurance (UI), State Disability Insurance (SDI), and Paid Family Leave (PFL) programs. This notice must be posted in a prominent location that is easily seen by your employees. You will receive the following notice if you are subject to:

- UI, SDI, and PFL - *Notice to Employees* (DE 1857A).
- UI only - *Notice to Employees - Unemployment Insurance Benefits* (DE 1857D).
- SDI and PFL only - *Notice to Employees* (DE 1858).

Notices and Pamphlets

Provide a copy of the following notice and pamphlets to each of your employees when appropriate:

- *Notice to Employees* (DE 35) informs employees that their employer is required to send copies of *Employee's Withholding Allowance Certificate* (Form W-4 [federal] or DE 4 [state]) to the Franchise Tax Board (FTB) if the certificate meets certain conditions. Please refer to "Marital Status, Withholding Allowances, and Exemptions (Form W-4 and DE 4)" on page 12 for further information.
- The following pamphlets explain your employees' benefit rights:
  - *For Your Benefit - California's Programs for the Unemployed* (DE 2320) – Provides information on UI, DI, PFL, and Workforce Service benefits available to the employee.
  - *State Disability Insurance Provisions* (DE 2515) – This brochure outlines the SDI program.
  - *Paid Family Leave* (DE 2511) – This brochure outlines the Paid Family Leave insurance program.

NOTE: To obtain the DE 2511, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de2511.pdf**. To obtain the other publications listed above, access EDD's Web site at **www.edd.ca.gov/Forms**. For additional information on your posting requirements, visit the California Tax Service Center Web site at **www.taxes.ca.gov.** Voluntary Disability Insurance (DI) Plan insurers have similar literature. Voluntary DI Plan employers must also supply claim forms to their employees. For further information on Voluntary DI Plans, refer to page 111.

- Notice required by the Earned Income Tax Credit Information Act (refer to page 92 for details).
- Notice to Employee as to Change in Relationship - Written notice must be given immediately to employees of their discharge, layoff, leave of absence, or change in employment status.

  The following sample meets the minimum requirements:

NOTICE TO EMPLOYEE AS TO CHANGE IN RELATIONSHIP
(Issued pursuant to provisions of Section 1089
of the California Unemployment Insurance Code.)

Name _____ SSN# _____

1. You were/will be laid off/discharged on _____ 20 _____
   (date)
2. You were/will be on leave of absence starting _____ 20 _____
   (date)
3. On _____ your employment status changed/will change as follows:
   (date)

_____
(Name of Employer)

_____
(By)

You may wish to prepare the employee notice in duplicate and keep a copy for your files. Notices prepared by the employer **must** include the information shown on the Notice to Employee as to Change in Relationship (above).

- Notice of Plant Closure or Mass Layoff.

❑ ***ACTION REQUIRED:*** Post the DE 1857A and provide a DE 35, DE 2320, DE 2511, and DE 2515 to each of your employees. Provide the Notice to Employee as to change in Relationship and/or Worker Adjustment and Retraining Notification (WARN) notice, as applicable.

No written notice is required if it is a voluntary quit, promotion or demotion, change in work assignment or location (some changes in location require a WARN notice), or if work stopped due to a trade dispute.

REQUIRED NOTICES AND PAMPHLETS

Earned Income Tax Credit Information Act
Effective January 1, 2008, all employers are required to notify all of their employees of the federal Earned Income Tax Credit (EITC).

You must provide notification to your employees by either handing it directly to your employee or mailing it to your employee's last known address. Posting of this information on an employee bulletin board **will not** satisfy the notification requirement.

The notification shall include instructions on how to obtain any notices available from the Internal Revenue Service for this purpose, including, but not limited to, the IRS Notice 797 and Form W–5, **or** any successor notice or form, or any notice created by you, as long as it contains substantially the same language as the notice below.

"Based on your annual earnings, you may be eligible to receive the earned income tax credit from the federal government. The earned income tax credit is a refundable federal income tax credit for low-income working individuals and families. The earned income tax credit has no effect on certain welfare benefits. In most cases, earned income tax credit payments will not be used to determine eligibility for Medicaid, supplemental security income, food stamps, low-income housing or most temporary assistance for needy families payments. Even if you do not owe federal taxes, you must file a tax return to receive the earned income tax credit. Be sure to fill out the earned income tax credit form in the federal income tax return booklet. For information regarding your eligibility to receive the earned income tax credit, including information on how to obtain the IRS Notice 797 or Form W-5, or any other necessary forms and instructions, contact the Internal Revenue Service at 1-800-829-3676 or through its Web site at **www.irs.gov."**

Subscribe to EDD's free e-mail subscription services
www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

PLANT CLOSURE OR MASS LAYOFF (WARN)

Federal and California Worker Adjustment and Retraining Notification (WARN) legislation requires covered employers to provide 60 days advance notice of plant closings and mass layoffs. Advance notice provides employees and their families some transition time to adjust to the prospective loss of employment, to seek and obtain alternative jobs and, if necessary, to enter skill training or retraining that will allow these employees to successfully compete in the job market.

For the complete notification requirements of the California WARN legislation, carefully review the Labor Code provisions on the Department of Industrial Relations' (DIR) Web site at **www.dir.ca.gov** (click on "California Labor Code," Part 4, Chapter 4, Sections 1400-1408).

The table below provides the general provisions of the federal and California WARN legislation.

Subject	Federal	California (Assembly Bill 2957, Koretz)
Covered Employers	Applicable only to employers with 100 or more full-time employees who must have been employed for at least 6 months of the 12 months preceding the date of required notice in order to be counted. (29 USC 2101 and 20 CFR 639.3)	Applicable to a "covered establishment" with 75 or more employees full- or part-time. As under the federal WARN Act, employees must have been employed for at least 6 months of the 12 months preceding the date of required notice in order to be counted. (California Labor Code, Section 1400[a] and [h])
Plant Closings or Layoffs Requiring Notice	Plant closings involving 50 or more employees during a 30-day period. Layoffs within a 30-day period involving 50 to 499 full-time employees constituting at least 33 percent of the full-time workforce at a single site of employment. Layoffs of 500 or more are covered regardless of percentage of workforce. (29 USC, et seq., 2101 and 20 CFR 639.3)	Plant closings, layoffs, or relocations of 50 or more employees within a 30-day period regardless of percentage of work force. Relocation is defined as a move to a different location more than 100 miles away. (California Labor Code, Section 1400[c] and [d])
Legal Jurisdiction	Enforcement of WARN requirements through U.S. District Courts. The court, in its discretion, may allow the prevailing party a reasonable attorney's fee as part of the costs. (29 USC 2101, et seq.)	Suit may be brought in "any court of competent jurisdiction." The court may award reasonable attorney's fees as part of costs to any prevailing plaintiff. The California WARN law is in the Labor Code, and the authority to investigate through the examination of books and records is delegated to the Labor Commissioner. (California Labor Code, Sections 1404 and 1406)
Employer Liability	An employer who violates the WARN provisions is liable to each employee for an amount equal to back pay and benefits for the period of the violation, up to 60 days, but no more than one-half the number of days the employee was employed by the employer. (29 USC; 2104[a])	A possible civil penalty of $500 a day for each day of violation. Employees may receive back pay to be paid at employee's final rate or three-year average rate of compensation, whichever is higher. In addition, employer is liable for cost of any medical expenses incurred by employees that would have been covered under an employee benefit plan. The employer is liable for period of violation up to 60 days or one-half the number of days the employee was employed whichever period is smaller. (California Labor Code, Section 1403)

PLANT CLOSURE OR MASS LAYOFF (WARN) (cont.)

Subject	Federal	California (Assembly Bill 2957, Koretz)
Notice Requirements	An employer must provide written notice 60 days prior to a plant closing or mass layoff to all of the following: • Employees or their representative. • Employment Development Department State Dislocated Worker Unit WARN Act Coordinator, MIC 69 P.O. Box 826880 Sacramento, CA 94280-0001 • The chief elected official of local government within which such closing or layoff is to occur. (29 USC, 2102; 20 CFR 639.6)	An employer must give notice 60 days prior to a plant closing, layoff, or relocation. In addition to the notifications required under the federal WARN Act, notice must also be given to both of the following: • The Local Workforce Investment Board. • The chief elected official of **each** city and county government within which the termination, relocation, or mass layoff occurs. (California Labor Code, Section 1401)
Exceptions and Exemptions	Regular federal, State, local, and federally recognized Indian tribal governments are not covered. (29 USC, 2102[a]; 20 CFR 639.3) The following situations are exempt from notice: • There is an offer to transfer employee to a different site within a reasonable commuting distance. (29 USC, 2101[b][2]; 20 CFR 639.5) • The closure is due to unforeseeable business circumstances or a natural disaster. (29 USC, 2103; 20 CFR 639.9) • The closing or layoff constitutes a strike or constitutes a lockout not intended to evade the requirement of this chapter. (29 USC, 2103[2])	California WARN does not apply when the closing or layoff is the result of the completion of a particular project or undertaking of an employer subject to Wage Orders 11, 12, or 16, regulating the Motion Picture Industry, or Construction, Drilling, Logging, and Mining Industries, and the employees were hired with the understanding that their employment was limited to the duration of that project or undertaking. (California Labor Code, Section 1400[g]) The notice requirements do not apply to employees involved in seasonal employment where the employees were hired with the understanding that their employment was seasonal and temporary. (California Labor Code, Section 1400[g][2]) Notice is not required if a mass layoff, relocation, or plant closure is necessitated by a physical calamity or act of war. (California Labor Code, Section 1401[c]) Notice of a relocation or termination is not required where, under multiple and specific conditions, the employer submits documents to DIR, and DIR determines that the employer was actively seeking capital or business, and a WARN notice would have precluded the employer from obtaining the capital or business. (California Labor Code, Section 1402.5). This exception does not apply to notice of a mass layoff as defined in California Labor Code Section 1400(d). (California Labor Code, Section 1402.5[d])

The EDD has established local Rapid Response Teams to assist employers and workers during a mass layoff or plant closure. These teams, facilitated through the One-Stop Career Center System, are a cooperative effort between the Local Workforce Investment Area (LWIA) and EDD. These teams disseminate information on the adult and dislocated worker services available under Title I of the Workforce Investment Act and through EDD's Workforce Service and UI programs. If the dislocation is the result of foreign competition or foreign relocation, the dislocated worker may be eligible for assistance, income support, job search assistance/relocation, and/or training under the Trade Adjustment Assistance (TAA) programs. For information on TAA, refer to page 113. To find out more about or request Rapid Response services, contact the LWIA in your area. The LWIA contact information is available on EDD's Web site at **www.edd.ca.gov/Jobs_and_Training/LWIA_Listing.htm**.

For more information about California's WARN requirements or services, contact EDD's WARN Act coordinator at (916) 654-7799 or the LWIA in your area.

For additional information on the federal WARN Act access DOL's Web site at **www.dol.gov/compliance/laws/comp-warn.htm**.

U.S. GOVERNMENT CONTRACTOR JOB LISTING REQUIREMENTS

Employers with U.S. Government contracts or subcontracts of $100,000 or more are required to list job openings with the state employment service system or with America's Job Central's Web site at **www.jobcentral.com**. In California, employers must list job openings with EDD's CalJOBS[SM] at **www.caljobs.ca.gov**. Furthermore, employers are required to take affirmative action to employ, and advance in employment, qualified disabled veterans, other protected veterans, Armed Forces service medal veterans, and recently separated veterans.

All federal contractors who hold a contract or subcontract for $50,000 or more and have at least 50 employees are further required to prepare and maintain an affirmative action program at each establishment that sets forth the policies and practices in hiring and promoting qualified disabled veterans, other protected veterans, Armed Forces service medal veterans, and recently separated veterans. Additionally, all federal contractors and subcontractors must report the total number of all current employees in each job category and at each hiring location in their annual VETS-100 report. The plan (VETS-100 Format on the Internet at **http://vets100.com**) must be updated each year.

RECORDKEEPING

Employers are required to keep payroll records for at least four years. If you believe that you are **not** a subject employer or that your employees are exempt, State law requires that you maintain records of payments made to people who provide services to your business for at least eight years in case of an employment tax audit. Your records must provide a true and accurate account of **all** workers (employed, no longer employed, on a leave of absence, and independent contractors) and all payments made. Records must include the following information for each worker:

- Worker's
  - Full name (first name, middle initial, and last name).
  - Social Security Number.
- Date hired, rehired, or returned to work after a temporary layoff.
- Last date services were performed.
- Place of work.
- Money paid:
  - Dates and amounts of payment.
  - Pay period covered.
- Cash or cash value of in-kind wages (such as meals, lodging, bonuses, gifts, and prizes) showing the nature of the payment, the period that the services were performed, and the type of special payment made.
- The amounts withheld from employee wages. (**NOTE:** You may be required to make withholding deposits. Refer to "Withholding Deposits" on page 74).
- Disbursement records showing payments to workers.
- Other information necessary to determine payments to workers.

If you have any questions on the records you must keep, please see *Information Sheet: Employment Tax Audit Process* (DE 231TA). This form is available on EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231ta.pdf**, or request from our automated Fax on Demand system at (877) 547-4503, Document No. 3410, or contact the Taxpayer Assistance Center at (888) 745-3886.

Subscribe to EDD's free e-mail subscription services

www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

COMMITMENT

The EDD is committed to applying the payroll tax laws of the State of California in an equitable and impartial manner. Toward that goal, we have developed the following information to inform you of your rights during the employment taxation process.

EMPLOYER RIGHTS

As an employer, you have the right to:

- Courteous and timely service from EDD employees.
- Expect that information maintained by EDD be kept confidential and not published or made available for public inspection. However, in certain instances, the law requires that this information be shared with other governmental agencies. When those instances occur, EDD closely follows the law to protect your rights to confidentiality.
- Call upon EDD for accurate information and assistance and to have all your questions answered.
- Receive a clear and accurate account statement if EDD believes you owe taxes.
- Request a filing extension for up to 60 days. The law provides that EDD may grant a filing extension where “good cause” is shown for a delay. (Refer to the “Glossary” for the definition of “good cause.”)
- Request a waiver of penalty showing “good cause” for filing a report or making a payment late.
- An impartial audit and a full explanation of our audit findings if your business is selected for an audit.
- Discuss the issue(s) with an EDD representative, supervisor, office manager, and Taxpayer Advocate Office if you disagree with an action taken by EDD.
- Appeal certain actions to the California Unemployment Insurance Appeals Board.

The *Employers’ Bill of Rights* (DE 195) brochure has been developed to inform you of your rights during the employment taxation process. To obtain a copy of the DE 195, access EDD’s Web site at **www.edd.ca.gov/pdf_pub_ctr/de195.pdf** or contact the Taxpayer Assistance Center at (888) 745-3886.

OFFICE OF THE TAXPAYER RIGHTS ADVOCATE

The EDD has established the Office of the Taxpayer Rights Advocate (OTRA), which is responsible for providing a clear, consistent focus on protecting the rights of the taxpayer. Incorporated within OTRA are the Taxpayer Advocate Office and Settlements Office.

Taxpayer Advocate Office

The Taxpayer Advocate Office is responsible for protecting the rights of taxpayers during all phases of the payroll tax administration, assessment, and collection process, while also protecting the interests of the State.

If you are unable to resolve a payroll tax problem with an EDD representative, supervisor, **and** office manager, you may contact the Taxpayer Advocate Office for assistance. This office will review the issues and facts of your case to ensure that your rights have been protected and work to facilitate a resolution to your problem. Please contact the Taxpayer Advocate Office for further assistance.

Employment Development Department
Taxpayer Advocate Office, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001

Toll-free Telephone: (866) 594-4177
Telephone: (916) 654-8957
Fax: (916) 654-6969

OFFICE OF THE TAXPAYER RIGHTS ADVOCATE (cont.)

Settlements Office

The Settlements Program provides employers and the State an opportunity to avoid the cost of prolonged litigation associated with resolving disputed payroll tax issues (i.e., protests, appeals, or refund claims).

When reviewing a settlement offer, EDD considers the risks and costs for the State associated with litigating the issues, balanced against the benefit of reaching a settlement agreement. Final tax liabilities, cases still in process, cases involving fraud or criminal violations, and issues solely involving fairness or financial hardship are generally not eligible. Depending on the reduction of tax and penalties and the petition status of the case, settlement agreements are subject to approval by an Administrative Law Judge, the California Unemployment Insurance Appeals Board, and the Attorney General before they can be finalized.

If you have questions, please contact the Settlements Office at (916) 653-9130. To obtain the *Information Sheet*: *Settlements Program* (DE 231SP), please access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231sp.pdf**, call our automated Fax on Demand system at (877) 547-4503, request Document No. 3390, or contact the Taxpayer Assistance Center at (888) 745-3886.

Settlement offers may be submitted to:

Employment Development Department
Settlements Office, MIC 93
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 653-9130
FAX: (916) 653-7986

PROTECTING YOUR PRIVACY

The Employment Development Department (EDD) recognizes that your privacy is a personal and fundamental right without exception. The EDD values and protects your privacy and places strict controls on the gathering and use of personally identifiable data. Your personal information is not disclosed, made available, or otherwise used for purposes other than those specified at the time of collection, except with your consent or as authorized by law or regulation.

In addition, the payroll tax and benefit information collected by EDD is confidential. As an employer, you have the right to obtain access to and inspect your records. You may also authorize your agent or representative to access your personal information through a written authorization or *Power of Attorney Declaration* (DE 48). To obtain a copy of the DE 48, access EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de48.pdf**, request Document No. 1140 from our Fax on Demand at (877) 547-4503, or call the Taxpayer Assistance Center at (888) 745-3886.

If you have further questions regarding your privacy rights, please contact the Tax Information Security Office at (916) 654-5981.

OFFERS IN COMPROMISE (OIC)

An Offers in Compromise (OIC) enables a qualified applicant to eliminate an employment tax liability at less than full value. To qualify for an OIC, **all** of the following are required:

- The liability must be final and undisputed.
- The employer's account must be inactive and out-of-business or the applicant must no longer have a controlling interest or any association with the business that incurred the liability.
- The applicant must meet all financial requirements.
- Full financial disclosure is required before an offer can be analyzed.

If you have questions or wish to request the *Information Sheet*: *Offers In Compromise* (DE 631C), please access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, call our automated Fax on Demand system at (877) 547-4503, request Document No. 3510, or contact OIC at (916) 464-2739.

UNEMPLOYMENT INSURANCE - TAXES

Purpose: The Unemployment Insurance (UI) program provides financial assistance to individuals who are temporarily out of work through no fault of their own. In California, this program is financed entirely by employers.

METHODS OF PAYING FOR UI BENEFITS

Experience Rating Method

The **experience rating method** is used by the majority of employers. For a detailed explanation of the experience rating method, see "How Your UI Tax Rate Is Determined" below or obtain the *Information Sheet: California System of Experience Rating* (DE 231Z) by accessing EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231z.pdf**, calling our automated Fax on Demand system at (877) 547-4503, or contacting the Taxpayer Assistance Center at (888) 745-3886.

Reimbursable Method

Public employers and nonprofit organizations described under Section 501(c) (3) of the Internal Revenue Code have the option of becoming "reimbursable" employers. Employers electing the **reimbursable method** (also known as the cost-of-benefits method) are required to reimburse the UI Fund on a dollar-for-dollar basis for all benefits paid to their former employees and charged to their account. Reimbursable employers are billed quarterly, and payment is due within 30 days of the statement date.

For public employers, financing under the reimbursable method **must** remain in effect for **two** complete calendar years. For nonprofit employers, financing under the reimbursable method **must** remain in effect for **five** complete calendar years. Employers who terminate their reimbursable coverage remain liable for UI benefits paid to their former employees covered under this program for a period of **three** calendar years.

For a detailed explanation of the reimbursable method, request *Information Sheet: Nonprofit and/or Public Entities* (DE 231NP) and *Potential Liability for Unemployment Insurance Benefits When Electing the Reimbursable Method of Financing Under the California Unemployment Insurance Code (CUIC)* (DE 1378F). To obtain these publications, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**, or contact the Taxpayer Assistance Center at (888) 745-3886. For additional information, please contact:

Employment Development Department
Reimbursable Accounting Group, MIC 19
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 653-5846

School Employees Fund (SEF)

Public school districts (kindergarten through 12th grade) and community colleges may elect to participate in the School Employees Fund (SEF), which is a special UI reimbursable financing method available for school districts. For further information, access EDD's Web site at **www.edd.ca.gov/Payroll_Taxes/School_Employees_Fund.htm** or contact the SEF Unit at (916) 653-5380.

HOW YOUR UI TAX RATE IS DETERMINED

Tax Rate Schedules

The UI tax rates are based on one of seven tax rate schedules (AA through F) established by law. The first step in the annual process of establishing the UI tax rates for the calendar year is for EDD to determine which of the seven tax rate schedules will be in effect. Employers are assigned their UI tax rates from the same rate schedule.

New Employer - UI Tax Rate and Reserve Account

A UI reserve account is a nonmonetary account that is set up when an employer registers with EDD. The new employer tax rate is 3.4 percent (.034) for up to three years. Following that time period, the UI tax rate is calculated annually based on each employer's previous experience as reflected by UI contributions, taxable wages, benefit charges, and prorated charges and credits to their reserve account.

Subscribe to EDD's free e-mail subscription services
www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

NOTICE OF TAX RATES

Each December, EDD will mail the *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) which shows your Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) tax rates and taxable wage limits for the upcoming year. If you have address changes and/or agent updates, please contact EDD immediately in order to receive your notice timely.

Any item on the DE 2088 can be protested except the ETT and SDI tax rates, which are specifically set by law. Your protest must be filed in writing within 60 days of the mail date shown on the notice. An extension of up to 60 days may be granted for good cause if your request is submitted before the protest deadline.

For further information, please refer to the *Explanation and Instruction Sheet* (DE 2088C) included with the DE 2088 or call the Taxpayer Assistance Center at (888) 745-3886. The DE 2088C is also available on our Web site at **www.edd.ca.gov/pdf_pub_ctr/de2088c.pdf**.

Data Exchange Alternative – Magnetic Media
Employer representatives may obtain their clients' UI tax rates on magnetic tape or diskettes. In addition, employers and their representatives may obtain benefit charges on magnetic media.

For information on receiving UI tax rates or benefit charges via magnetic media, contact:

Employment Development Department
Contribution Rate Group, MIC 4
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 653-7795

FEDERAL UNEMPLOYMENT TAX ACT (FUTA) CERTIFICATION

The Internal Revenue Service (IRS) uses the Federal Unemployment Tax Act (FUTA) certification process to verify that the total taxable wages claimed on the *Employer's Annual Federal Unemployment (FUTA) Tax Return* (Form 940) or the federal *Household Employment Taxes* (Form 1040, Schedule H) was actually paid to the State. Under this "dual" system, you are subject to both the State and federal payroll tax requirements.

You are required to file reports and pay Unemployment Insurance (UI) taxes with EDD. You are also required to file a Form 940 with IRS to report total taxable UI wages and pay any Federal Unemployment Tax due. Generally, you can take a federal credit against your FUTA tax for the UI taxes you paid to California.

On an annual basis, IRS and EDD compare amounts reported on your IRS Form 940 to the Total Subject Wages (Line C) and UI Taxable Wages (Line D2) reported on your EDD *Annual Reconciliation Statement* (DE 7). When an "out-of-balance" condition exists, a reconciliation must be made or an assessment may be issued by either IRS or EDD.

If you have questions regarding the FUTA certification process, please contact EDD's FUTA Certification Unit at (916) 654-8545.

RESERVE ACCOUNT TRANSFERS

When an employer acquires all or part of an ongoing business and continues to operate the business without substantial reduction of personnel resulting from the acquisition, the employer may request the previous owner's UI reserve account balance be transferred to the new ownership by completing an *Application for Transfer of Reserve Account* (DE 4453) form. If EDD approves the transfer, the UI tax rate will be redetermined and may result in an immediate rate reduction or rate increase. For further information regarding reserve account transfers, please contact the Contribution Rate Group at (916) 653-7795.

NOTE:

- When a UI reserve account transfer has been approved, the employer requesting the transfer will receive a revised DE 2088 stating the UI tax rate for the remainder of the year.
- Employers who receive a reserve account transfer accept responsibility for the UI benefit charges for the previous owner's former employees. This may **increase** your UI tax rate in future years.
- A reserve account transfer cannot be reversed once it has been completed.
- There are time limits to qualify for a reserve account transfer. Apply for a reserve account transfer immediately after purchasing an ongoing business.

INTERSTATE RECIPROCAL COVERAGE ELECTIONS FOR MULTISTATE WORKERS

When an individual performs services in two or more states and the services are not localized in any one state, under the provisions of California Unemployment Insurance Code (Sections 602 and 603), the employer may request to report the individual's services to one state.

Upon approval for unemployment and disability insurance purposes, the employer may report to any state in which (a) services are performed, (b) the employee has residence, or (c) the employer maintains a place of business.
NOTE: Special reporting may be required for California Personal Income Tax withholding purposes.

For additional information, please obtain *Information Sheet: Multistate Employment* (DE 231D) by accessing EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de231d.pdf**, calling our automated Fax on Demand system at (877) 547-4503, request Document No. 3060, or contacting the Taxpayer Assistance Center at (888) 745-3886.

TIPS FOR REDUCING YOUR UI TAX RATE

The Unemployment Insurance (UI) tax works like any other insurance premium. An employer may pay a lower rate when former employees make fewer claims on the employer's account. The following steps may help reduce your UI tax rate:

- Maintain a stable workforce. High employee turnover increases the potential for benefits to be charged to your reserve account. This could also save UI taxes.
- Submit your UI payments within the required time limits along with accurately completed *Payroll Tax Deposit* (DE 88) coupons to ensure your payments are included in calculating your UI tax rate for the following year.
- Respond timely to the *Benefit Audit* (DE 1296B and DE 1296 NER). It may lead to the reversal of related charges to your reserve or reimbursable account. For additional information, refer to "Benefit Audits to Determine Fraud" on page 106.
- Respond timely to the *Notice of Unemployment Insurance Claim Filed* (DE 1101CZ or DE 1101ER) if you believe that a former employee does not meet the UI eligibility criteria. A timely response to a DE 1101CZ or DE 1101ER may reduce charges to your reserve account.
- Respond timely to the *Notice of Wages Used for Unemployment Insurance (UI) Claim* (DE 1545) if you believe the wages used to establish a claim are incorrect, the employee is still working, or if you believe a former employee does not meet the UI eligibility criteria. A timely response to a DE 1545 may reduce charges to your reserve account.
- Conduct and document an exit interview to help you to understand why the employee is leaving. This may result in changes to your policies or procedures that will assist you in retaining your employees.
- Permit leaves of absence because they may help keep fully trained personnel.
- Keep good personnel records to justify any action(s) taken. Give written warnings prior to discharging an employee and keep a copy of these warnings and other supporting information.
- Protest UI benefit claims for former employees who you believe are not eligible for benefits (i.e., employee voluntarily quit or was discharged for misconduct, etc.). Written documentation of the exit interview may be important in establishing your protest.
- Answer UI claim notices promptly, accurately, and in detail.
- Rehire former employees who are currently receiving UI benefits that may be charged against your reserve account.
- Report refusals of work to EDD.
- Provide clear, specific answers to telephone interview questions from EDD personnel.
- Review your *Statement of Charges to Reserve Account* (DE 428T) and report inaccuracies within the protest time limits.
- Bring witnesses with firsthand knowledge of pertinent facts when attending a hearing.

For additional information on the UI program or assistance in reducing UI costs, download the *Managing Unemployment Insurance Costs* (DE 4527) booklet by accessing EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de4527.pdf.**

FRAUD PREVENTION, DETECTION, AND REPORTING

We recognize your concerns about imposter fraud and the threat of identity theft. Imposter fraud and identity theft occurs when someone steals your employees' employment and/or personal information and uses that information for personal gain. We actively investigate cases of imposter fraud and are committed to taking the steps necessary to protect the integrity of the UI Fund. To assist in these efforts, you may receive a *Request for Additional Information* (DE 1326ER) asking you to validate information provided to us by an individual when we suspect a UI claim may have identity or imposter issues. Completing and returning the DE 1326ER with the requested information will assist us in resolving these issues promptly. For more information on our fraud detection and prevention activities, access EDD's Web site at **www.edd.ca.gov. From the "Unemployment" tab, go to the "For Employers" section to access the Fraud Prevention section.**

We also encourage you to take all necessary steps to protect your employees' social security numbers (SSNs) and other identifying information. A key way to protect yourself and your employees is by properly disposing of your old payroll records. California law requires you to properly destroy (i.e., shred, erase, etc.) the personal information on all records under your control. Your employees may sue for civil damages if you fail to protect their confidential information. For more information on California privacy legislation and protecting yourself and your employees from identity theft, visit the Office of Privacy Protections' Web site at **www.oispp.ca.gov/consumerprivacy/**

To minimize potential fraud and protect your UI reserve account, we urge you to carefully review each statement and EDD notice and respond as directed in a timely manner to any items for which you have questions. If you suspect your payroll or personnel data has been compromised, please report the incident immediately to our toll-free Fraud Hotline at (800) 229-6297 or submit the fraud reporting form online from the EDD's Web site at **www.edd.ca.gov**. **From the "Unemployment" tab, go to the "For Employers" section to access the Fraud Prevention section.**

Additionally, the Social Security Administration (SSA) offers employers and authorized agents service for verifying employees' SSNs. For information on how to access SSA's SSN verification service, access SSA's Web site at **www.ssa.gov/employer/ssnv.htm** or contact your local SSA office.

To learn what steps you can take to fight imposter fraud, protect your employees, and control your UI costs, download the *How You Can Prevent Unemployment Insurance Imposter Fraud* (DE 2360ER) brochure from EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de2360.pdf.**

UI RATE MANIPULATION

There are several types of schemes businesses use to unlawfully lower their UI contribution rates. These UI rate manipulation schemes typically involve a business with a high UI tax rate obtaining a lower UI rate through creation of a new corporate entity or purchase of a shell business with a low UI rate. The practice of UI rate manipulation threatens the stability of California's UI Fund and creates an unfair advantage for those businesses that use these schemes to lower their rates.

In 2005, California implemented a new law to prevent UI rate manipulation; it requires employers who are illegally lowering their UI rates to pay at the highest rate provided by law plus an additional 2 percent. The new law also provides for the greater of a $5,000 penalty or 10 percent of underreported contributions, penalty, or interest for anyone knowingly advising another person or business to violate California's UI rate and reporting laws.

It also makes changes in the law regarding the transfer of UI reserve account balances. It specifies that whenever a business transfers all or part of its business or payroll to another employer the reserve account attributable to the transferred business will also be transferred if they are under common ownership, management, or control. It also provides that the transfer will be denied if the acquisition was for the purpose of getting a lower UI rate.

For more information about UI rate manipulation, please access our Web site at **http://www.edd.ca.gov/Payroll_Taxes/SUTA_Dumping.htm** or contact the Taxpayer Assistance Center at (888) 745-3886. If outside U.S. or Canada, call (916) 464-3502.

UNEMPLOYMENT INSURANCE (UI) FUNDING

The California UI program is funded through taxes paid by employers. These taxes are placed in the UI Fund and benefits are paid to qualified claimants from this fund. The individual reserve account established for each employer has no monetary value. The reserve account is an accounting device used to keep track of payments and charges made against the employer's account to determine their annual UI tax rate. For additional information, please refer to "Unemployment Insurance - Taxes" on page 98.

BENEFIT AWARD

The maximum amount of UI benefits payable to a claimant during a regular benefit year is 26 times the claimant's weekly benefit amount or one-half of the total base period earnings, whichever is less. The benefit year is a 52 week period starting on the effective date of a new UI claim. The base period on which the amount of benefits is determined is a 12-month period that is determined by the effective date of an UI claim. The quarter in which the claimant earned the highest wages determines the weekly benefit amount received. After establishing a benefit year, a claimant who interrupts the claim (by returning to work and having excessive earnings, being disqualified for benefits, or by failing to certify for benefits for an extended period of time) may request to claim benefits again by filing an additional or reopened claim during the benefit year.

Current Weekly UI Benefit Award			Maximum Charged to Reserve Account for Each Employee for a Regular Claim
Year	Minimum	Maximum	
2008	$40	$450	$11,700
2009	$40	$450	$11,700

BENEFIT QUALIFICATIONS

To be eligible for UI benefits, claimants must:

- Be unemployed through no fault of their own.
- Be totally or partially unemployed and registered for work with EDD, as required.
- Be physically **able to work** in their usual occupation or in other work for which they are reasonably qualified.
- Be **available for work**, which means ready and willing to immediately accept suitable work in their usual occupation, or in an occupation for which they are reasonably qualified.
- Be actively **seeking work** on their own behalf.
- Have received a minimum amount of wages during the base period. (for additional information, please refer to "Qualifying UI Wages" on page 103.)
- Comply with regulations in regard to filing claims.

Once a claim is filed, EDD staff will determine if there are eligibility issues. Staff may call employers as well as claimants to resolve eligibility issues.

A claimant may be ineligible for UI benefits if the claimant:

- Was discharged for misconduct connected to his/her work. (Proof of misconduct rests with the employer.)
- Voluntarily quit without "good cause" (includes quitting for personal reasons, to go to school, or to move).
- Files a UI claim during a recess period, if he/she worked for a school employer and had reasonable assurance of returning to work for a school employer.
- Refused suitable work without "good cause."
- Failed to take part in reemployment services.
- Failed to apply for a job when referred by a public employment office.
- Failed to make reasonable efforts to look for work.
- Failed to comply with regulations.
- Made false statements or withheld information for the purpose of receiving UI benefits.
- Is not legally entitled to work in the U.S.
- Is not able to work or is not available for work.
- Is working full-time or earns wages totaling more than 25 percent of their weekly UI benefit amount.

An individual is not eligible for UI benefits if he/she voluntarily left work due to a trade dispute. Because EDD must decide whether a claimant is disqualified from receiving benefits in a trade dispute situation, certain facts are needed. During a trade dispute, regulations require employers to respond to notices from EDD.

Certain types of employees are not covered for UI benefits. For additional information, please refer to the "Types of Employment" table on page 16 and "Types of Payments" table on page 26.

QUALIFYING UI WAGES

To have a valid UI claim, individuals must have earned:

- $1,300 or more in **covered employment wages** in one quarter of the base period, or
- $900 or more in **covered employment wages** in the base-period quarter with the highest earnings and earned at least 1.25 times the high quarter earnings during the entire base period.

Certain types of payments made to employees are not considered covered employment (wages) for UI purposes. For additional information, refer to the "Types of Payment" table on page 26. The table shows if certain types of jobs and types of income are taxable for UI. If the table shows that a job or type of income is "not subject" to UI tax, then that income is excluded from establishing a UI claim.

UI ELIGIBILITY DETERMINATION

The EDD schedules fact-finding telephone interviews when there are eligibility questions regarding a claim. Our staff will talk to the claimant, employer, and anyone else necessary to make a decision. Based on the decision, benefits will either be paid or denied. If benefits are denied, a notice will be issued to the claimant. If the employer responds timely to the first notice sent by the Department and addresses the issue being decided, a notice will also be sent to the employer.

NOTE: The maximum amount an employer can be charged on a regular claim is $11,700. (See "Benefit Award" on page 102). In addition, an employer's reserve account may be subject to charges for benefits paid on a Training Extension (TE) claim. Claimants who have been approved for California Training Benefits may be eligible for a TE claim. A claimant with a TE claim is eligible to receive a maximum of 52 times his/her weekly benefit amount on the regular claim, which includes the maximum benefit award of the regular claim.

HOW TO DESIGNATE AN AGENT

Public entity and non-profit employers and their agents may elect to have the notice of new or additional claim filed sent to a designated single address. Requests for designation of a single address should be sent to:

Employment Development Department
Unemployment Insurance Division, MIC 40
P.O. Box 826880
Sacramento, CA 94280-0001

Fax: (916) 654-8117

HOW TO REQUEST AN ELECTRONIC DE 1545

Employers and their agents may obtain the ***Notice of Wages Used for Unemployment Insurance (UI) Claim*** **(DE 1545)** electronically. To obtain information about Electronic Data Interchange (EDI), contact:

Employment Development Department
Employer Assistance Unit, MIC 16
P.O. Box 826880
Sacramento, CA 94280-0001

(916) 464-2325

Responding to Notices

Employers need to respond in writing to the *Notice of Unemployment Insurance Claim Filed* (DE 1101CZ or DE 1101ER), *Notice of Wages Used for Unemployment Insurance (UI) Claim* (DE 1545), or the *Notice of Potential Increased Liability For Training Extension Benefits* (DE 1545TE) if:

- The claimant was terminated or voluntarily quit.
- You have knowledge of information that might affect the claimant's eligibility for UI benefits.
- The claimant's name and social security number are not correct.
- You want a written decision of eligibility that provides you appeal rights to the Department's decision.

If you believe the claimant is not entitled to benefits, it is important to protest **in writing** when you receive the first notice. Your response must include any facts that may affect the claimant's eligibility for UI benefits or the potential liability of your UI reserve account for benefits paid to the claimant.

Protests may be written on the notice or included in a separate letter and should contain the following information:

- Employer's EDD account number, name, and address.
- Claimant's name and social security number.
- Beginning date of the claim.
- Date of separation from employment.
- Dates of separation(s) and rehire(s) during and following the quarters shown on the DE 1545.
- Information supporting your belief of the claimant's ineligibility. (See page 102 for a list of disqualifying events.) Protests should include specific facts and circumstances. General statements (e.g., "employee was fired for misconduct" should be supported with specific events and documentation). This will result in better eligibility decisions based on the facts.
- Protests to the DE 1101C/Z, DE 1101ER, DE 1545, or DE 1545TE should be in writing and mailed to the address noted on the form.
- If the wage information listed on the DE 1545 or DE 1545TE is incorrect, please inform EDD in writing at:

  Employment Development Department
  Employers Assistance Unit, MIC 16
  P.O. Box 826880
  Sacramento, CA 94280-0001

  Include the following information with your correction of wage information:

  - Employer's EDD account number, name, and address.
  - Claimant's name and social security number.
  - Beginning date of the claim.
  - Correction to the wage information. Please provide supporting documentation to the correction, such as a copy of the *Quarterly Wage and Withholding Report* (DE 6) or *Tax and Wage Adjustment Form* (DE 678).
  - Name, signature, and telephone number of the employer or employer representative preparing the wage correction.
  - Date of the wage correction.
- The protest should be signed by the person having personal knowledge of the facts or having access to records containing the facts.

***REMEMBER*:** If a written protest is not submitted for the DE 1545, you waive your right to protest your UI reserve account's potential liability for benefits paid to the claimant and your right to appeal.

Subsequent Benefit Year

If you receive a notice that a subsequent benefit year has been established, you must resubmit any facts you furnished on the initial DE 1101C/Z to be entitled to a determination and/or ruling based on such facts for the later benefit year.

CLAIM NOTICES AND PROTEST TIME LIMITS	
Notice	**Postmarked within**
DE 1101C/Z or DE 1101ER Mailed to the last employer when a current or former employee files a new UI claim or an existing claim is reopened.	10 calendar days of the date mailed to you (the date is printed on the top-right side of the DE 1101C/Z and the DE 1101ER).
DE 1545 Issued to all base-period employers after a claimant receives the first UI payment. This notice informs each employer of the wages used to establish the claim and the amount of potential charges to their UI reserve account for that claim. **NOTE:** Employers and their agents may obtain the DE 1545 electronically. (See "How to Request an Electronic DE 1545" on page 103).	The deadline to submit a ruling request is located on the top-right side of the DE 1545. To request a ruling, submit separation information within 15 calendar days from the mail date. If wage information is incorrect, submit the information within 20 calendar days.
DE 1545TE Mailed to base-period employers only when a former employee has been approved for the California Training Benefits (CTB) program. This form will inform you of the maximum amount of potential benefits payable, including training extension benefits, and the amount of potential charges to your UI reserve account. When protesting a claimant's eligibility for the CTB program, employers should address the particular criteria that individuals must meet under UI Code Section 1269.	15 calendar days from the mail date .

NOTE: If you respond late to an EDD notice, explain the reason for the delay because the above time limits may be extended for "good cause." If the reason is determined not to be for "good cause," a *Response To Employer Communication* (DE 4614) will be issued. This form can be appealed if you do not agree with the determination.

Subscribe to EDD's free e-mail subscription services

www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

NOTICES OF DETERMINATION, RULING, OR MODIFICATION

You will receive one of the following DE 1080 notices in response to eligibility issues you reported on the DE 1101C/Z, DE 1101ER, or DE 1545:

Notice	Purpose
DE 1080EZ:	
• *Notice of Determination*	Sent to an employer who responds timely to a DE 1101C/Z, DE 1101ER, DE 1545, or who submits timely correspondence with eligibility information other than a separation (voluntary quit or discharge). The notice informs the employer whether or not the claimant is eligible to receive benefits. See page 102 for a list of disqualifying events.
• *Notice of Determination/Ruling*	Sent to a tax-rated employer who responds timely to a DE 1101C/Z or DE 1101ER with eligibility information regarding a voluntary quit or discharge. The ruling portion of this notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
• *Notice of Ruling*	Sent to a tax-rated employer who responds timely to a DE 1545 with separation information. The separation must have occurred during or after the base period of the claim. This notice informs the employer whether or not the reserve account will be charged for UI benefits paid.
Notice of Modification (DE 1080M)	Sent to the employer who previously received a DE 1080EZ stating that the claimant was disqualified. This form informs the employer that the claimant's disqualification period is over. This notice does not change the original ruling issued to the employer.

Notice of Potential Increased Liability For Training Extension Benefits (DE 1545TE). This form provides base period employers with a timely notice of maximum amount of potential unemployment insurance (UI) benefits, including training extension benefits that may be charged to their accounts. This form is mailed to base-period employers only when a former employee has been approved for the California Training Benefits (CTB) program. When protesting a claimant's eligibility for the CTB program, employers should address the particular criteria that individuals must meet under UI Code Section 1269.

***REMEMBER*:** Employers who finance UI coverage under one of the reimbursable financing methods receive *Notices of Determination,* but do not receive *Notices of Ruling* because they do not have a UI reserve account.

UI BENEFITS - APPEAL RIGHTS

You have the right to file an appeal if you do not agree with a decision made by EDD about your:

- Former employee's right to receive UI benefits.
- UI reserve account being charged for benefits paid to a former employee.

You must send your written appeal to EDD within 20 days of the date the decision was mailed to you. The EDD will send you an acknowledgment of receipt and registration of your appeal with the telephone number for the Office of Appeal hearing the case. The Office of Appeal will schedule a hearing with an Administrative Law Judge (ALJ). Both you and your former employee will be notified of the date, time, and place of the hearing at least 10 days before the hearing date. If you are filing an appeal to a *Notice of Ruling* (DE 1080EZ), the employee is not considered a party to the proceeding and is not notified of the hearing. The ALJ will conduct a hearing and give all interested parties the opportunity to present their evidence. The ALJ will consider the facts presented at the hearing and issue a written decision that is mailed to all concerned parties.

If you do not agree with the ALJ's decision, you may appeal to the California Unemployment Insurance Appeals Board (CUIAB). The CUIAB reviews appeals to decisions rendered by ALJs. Both the CUIAB and the ALJs operate impartially and independently of EDD.

The CUIAB provides the following publications to assist in filing an appeal and preparing for an administrative hearing:

- *Unemployment Appeals - A Guide for Claimants, Employers, and Their Representatives* (DE 1434).
- *Appeals Procedure* (DE 1433).

For copies of these publications, write to the California Unemployment Insurance Appeals Board at the address listed below.

If you have any questions about filing an appeal, please contact EDD at (800) 300-5616.

NOTE: An *Employment Development Department Appeal Form* (DE 1000M) is enclosed with all DE 1080s and is used to appeal an EDD decision. To download a DE 1000M form, access EDD's Web site at **www.edd.ca.gov/pdf_ctr_/de1000M.pdf.**

FALSE STATEMENT PENALTY

The California Unemployment Insurance Code (CUIC) Section 1142(a) provides that an employer may be assessed a cash penalty from 2 to 10 times the claimant's weekly benefit amount if it is determined that the employer, employer representative, employer officer, or employer agent willfully made a false statement or representation or failed to report a material fact concerning the claimant's termination of employment.

The CUIC Section 1142(b) provides that an employer may be assessed a cash penalty from 2 to 10 times the claimant's weekly benefit amount if it is determined that the employer, employer representative, employer officer, or employer agent willfully made a false statement or representation or willfully fails to report a material fact concerning the claimant's reasonable assurance of reemployment as defined in CUIC Section 1253.3.

The CUIC Section 1142.1 provides that an employer may be assessed a cash penalty from 2 to 10 times the claimant's weekly benefit amount if it is determined that the employer, employer representative, employer officer, or employer agent, where the claimant was performing services for an educational institution as defined in Section 1253.3, willfully makes a false statement or representation or fails to report a material fact concerning the claimant's termination of employment or regarding any week during which services were performed (as provided in Section 1253.3) or any time granted to the claimant for professional development while working for that employer.

If you are not in agreement with the *Notice of Assessment* (DE 241), you may file a *Petition Rights from Notice of Assessment* (DE 2350) to an Administrative Law Judge (ALJ) of the California Unemployment Insurance Appeals Board (CUIAB). The CUIAB, established separate and apart from EDD, reviews, hears, and renders impartial and independent decisions in tax and benefit matters related to the CUIC.

Prepare an original and a copy of the petition. The petition may be informal but must be in writing and should:

- Show your EDD employer account number and the date of the assessment. (For faster processing, enclose a copy of the DE 241 with your petition.)
- Provide the claimant's name and social security number.
- Clearly indicate that it is a "Petition for Reassessment."
- Describe the reason for the petition and specify the facts or grounds for requesting a reassessment.
- Be signed by you or your authorized agent.
- State your address or that of your agent, if any.

To be timely, the petition must be mailed or delivered to the office shown below **within 30 days** from the date of assessment. The time to protest can be extended by an ALJ for not more than 30 days but **only** if "good cause" for the delay is shown. Mail or deliver the original and a copy of your petition for reassessment to:

California Unemployment Insurance Appeals Board
Sacramento Office of Appeals
2400 Venture Oaks Way, Suite 100
Sacramento, CA 95833-4224

BENEFIT AUDITS TO DETERMINE FRAUD

Each quarter, as part of EDD's fraud detection efforts, *Benefit Audit* (DE 1296B) forms are mailed to employers to request wage information for specific weeks that their employees may have worked. In addition, once a year EDD identifies all outstanding *Benefit Audit* forms for which a reply was not received. A replacement audit form is sent to those employers for **each** outstanding quarter identified.

The benefit audit identifies individuals who may have improperly received UI benefits for weeks in which they worked and had earnings. The audit process leads to the recovery of benefit payments and the potential reversal of related charges to the employer's reserve or reimbursable account when the Department determines that the claimant was not entitled to UI benefits.

As part of our continuing efforts to detect and deter fraud, EDD cross matches the social security number and Start-of-Work Date (SWD) from the New Employee Registry (NER) information reported by employers with UI benefit payment information. An accurate SWD (not the hire date) is particularly important for this cross match process. If a match is identified, an audit form will be sent to the employer requesting earnings and eligibility information. The returned employer information is used to identify benefit overpayments and to recover the unauthorized benefit payments. The NER audit enables the Department to detect fraud up to six months sooner than the quarterly Benefit Audit Process and protects the UI Fund by reducing overpayments. Employers who have responded to the NER benefit audit form will not receive a *Benefit Audit* (DE 1296B) form for the same employee for the same quarter.

BENEFIT AUDITS TO DETERMINE FRAUD (cont.)

NOTE: Employers are required by law to respond to the *Benefit Audit* (DE 1296B and DE 1296NER) forms. Your cooperation is essential to detect fraud and to protect the integrity of the UI program.

Questions or comments about the benefit audit process should be sent to:

Employment Development Department
P.O. Box 3038, MIC 16A
Sacramento, CA 95812-3038

(916) 464-2350

BACK PAY AWARD

Employees who receive UI benefits and later receive back pay awards or settlements for the same period must repay EDD an amount equal to the UI benefits received. Since back pay is considered wages and should be reported in the period the employees were discharged, a determination must be made regarding who is responsible to repay EDD for the overpaid benefit amounts. If the back pay award agreement states that the employer will withhold overpayment amounts from the back pay award or settlement, the employer is responsible for submitting the amounts withheld to EDD to clear the overpayment.

At the employer's request, EDD will determine the amount of UI benefits to be repaid, establish an overpayment, and notify the claimant and employer. ("Employer" refers to both tax-rated and reimbursable employers.) Reimbursable employers will receive credits against their future charges only after the liability has been paid. For further information, contact:

Employment Development Department
Backpay Awards Coordinator, MIC 8, OARG
P.O. Box 826806
Sacramento, CA 94280-0001

(916) 464-2333

WORKERS' COMPENSATION BENEFITS

Employees who received UI benefits and later receive Workers' Compensation benefits in the form of Temporary Total Disability (TTD) benefits, Vocational Rehabilitation Maintenance Allowance (VRMA), or settlements for the same period must repay EDD an amount equal to the UI benefits received. For further information, contact:

Employment Development Department
Workers' Compensation Specialist
P.O. Box 2588
Rancho Cordova, CA 95670

(916) 464-0713

STATEMENT OF CHARGES

Each October, the annual *Statement of Charges to Reserve Account* (DE 428T) is mailed to you. This statement notifies you of the Unemployment Insurance (UI) benefit charges and credits to your reserve account for the prior one-year period from July 1 through June 30. Charges are itemized and based on the UI benefits paid to your former employees. Charges to your reserve account may increase your UI contribution rate for the next tax year. It is important to review your statement carefully and respond timely if you do not agree with the charges. You have 60 days from the mail date on your statement to protest any charges you believe are incorrect. An extension of up to 60 days may be granted for good cause if your request is submitted before the protest deadline.

If you have address changes and/or agent updates, inform EDD immediately in order to receive your DE 428T timely.

For further information, please refer to the *Explanation and Instruction S*heet (DE 428C) included with the DE 428T or call our Taxpayer's Assistance Center at (888) 745-3886. The DE 428C is also available on our Web site at **www.edd.ca.gov/pdf_pub_ctr/de428c.pdf,** or request Document No. 2110 from our automated Fax on Demand system at (877) 547-4503.

LAYOFF ALTERNATIVES

Partial UI Claims

The Partial UI Claim program enables employers to keep trained employees who are partially employed during slow business periods. Employers may use the Partial UI Claim program if employees are temporarily working reduced hours or have been placed on layoff status for no more than two consecutive weeks. If the employee has no wages (does not work) for two consecutive weeks, the claim changes to a regular UI claim. Participation in this program may increase the employer's UI tax rate.

For more information about partial UI claims, please call one of the toll-free UI telephone numbers on page 121 or access EDD's Web site at **www.edd.ca.gov. From the "Unemployment" tab, go to the "FAQ's" section, and then go to the "For Employers" section, then go to the Partial Claim topic.**

Work Sharing Program

The Work Sharing program is available to employers who reduce employee wages and hours as an alternative to a temporary layoff. The affected work force or work unit(s) must consist of two or more employees. At least 10 percent of the total work force or 10 percent of the specified work unit(s) must participate in the program. The employer must sign a six-month Work Sharing plan with EDD. If, during the period of the plan, the employer does not meet the Work Sharing requirements, the business will be taken off the program. Participation in this program may increase the employer's UI tax rate. If you are interested in participating in the program or would like additional information, access EDD's Web site at **www.edd.ca.gov/Unemployment/Work_Sharing_Claims.htm** or contact:

Employment Development Department
Special Claims Office
P.O. Box 419076
Rancho Cordova, CA 95741-9076

(916) 464-3300
Fax: (916) 464-3333

NOTICE OF LAYOFF

Employers with at least 100 employees who plan plant closures or mass layoffs of 50 or more full-time employees during any 30-day period at a single site of employment must give affected employees at least 60 days written notice. Please refer to "Plant Closure or Mass Layoff (WARN)" on page 93 for additional information.

WAGES NOTICES

In the event of a layoff or business closure involving 10 or more employees, EDD's Wages Notice Group will investigate and post Electronic Wages Notices (EWNs) for staff in EDD offices to use. The EWNs contain wage findings (e.g., findings on in lieu of notice pay, and bonuses) to ensure consistent determinations when several employees may be affected by the same set of facts. For additional information, access EDD's Web site at **www.edd.ca.gov. From the "Unemployment" tab, go to the "For Employers" section, then go to the "Mass Layoffs and Wages Notices".**

STATE DISABILITY INSURANCE (SDI) PROGRAM

The State Disability Insurance (SDI) Program provides Disability Insurance (DI) and Paid Family Leave (PFL) benefits to eligible workers experiencing a loss of wages. The SDI Program is funded by taxes withheld from employee wages.

Disability Insurance (DI) is a component of the State Disability Insurance (SDI) Program. The DI benefits are paid to eligible California workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a non-work-related illness or injury, pregnancy or childbirth.

Paid Family Leave (PFL) is also a component of the SDI Program. The PFL provides benefits to individuals who take time off from work to care for a seriously ill child, spouse, parent, or registered domestic partner or to bond with a new child.

TAXES - WHO PAYS FOR SDI?

The SDI (DI and PFL) is funded entirely through employee payroll withholdings. Except for public agency employers disability coverage is mandatory. Employers may choose either the State plan or a Voluntary Plan to cover their employees (refer to "Employer Sponsored Voluntary Disability Insurance Plan" on page 111 for more information). Those employees not choosing a Voluntary Plan are covered under the State plan. For more information, please access EDD's Web site at **www.edd.ca.gov** or call EDD's 24-hour Automated Call System at (916) 653-7795.

NOTE: When a worker has more than one employer during a calendar year, it is possible that excess SDI taxes may be withheld from the worker's wages. Workers should request a refund of excess SDI withholdings on their California income tax return.

The SDI tax rate may be adjusted annually to not more than 1.5 percent (.015) nor less than 0.1 percent (.001) depending on the balance in the SDI Fund. Employee contributions withheld are paid by the employer to either the SDI Fund or a Disability Insurance Voluntary Plan (see page 111).

EMPLOYEE BENEFITS

Eligible claimants may file for DI or PFL benefits for each occurrence of disability or period of family care leave.

The *State Disability Insurance Provisions* (DE 2515) pamphlet contains general information on SDI eligibility. The *Paid Family Leave insurance program* pamphlet (DE 2511) contains general information on PFL eligibility. The *Claim for State Disability Insurance (SDI) Benefits* (DE 2501) and *Claim for Paid Family Leave Benefits* (DE 2501F) are application forms that contain additional information.

All California employers who have employees subject to SDI taxes are required to provide the DE 2515 and the DE 2511 to each new employee. The California Unemployment Insurance Code (CUIC) requires employers to provide general SDI information to each employee leaving work due to nonoccupational illness or injury, pregnancy or childbirth. Employers are also required to provide PFL information to each employee leaving work to care for a seriously ill family member or to bond with a new minor child. The pamphlets and applications are provided to employers at no cost. Additional copies may be ordered by accessing EDD's Web site at **www.edd.ca.gov/Forms/default.asp**, or contacting the Taxpayer Assistance Center at (888) 745-3886.

CLAIM NOTICES

When an SDI claim is filed, the employer(s) shown on the SDI claim form will receive a *Notice to Employer of State Disability Claim Filed* (DE 2503). For PFL claims, employers receive a *Notice to Employer of Paid Family Leave Claim Filed* (DE 2503F). Complete and return the DE 2503 or DE 2503F **within two working days** when you have information affecting the claimant's eligibility.

To deter disability fraud, please respond immediately if you are not the employer shown on the DE 2503 or DE 2503F, or if the claimant:

- Is not your employee.
- Has quit his/her job.
- Is receiving wages.
- Has not stopped working.
- Is known to be working for another employer.

NOTE: Because DI and PFL are paid for by employees, the filing of a DI or PFL claim will not affect the employer's Unemployment Insurance reserve account. Therefore, the DE 2503 and DE 2503F are not the basis for a ruling, and the employer will not be notified of any determination as a result of the response on the DE 2503 or DE 2503F.

EMPLOYER SPONSORED VOLUNTARY PLAN

California law allows employers to apply to EDD for approval to establish a Voluntary Plan (VP) (which must include Paid Family Leave benefits) for their employees in lieu of the State coverage. To be approved for a VP, the employer must post a security deposit with the State Treasurer in an amount determined by EDD. The benefit rights under a VP must be as great as the State plan in all respects and better in at least one provision.

Once a VP is approved, the employer is no longer required to send SDI withholdings to EDD for those employees covered by VP. Instead, the employer holds the VP contributions in trust to pay disability or PFL VP benefit claims and approved expenses. The VP employer pays a quarterly assessment to EDD based on the taxable wages of employees participating in the plan and other factors.

A VP must provide better coverage without additional cost to the employees. Based on claims experience, excess funds may be used to increase benefit levels or lower contributions. Please note that any money collected for VP purposes must be used only for the benefit of employees who contribute to the plan.

An employer considering a VP commitment should be aware that the employer takes ultimate responsibility for the plan benefits and expenses. If the accumulated VP trust fund is inadequate to cover benefits or expenses, the employer is responsible to cover the deficit; employer loans made to the VP may be recovered from future excess VP trust funds. If a plan terminates and there are insufficient trust funds, the employer must assume the financial obligation until all plan liabilities have been met.

For additional information on the DI/PFL Voluntary Plan option, please access EDD's Web site at **www.edd.ca.gov/Disability/Employer_Voluntary_Plans.htm**, call (800) 480-3287 (TTY access is available at 800-563-2441), or write to:

Employment Development Department
Disability Insurance Branch, MIC 29 VP
P.O. Box 826880
Sacramento, CA 94280-0001

SELF-EMPLOYED BENEFITS

Self-employed individuals may elect to cover themselves for DI and PFL benefits under provisions of the CUIC.

Self-employed individuals who elect coverage pay at a rate determined by the prior annual combined usage of all participants. For further information on elective coverage, download the *Information Sheet: Elective Coverage* (DE 231EC) at **www.edd.ca.gov/pdf_pub_ctr/de231ec.pdf**. The Disability Insurance Elective Coverage *Program Fact Sheet* (DE 8714CC) can be obtained from EDD's Web site at **www.edd.ca.gov/pdf_pub_ctr/de8714cc.pdf**. All forms can also be obtained by contacting the Disability Insurance Elective Coverage Unit at (916) 654-6288 or our Taxpayer Assistance Center at (888)745-3886.

WORKERS' COMPENSATION INSURANCE

Workers' compensation insurance is an employer paid indemnity that provides benefits to eligible workers experiencing a loss of wages when they are unable to perform their regular or customary work due to an occupational illness or injury. Generally, employees are not eligible for DI or PFL when receiving workers' compensation benefits unless the DI or PFL rate is greater than the workers' compensation rate. For additional information, contact the Department of Industrial Relations by phone (refer to the government listings in your local telephone book) or access their Web site at **www.dir.ca.gov**.

If you have **any** employees, you are required by law to have workers' compensation insurance. Failure to do so is a crime and may result in penalties and closure of your business.

If you have questions about workers' compensation insurance or how to obtain coverage, contact your insurance agent or the Division of Workers' Compensation at (800) 736-7401.

ADDITIONAL INFORMATION

For information regarding the SDI Program, access EDD's Web site at **www.edd.ca.gov/direp/diind.htm** or contact our State Disability Insurance benefits operations at (800) 480-3287 or Paid Family Leave Insurance benefits operations at (877) 238-4373.

NOTE: To provide affordable benefits to eligible workers, the SDI program has systems in place to detect and deter fraud. Please report suspected fraudulent activity to EDD's Fraud Hotline at (800) 229-6297.

EDD WORKFORCE SERVICE

The EDD's Workforce Service provides services to bring California employers together with qualified job seekers. The EDD's Workforce Service offers an Internet-based system called CalJOBS℠, a self-service labor exchange, which provides quick access to a large pool of job-ready applicants. Employers with Internet access can enter their own job listings and update or close orders.

Employers without Internet access or who have special requirements can be served by Customer Service representatives who take job-opening information by telephone or fax and assist employers in finding qualified applicants. There are no fees to use CalJOBS℠.

To register with CalJOBS℠, you will need your EDD employer account number. To access CalJOBS℠, visit our Web site at **www.caljobs.ca.gov** or call the Customer Support Desk at (800) 758-0398 for assistance. If you do not have an EDD employer account number, please refer to page 6 for information on obtaining one.

For more information on these and other services, visit EDD's Web site at **www.edd.ca.gov/Jobs_and_Training/Our_Partners.htm** or contact your nearest Workforce Service Office or One-Stop Career Center.

EMPLOYMENT TRAINING PANEL

The Employment Training Panel (ETP) provides funding to employers to assist in upgrading the skills of their workers through training that leads to good paying, long-term jobs. The ETP was created in 1982 by the California State Legislature and has invested over $1 billion to train more than 660,000 California workers since inception. The ETP is a funding agency, not a training agency. Businesses determine their own training needs and how best to provide training.

Purpose: The ETP funds training that result in long-term, full-time employment in targeted industries to improve California's competitiveness in the world economy and the skills of the State's workforce. Approximately $70 to $80 million in job training funds are provided annually to California employers. The ETP primarily funds retraining of currently employed workers in high-wage jobs in companies threatened by out-of-state competition and has placed special emphasis on training for small businesses with fewer than 100 employees.

Funding

In 1982, the Legislature established the Employment Training Tax (ETT). All tax-rated employers, including new employers, are subject to ETT. Employers with positive reserve accounts are assessed 0.1 percent (.001) on the first $7,000 of each employee's wages. Employers do not pay ETT while their accounts have a negative reserve balance, but they must pay a higher rate of Unemployment Insurance (UI) tax. The maximum ETT collected is $7 per employee, per year.

How Is ETP Different?

The employer selects the courses, trainers, and types of training that best meet their business needs. The ETP's performance-based standards ensure that training results in jobs. For a contractor to earn reimbursement, trainees must receive at least eight hours of training, complete a minimum of 90-days full-time employment following the completion of training, receive at least the required ETP minimum wage, and use the skills learned during the training on the job.

For additional information, access ETP's Web site at **www.etp.ca.gov** or contact one of the following ETP offices:

North Hollywood	(818) 755-1313	San Diego	(619) 686-1920
Sacramento	(916) 327-5640	San Francisco Bay Area Regional Office	(650) 655-6930

EMPLOYMENT TRAINING PANEL (cont.)

General Information

The ETP contracts directly with tax-rated employers, groups of employers (including associations and chambers of commerce), training agencies, vocational schools, Workforce Investment Boards, and grant recipients under the Workforce Investment Act. The ETP funds the following types of training programs to promote a healthy labor market in a growing, competitive economy:

- **Retraining** - Helps companies facing out-of-state competition by upgrading the skills of current employees. These training programs are usually administered by the employers.
- **New-Hire** - Funds training of unemployed workers eligible to receive California UI benefits or who have exhausted UI benefits within 24 months of the training. These programs are usually administered by approved training agencies and vocational schools.
- **Special Employment Training (SET)** - Provides limited funding for the following categories:
  - **Frontline Workers** - Supports the retraining of frontline workers in occupations that pay the State average hourly wage in businesses that do not meet the ETP's standard project criteria.
  - **Workers in High Unemployment Areas** - Provides training funds for workers in areas with unemployment rates at least 25 percent higher than the average rate for California.
  - **Small Business Skills** - Funds training for small business owners to enhance the competitive position of their business. Owners must have at least 1 but fewer than 10 full-time employees.
  - **Workers With Multiple Barriers to Employment** - Funds are provided to train individuals with barriers to full-time employment such as, but not limited to physical disabilities, lack of work history, lack of communication skills, and limited literacy skills.
  - **Seasonal Industries** – Provides training funds for workers employed by companies in seasonal industries.

TRADE ADJUSTMENT ASSISTANCE

The Trade Adjustment Assistance (TAA) program was established under the Trade Act of 1974 to help American workers who lost their jobs or had their hours and wages reduced as a result of increased imports from other countries or as a result of a shift in production to a country that has entered into a free trade agreement with the U.S.

This program provides training, job search assistance, relocation assistance, and weekly income support to trade impacted workers. To obtain a *Petition for Trade Adjustment Assistance* (ETA 9042A) workers may access the U.S. Department of Labor's (DOL) Web site at **www.doleta.gov/tradeact**, contact any local EDD Workforce Service office, or call the UI toll-free telephone number listed on page 121. Workers should file an application simultaneously with both the Office of Trade Adjustment Assistance and the State Trade Act coordinator.

For additional information on TAA, access EDD's Web site at **www.edd.ca.gov/Unemployment/Trade_Act.htm** or call the DOL at (202) 693-3560.

Subscribe to EDD's free e-mail subscription services

www.edd.ca.gov/about_EDD/Get_Email_Notices.htm

WORK OPPORTUNITY TAX CREDIT

The Work Opportunity Tax Credit (WOTC) Program promotes the hiring of individuals who qualify as a member of a target group and provides federal income tax credits to employers who hire these individuals.

Employers must apply for and receive certification from EDD that their new hire meets the eligibility criteria for one of the nine target groups before they can claim a WOTC on their federal tax return.

For identification of the target groups and additional information, please visit our Web site at **www.edd.ca.gov/Jobs_and_Training/Work_Opportunity_Tax_Credit.htm** or call (866) 593-0173.

WORKFORCE INVESTMENT ACT

The federal Workforce Investment Act (WIA) of 1998 provides the framework for a national workforce preparation and employment system. Title I of WIA authorizes and funds a number of employment and training programs in California. Workforce investment activities authorized by WIA are provided at the local level to individuals in need of those services, including job seekers, dislocated workers, youth, incumbent workers, new entrants to the workforce, veterans, persons with disabilities, and employers. The WIA's primary purpose is to provide workforce investment activities that increase the employment, job retention, earnings, and occupational skill attainment of participants.

These programs help prepare Californians to participate in the State's workforce, increase their employment and earnings potential, improve their educational and occupational skills, and reduce their dependency on welfare. In turn, this improves the quality of the workforce and enhances the productivity and competitiveness of California's economy.

The WIA authorizes a variety of services to employers. Services are designed and administered by Local Workforce Investment Boards (LWIB). Local services are provided by One-Stop Centers and may include:

- Applicant screening/referral
- Business closure assistance
- Customized training
- Enterprise zone tax credits
- Entrepreneurial training
- Job placement assistance
- Labor market information
- On-the-job training
- Training subsidies

The WIA is administered by LWIBs in partnership with local elected officials. The LWIBs are comprised of representatives from private sector business, organized labor, community-based organizations, local government agencies, and local education agencies. The LWIBs designate One-Stop Career Center operators, provide policy guidance, and oversee the job training activities within local areas.

For more information, access EDD's Web site at **www.edd.ca.gov/Jobs_and_Training/Workforce_Investment_Act.htm** or contact the Workforce Services Branch at (916) 654-7799.

LABOR MARKET INFORMATION

Purpose: The EDD's Labor Market Information Division (LMID) collects, analyzes, and publishes information about California's labor market that helps employers, policy makers, and researchers with important business decisions.

What Labor Market Information Is Available on the Web?

On our Web site at **www.labormarketinfo.edd.ca.gov** we have information that will assist you in making important business decisions. There is a special page with information just for employers – From the "Labor Market Info" tab, then go to the "Customer Center" section then to **"Business/Employers."** From this page, you have links to:

- **Affirmative Action and Equal Employment Opportunity programs**
- **Local Area Profile** - Get an overview of labor market information in the state or a county, including employment and unemployment, industry data, wages, consumer price index, and more.
- **Occupational Profile** - Get a description, wages, employment outlook, training providers, and skills of a specific occupation. Use this information to create job descriptions for your vacancy announcements or compare wages you pay to average local wages.
- **CalJOBS℠** - California's Job Opening system where you can post your job vacancy and review résumés of prospective employees.
- Information about resolving workplace issues, such as benefits, meal breaks, and pay from the Department of Industrial Relations at **www.dir.ca.gov. Training and Apprenticeships** - Find out what training is available to develop the skills of your employees.
- **Prevailing Wage Request** form for Temporary H-1B Visas.
- Links – Find other EDD resources, labor market publications and data library

For assistance, contact your local Labor Market Consultant at **www.calmis.ca.gov/file/resource/LMIConsultants.pdf** or contact LMID at (916) 262-2162.

Multiple Location and/or Function Employers

When an employer maintains a business with more than one physical location or conducts more than one business activity/function at the same location, and the secondary locations have a total of 10 or more employees, the employer is considered to be a multiple establishment employer. A primary location is defined as the one with the highest number of employees. If your firm fits the multiple location criteria and you are not currently completing a *Multiple Worksite Report* (BLS 3020), please contact LMID's Employment and Payroll Group at (916) 262-1856. For additional information, access the LMID's Web site at **www.labormarketinfo.edd.ca.gov** and select the "Customer Center" section then to **"Business/Employers."**

❑ ***REMEMBER***: Filing the *Multiple Worksite Report* is mandatory and must be done on a quarterly basis.

The LMID mails the federal form, *Multiple Worksite Report* (BLS 3020), to multiple worksite business owners at the close of each quarter (e.g. December 31, 2009). Employers have until the end of the following month (e.g. February 1, 2010) to return the BLS 3020 form to EDD.

How Your Industry Code Is Determined

All businesses and government organizations are assigned an industry classification code from the North American Industry Classification System (NAICS), which allows the U.S. Bureau of Labor Statistics to tabulate national and state economic data by industry. Most new employers are assigned an industry code based on their response on Section P (industry activity) of the *Registration Form for Commercial Employers* (DE 1). Each year, selected employers are sent an *Industry Verification Form* (BLS 3023 VS) to verify the accuracy of their industry code. Other employers, who have not yet been assigned an industry code, will receive an *Industry Classification Form* (BLS 3023 CA). For additional information, access LMID's Web site at **www.labormarketinfo.edd.ca.gov** and select the "Customer Center" section then to **"Business/Employers" or call (800) 562-3366**.

NOTE: Please answer **ALL** questions about your business and industry thoroughly when completing the registration form (DE 1, Section P), the BLS 3023 VS, and/or the BLS 3023 CA. This will help us accurately determine your firm's industry code.

INFORMATION AND ASSISTANCE BY TOPIC

If you have any questions regarding the following topics, please contact the designated agency or office:

TOPIC	DESCRIPTION	CONTACT
California Personal Income Tax (PIT) withholding	To request the California PIT withholding tables or for information on whether payments are subject to California PIT withholding.	EDD Taxpayer Assistance Center Telephone: (888) 745-3886 Outside U.S. or Canada call (916) 464-3502 **www.edd.ca.gov**
	Information on programming your computer or acceptable computer software programs to calculate California PIT withholding. **NOTE:** When you call FTB's assistance number, please request to speak to their Statistical Research Section so they can provide the appropriate assistance.	Statistical Research Section Franchise Tax Board MS 351 P.O. Box 1468 Sacramento, CA 95812-1468 Automated phone service: (800) 338-0505 (recordings) Assistance: (800) 852-5711 (operator) Hearing-impaired: (800) 822-6268 (TTY) **www.ftb.ca.gov**
CalJOBS℠	An Internet-based job and résumé listing system that increases public access to employment services. Employers may call their local Workforce Service Office or One-Stop Career Center site for assistance in entering job openings or selecting job seekers.	EDD Workforce Services Division, MIC 50 P.O. Box 826880 Sacramento, CA 94280-0001 CalJOBS℠ assistance: (800) 758-0398 8 a.m. to 5 p.m., Pacific Time (PT) Monday through Friday **www.caljobs.ca.gov**
e-Services	A convenient method for filing the *Quarterly Wage and Withholding Reports* (DE 6), *Annual Reconciliation Statement* (DE 7), *Report of New Employee(s)* (DE 34), and *Report of Independent Contractor(s)* (DE 542) over the Internet. See Page 86 for additional information.	EDD Internet Filing Unit Electronic Systems Customer Service: (800) 796-3524 E-mail: **ecom@edd.ca.gov** **https://eddservices.edd.ca.gov**
e-File **- Federal/State Employment Taxes (FSET)**	A convenient method for transmitting your *Quarterly Wage and Withholding Reports* (DE 6), and *Annual Reconciliation Statement* (DE 7) as a file attachment over the Internet.	EDD Internet Filing Unit FSET Customer Service: (866) 592-1651 Email: **FSET@edd.ca.gov** **https://eddservices.edd.ca.gov**
e-Pay **- Electronic Funds Transfer (EFT)**	A convenient method to electronically transfer tax deposits to EDD. See page 87 for additional information.	EDD EFT Unit Telephone: (916) 654-9130 Fax: (916) 654-7441 **https://eddservices.edd.ca.gov**

TOPIC	DESCRIPTION	CONTACT
- EZPAY	A convenient method using a telephone or the Internet to pay tax deposits using a credit card. See page 87 for additional information.	EDD Taxpayer Assistance Center Telephone: (888) 745-3886 **https://eddservices.edd.ca.gov**
e-Register **- EZREG**	Allows new employers to register online and existing employers to change address and/or inactivate account. See page 87 for additional information.	EDD Taxpayer Assistance Center Telephone: (888) 745-3886 **https://eddservices.edd.ca.gov**
Additional Filing Options **- Magnetic media**	A convenient method for employers to report quarterly wage, withholding, independent contractor (IC), and/or New Employee Registry (NER) information. See page 88 for additional information.	EDD Magnetic Media Coordinator Telephone Quarterly wage report: (916) 654-6845 IC/NER: (916) 651-6945 **https://eddservices.edd.ca.gov**
- Telefile	A voluntary program for household employers and other employers with a small number of employees to report and pay payroll taxes by telephone. Employers can file reports 24 hours a day, 7 days a week. See page 87 for additional information.	EDD Telefile Unit Electronic Systems Customer Service: (800) 796-3524 Telefile System Access Number: (800) 796-9330 E-mail: **ecom@edd.ca.gov** **https://eddservices.edd.ca.gov**
Economic development	The EDD's Labor Market Information Division offers data on occupational wages and outlook, employment by industry, and State and local labor market.	EDD Labor Market Information Division Telephone: (916) 262-2162 **www.labormarketinfo.edd.ca.gov**
Employee eligibility to work	Under federal law, employers are required to verify that every individual (citizen, national, or alien) whom they hire has the right to work in the United States (U.S.) The U.S. Citizenship and Immigration Services (USCIS) require you to complete an *Employment Eligibility Verification* (Form I-9) for each person hired to verify employment eligibility.	U.S. Citizenship and Immigration Services Business Liaison Automated phone service: (800) 357-2099 Request a copy of the *Handbook for Employers: Instructions for Completing Form I-9* (M-274). **www.uscis.gov/portal/site/uscis**
Employer requirements	The Taxpayer Assistance Center can answer your payroll tax questions (e.g., employee and independent contractor status, employer registration, independent contractor reporting, and new employee reporting).	EDD Taxpayer Assistance Center Telephone: (888) 745-3886 **www.edd.ca.gov/Payroll_Taxes/Contact_Us_About_Payroll_Taxes.htm**
Employer rights during the employment tax audit and collection process	Employer rights are protected by the Taxpayer Advocate Office during the employment tax audit and collection process. You may request assistance from this office after first attempting to resolve an issue with an EDD representative, supervisor, **and** office manager.	EDD Taxpayer Advocate Office, MIC 93 P.O. Box 826880 Sacramento, CA 94280-0001 Toll-Free: (866) 594-4177 Telephone: (916) 654-8957 Fax: (916) 654-6969 **www.edd.ca.gov/Payroll_Taxes/Taxpayer_Advocate.htm**

TOPIC	DESCRIPTION	CONTACT
Employment Development Department (EDD) Web site	Provides a variety of information on EDD's programs and services, forms and publications, and links to other government sites.	EDD **www.edd.ca.gov**
Employment tax rates and Unemployment Insurance benefit charges	A *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) is mailed annually by December 31 to notify employers of their UI, ETT, and SDI tax rates. For additional information, refer to page 99. A *Statement of Charges to Reserve Account* (DE 428T) is mailed annually in October. This statement is an itemized list of UI charges to your reserve account. For additional information, refer to page 108. Protests to the DE 2088 and DE 428T must be submitted within 60 days of the "mail date" on the notice.	EDD Contribution Rate Group, MIC 4 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 653-7795 (24-hour automated telephone system)
Employment Training Panel	Provides funds to train and retain workers in targeted industries. Includes retraining current employees, training new hires, and five Special Employment Training programs. For additional information, refer to pages 112 and 113.	Employment Training Panel North Hollywood (818) 755-1313 Sacramento (916) 327-5640 San Diego (619) 686-1920 San Francisco Bay Area Regional Office (650) 655-6930 **www.etp.ca.gov**
Federal tax requirements	For federal employment tax and personal income tax requirements, contact the Internal Revenue Service (IRS) . The federal *Employer's Tax Guide* (Publication 15, Circular E) and *Employer's Supplemental Tax Guide* (Publication 15-A) are available from IRS.	Internal Revenue Service Telephone: (800) 829-4933 **www.irs.gov**
Federal Unemployment Tax Act (FUTA) certification	The method IRS uses to verify with the states that the credit claimed on the Form 940 or Form 1040, Schedule H, was actually paid to the state. See page 99 for additional information.	EDD FUTA Certification Unit Telephone: (916) 654-8545
Forms		
- Alternate tax forms	The requirements and approval for using alternate forms to file your payroll tax reports can be obtained by contacting the Alternate Forms Coordinator.	EDD Alternate Forms Coordinator Telephone: (916) 255-0649
- Tax forms and publications	Tax forms and publications are available through the Internet, our automated Fax on Demand system, and Employment Tax Offices.	EDD Less than 25 copies: (888) 745-3886 25 copies or more: (916) 322-2835 Fax on Demand: (877) 547-4503 **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**

TOPIC	DESCRIPTION	CONTACT
Job referral and recruitment services	All questions regarding EDD Workforce Services or Workforce Investment Act (WIA) services.	EDD or local One-Stop Career Center www.edd.ca.gov/one-stop **www.servicelocator.org** Employers: **www.edd.ca.gov/Jobs_and_Training/Hire_workers.htm** WIA: **www.edd.ca.gov/Jobs_and_Training/Workforce_Investment_Act.htm** **www.edd.ca.gov/Jobs_and_Training/Find_a_Job.htm**
Workforce Service	The EDD's Workforce Service offers a variety of services that bring employers with job openings together with qualified job seekers.	EDD Workforce Services site nearest you (refer to the government listing in your local telephone book). **www.edd.ca.gov/Jobs_and_Training/Workforce_Services_Offices.htm**
Labor law requirements	All questions regarding labor law requirements, such as minimum wage, hours, overtime, and workers' compensation requirements.	Department of Industrial Relations (refer to the government listing in your local telephone book). **www.dir.ca.gov/**
Paid Family Leave (PFL)	PFL is a component of the State Disability Insurance (SDI) program and provides benefits to individuals unable to work due to the need to care for a seriously ill family member or to bond with a new child.	EDD Paid Family Leave Telephone English: (877) 238-4373 Spanish: (877) 379-3819 Cantonese: (866) 692-5595 Vietnamese: (866) 692-5596 Armenian: (866) 627-1567 Tagalog: (866) 627-1569 Punjabi: (866) 627-1568 TTY (nonverbal): (800) 445-1312 Employers may press "0" at the menu to speak with a representative. **www.edd.ca.gov/Disability/Paid_Family_Leave.htm**
Payroll tax seminars	Seminar topics include reporting requirements, how to complete payroll tax forms, and independent contractor and employee issues.	EDD Taxpayer Assistance Center Telephone: (888) 745-3886 Register online at **www.edd.ca.gov/Payroll_Tax_Seminars**
Reimbursable method of paying UI benefits	Public employers and certain nonprofit organizations have the option of becoming "reimbursable" employers. Employers using this method to pay UI benefits are required to reimburse the UI Fund on a dollar-for-dollar basis for all UI benefits paid to their former employees.	EDD Reimbursable Accounting Group, MIC 19 P.O. Box 826880 Sacramento, CA 94280 Telephone: (916) 653-5846

TOPIC	DESCRIPTION	CONTACT
School Employees Fund (SEF)	School employers may elect to participate in the SEF (UI program) to finance UI benefits.	EDD School Employees Fund, MIC 13 P.O. Box 826880 Sacramento, CA 94280 Telephone: (916) 653-5380 **www.edd.ca.gov/Payroll_Taxes/School_Employees_Fund.htm**
State Disability Insurance (SDI) Program	Disability Insurance (DI) benefits are a component of SDI and are paid to eligible California workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a non work-related illness, injury, pregnancy, or childbirth. Paid Family Leave (PFL) benefits are a component of SDI and are paid to California workers unable to work because they need to care for a seriously ill family member or bond with a new child. SDI is funded by taxes withheld from the employee's wages.	EDD State Disability Insurance Office Telephone English: (800) 480-3287 Spanish: (866) 658-8846 TTY: (800) 563-2441 Employers may press "0" at the menu to speak with a representative. **www.edd.ca.gov/Disability**
Tax debt – California payroll taxes **- Offers in Compromise**	Enables a qualified tax debtor to eliminate an employment tax liability at less than full value.	EDD Offers in Compromise Telephone: (916) 464-2739
- Settlements Program	Provides employers and the State an opportunity to avoid the cost of prolonged litigation associated with resolving disputed employment tax issues.	EDD Settlements Office, MIC 93 P.O. Box 826880 Sacramento, CA 94280-0001 Telephone: (916) 653-9130 Fax: (916) 653-7986
Tax information **- Call Center**	For general tax information, call our toll-free number. Call center staff are available 8 a.m. to 5 p.m., PT, Monday through Friday. The call center is closed on State holidays.	EDD Taxpayer Assistance Center Telephone: (888) 745-3886 Outside U.S. or Canada call (916) 464-3502.
- EZ Access Information Topics and Fax on Demand	Prerecorded messages covering more than 50 topics and tax forms and publications by fax are available 24 hours a day by calling our toll-free telephone number.	EDD Telephone: (877) 547-4503
Taxpayer Advocate Office	If you are unable to resolve an employment tax problem with an EDD representative, supervisor, **and** office manager, you can contact the Taxpayer Advocate Office for assistance.	EDD Taxpayer Advocate Office, MIC 93 P.O. Box 826880 Sacramento, CA 94280-0001 Toll-Free: (866) 594-4177 Telephone: (916) 654-8957 Fax: (916) 654-6969 **www.edd.ca.gov/Payroll_Taxes/Taxpayer_Advocate.htm**

TOPIC	DESCRIPTION	CONTACT
Tele-Reg	Register by telephone and receive your EDD employer account number over the phone.	EDD Account Services Group Telephone: (916) 654-8706
Underground economy	Investigates businesses that are paying workers undocumented cash payments or not complying with labor and licensing laws.	EDD Underground Economy Operations Hotline: (800) 528-1783 Email: **ueo@edd.ca.gov**
Unemployment Insurance (UI) benefits	Provides temporary income to unemployed workers who meet the UI eligibility requirements.	EDD Unemployment Insurance Office To file by Telephone: English (800) 300-5616 Spanish (800) 326-8937 Cantonese (800) 547-3506 Vietnamese (800) 547-2058 Mandarin (866) 303-0706 TTY (nonvoice) (800) 815-9387 Employers should press "3" for the employer menu (available in English and Spanish) that provides UI and Workforce Service information or access the EDD's Web site at **www.edd.ca.gov**. **From the "Unemployment" tab, then to the "Contact UI" section.** To file by mail: Download forms (DE 1101) from the EDD's Web site at **www.edd.ca.gov. From the "Unemployment" tab, then go to "Filing a Claim" section.** To file online via the internet: Complete the eApply4UI application from the EDD's Web site at **www.edd.ca.gov**. **From the "Unemployment" tab, then to the "File Now" section.**
Workers' Compensation Insurance	If you have employees, you are required by law to have workers' compensation insurance coverage. Failure to do so is a crime and may result in penalties and closure of your business.	Your insurance agent, or Division of Workers' Compensation Telephone: (800) 736-7401 **www.dir.ca.gov**

Account Number — The eight-digit EDD employer account number assigned to each registered employer (e.g., 000-0000-0). Always refer to your EDD employer account number when communicating with EDD. Omission of your employer account number may result in delays in processing payments, reporting documents, and correspondence.

Automated Clearing House (ACH) — Any entity that operates as a clearing house for electronic debit or credit transactions pursuant to an Electronic Funds Transfer (EFT) agreement with an association that is a member of the National ACH Association.

Base Period — The first four of the last five quarters preceding the effective date of the claim.

CCR — California Code of Regulations, which is available on the Internet at **www.calregs.com**.

CUIAB — California Unemployment Insurance Appeals Board

California Unemployment Insurance Code (CUIC) — The laws administering California's Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) programs. The CUIC is available on the Internet at **www.leginfo.ca.gov/calaw.html**.

Cash Wages — Checks and currency paid to employees.

Charges — Amounts deducted from an employer's reserve account or amounts reimbursable for State UI benefits paid to former employees.

Claim — An application for UI, DI, or PFL benefits.

- Unemployment Insurance (UI)I - The process that establishes a UI benefit year is called a new claim. Weekly continued claim forms are used by claimants to certify for UI benefits during the benefit year. After establishing a benefit year, claimants who interrupt their claims (by returning to work and having excessive earnings, being disqualified for benefits, or by failing to certify for benefits for an extended period of time) may request to claim benefits again by filing an additional or reopened claim during the benefit year.
- Disability Insurance (DI) - The application that establishes a DI benefit period is called a first claim. Subsequent certifications on that claim are called continued claims. For each separate period of disability, a new (first) claim must be filed.
- Paid Family Leave (PFL) - The application that establishes a PFL benefit period is called a Claim for PFL Benefits. Subsequent certifications on an active PFL claim in payment status are called continued claims. For each separate period of family leave care, a new claim must be filed.

Claimant — A wage-earner who files a claim for UI, DI, or PFL benefits.

Contributions — Payroll tax payments for UI and ETT. The CUIC refers to taxes under its provision as "contributions." In this guide, "contributions" are generally referred to as "taxes."

Deposit — An amount of money sent to EDD with a *Payroll Tax Deposit* (DE 88) coupon or through Electronic Funds Transfer (EFT) or EZPAY. For more information, please refer to page 73.

Determination — A decision regarding a claimant's eligibility to receive UI, DI, or PFL benefits.

Disability Insurance (DI) — Benefits paid to eligible California workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a non-work-related illness or injury, pregnancy or childbirth. DI is a component of the State Disability Insurance (SDI) Program and funded through SDI employee payroll withholdings.

e-Services — Internet services which allow employers to file the most common EDD tax and wage forms, and allow payment of deposits online. For additional information about EDD's e-Services, refer to page 86.

Electronic Funds Transfer (EFT) — An electronic method of remitting State payroll tax payments. Funds are transferred from your bank account (with payment information) to the State's account, eliminating the need to send a Payroll Tax Deposit (DE 88) coupon and paper check.

Employee — A wage-earner in employment covered by the CUIC.

Employment Taxes	Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) withholding.
Employment Training Fund	A special fund in the State Treasury for depositing into or transferring all ETT contributions collected from employers.
Employment Training Panel (ETP)	Administers the employment training funds that are provided by ETT to train, place, and retain workers with skills needed by employers. Funds may be used to train and place unemployed individuals or to train and retain current workers of businesses facing out-of-state competition.
Employment Training Tax (ETT)	An employer-paid tax that provides funds to train employees in targeted industries to improve the competitiveness of California businesses. Employers subject to ETT pay one-tenth of one percent (.001) on wages paid to each employee in a calendar year, up to the UI taxable wage limit, see inside cover.
Exempt Employment	Employment specifically excluded from coverage under the CUIC.
Experience Rating	The system by which an employer's UI contribution rate is determined each calendar year based on previous employment experience.
EZPAY	A convenient method to pay your tax deposits by major credit card using either the Internet or a touch-tone telephone.
EZREG	Allows new employers to register and existing employers to change address and/or inactivate account using the Internet.
FSET	Employers, payroll agents, multi-state employers, and payroll software vendors can file the *Quarterly Wage and Withholding Report* (DE 6) and *Annual Reconciliation Statement* (DE 7) as an attachment over the Internet.
Good Cause	A substantial reason that provides a legal basis for an employer filing a tax report or payment late. "Good cause" cannot exist unless there are unusual circumstances or circumstances that could not be reasonably foreseen (for example, earthquakes or floods). For more information, please call the Taxpayer Assistance Center at (888) 745-3886.
Household Employment	Describes employment of a household nature.
iFILE	Internet filing of *Quarterly Wage and Withholding Report* (DE 6).
iICR	Internet filing of the *Report of Independent Contractor(s)* (DE 542).
iNER	Internet filing of the *Report* of *New Employee(s)* (DE 34).
Independent Contractor	An independent contractor (service-provider) is any individual who is not an employee of the service-recipient for California purposes and who receives compensation or executes a contract for services performed for that business or government entity in or outside of California. For independent contractor reporting requirements, see page 71.
Magnetic Media	A 3 ½" diskette, CD-R, or IBM compatible 3480/3490 cartridge used to report wages, withholdings, payroll tax deposits, annual reconciliation statements, independent contractors, and/or new employees.
Mid-month Employment	The number of full-time and part-time employees who worked during or received pay for the payroll period that includes the 12th day of the month.
Multiple Establishment Employer	An employer that maintains a business at more than one physical location and/or conducts more than one business activity/function at the same location and the secondary locations have a total of 10 or more employees.
New Employee Registry (NER)	California's new hire reporting program. Employers are required to report their new or rehired employees within 20 days of their start-of-work date (refer to "*Report of New Employees*" [DE 34] on page 70).

North American Industry Classification System (NAICS)	The six-digit industry classification code that identifies the primary business functions of an employer's business.
Paid Family Leave (PFL)	Benefits paid to eligible California workers unable to work due to the need to care for a seriously ill family member or to bond with a new child. PFL is a component of the State Disability Insurance (SDI) Program and funded through SDI employee payroll withholdings.
Payroll Period	The frequency you pay wages: daily, weekly, bi-weekly (every two weeks), or semi-monthly (twice a month), etc.
Payroll Records	Records providing an accurate account of all workers (employed, laid off, on a leave of absence, or an independent contractor) and all payments made.
Payroll Taxes (State)	Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) withholding.
Personal Income Tax (PIT) Wages	All wages paid during the periods that are subject to PIT, even if they are not subject to PIT withholding. PIT wages consist of all compensation for services by employees for their employer and include, but are not limited to, salaries, fees, bonuses, commissions, and payments in forms other than cash or checks. Wages in any form other than cash or checks are measured by the fair market value of the goods, lodging, meals, or other compensation given in payment for the employee's services. The calendar year total for PIT wages should agree with the amount reported on the individual's *Wage and Tax Statement* (Form W-2), in Box 16 (State Wages, Tips, etc.).
Personal Income Tax (PIT) Withholding	California PIT is withheld from employees' pay based on the *Employee's Withholding Allowance Certificate* (Form W-4 or DE 4) on file with the employer.
Predecessor	A previous owner registered with EDD as an employer.
Prepayments (UI and ETT)	The UI and ETT taxes that an employer voluntarily sends to EDD during a quarter even though they are not due until the end of the quarter.
Registered Domestic Partner	A domestic partnership registered with the Secretary of State in California pursuant to Section 297 of the Family Code.
Reimbursable Employer	A public entity employer or certain types of nonprofit employers who are permitted by law to be billed for UI benefits after they are paid to former employees.
Reserve Account	A book account kept for each tax-rated employer to measure employment experience and set the employer's UI tax rate.
Ruling on Benefit Claim	For tax-rated employers, a ruling is the Department's decision as to whether an employer's reserve account will be charged for UI benefits. The ruling is based on the reason for separation.
Ruling on Tax Question	A decision, in writing, as to an employer's subject status or tax liability in the stated circumstances.
School Employees Fund (SEF)	An UI financing method available only to public schools (kindergarten through 12th) community colleges, and charter schools.
SDI	State Disability Insurance.
Service-Provider	A service-provider (independent contractor) is any individual who is not an employee of the service-recipient for California purposes and who receives compensation or executes a contract for services performed for that business or government entity in or outside of California.
Service-Recipient	Any business or government entity that, for California purposes, pays compensation to an independent contractor (service-provider) or executes a contract for services to be performed by an independent contractor in or outside of California.
Settlement Date	The date an EFT transaction is completed and posted on the books of the Federal Reserve Bank and the State's bank account.

SSN	Also known as social security number. All employee wage records and claim actions are filed under this number, rather than by name.
State Disability Insurance (SDI)	The SDI Program provides DI and Paid Family Leave (PFL) benefits to eligible workers experiencing a loss of wages. The SDI Program is funded by taxes withheld from employee wages.
Subject Employer	An employer who is liable under the rules and regulations of the CUIC.
Subject Quarter	Calendar quarter when an employer first meets the requirements for reporting their payroll taxes.
Subject Wages	Subject wages are used to determine UI, DI, and PFL benefits. Generally, all wages are considered subject wages regardless of the UI and SDI taxable wage limits. Refer to the inside front cover of this guide for current rates and taxable wage limits. For special classes of employment and payments that may not be considered subject wages, refer to the "Types of Employment" table which begins on page 16 and "Types of Payments" table which begins on page 26.
Successor	A change in ownership or a new ownership of a business already registered with EDD as an employer.
Tax-Rated Employer	An employer who is required to register with EDD and pay UI taxes each year on wages paid to each of their employees, up to the UI taxable wage limit.
Taxable Wage Limits	The maximum amount of an employee's wages that certain taxes apply to in a calendar year. See inside cover for taxable wage limits.
Taxable Wages	Compensation paid for "covered employment" up to the taxable wage limits for the year. Compensation includes wages and allowances such as meals, lodging, and other payments in lieu of money for services rendered in employment.
Telefile	An interactive voice recognition system designed especially for household employers and other employers with a small number of employees. Employers or their agents can use Telefile to report and pay payroll taxes electronically by telephone.
Unemployment Insurance (UI)	Benefits paid to eligible California workers who are unemployed. Recipients must meet specific qualifications to receive benefits. UI is funded by employer payroll taxes.
UI and ETT Prepayment	Any UI and ETT taxes that an employer voluntarily sends to EDD during a quarter even though they are not due until the end of the quarter.
Voluntary DI Plan	California law allows employers to apply to EDD for approval to establish a Voluntary Disability Insurance Plan (VP) (which must include Paid Family Leave benefits) for their employees in lieu of the State Plan coverage. Once a VP is approved, the employer is no longer required to send SDI withholdings to EDD for those employees covered by VP. Instead, the employer holds the VP contributions in trust to pay disability and PFL VP benefit claims and approved expenses.
Wage Detail	*Quarterly Wage and Withholding Report* (DE 6) filed each quarter listing employee(s) full name, SSN, total subject wages, PIT wages, and PIT withholding.
Wages	All payments made to employees, whether paid by check, cash, or the reasonable cash value of noncash payments, such as meals and lodging.
Work Opportunity Tax Credit (WOTC)	Federal tax credits for employers who hire and retain job seekers from target groups.
Worker Adjustment and Retraining Notification (WARN) Act	Requires certain employers to give advance notice in the event of a plant closure or mass layoff.

Topic	PAGE
Address Change	90
Adjustments	77
Alternate Filing Options	86
Annual Reconciliation Statement (DE 7):	
Correcting Errors	81
Due Dates	81
Ordering Forms	81
Appeal Rights - Unemployment Insurance (UI) Claims	106
Back Pay Award	108
Benefit Audits	107
Benefits:	
Paid Family Leave (PFL)	110
State Disability Insurance (SDI)	110
Unemployment Insurance (UI)	102
Billings - Reimbursable UI Method	98
Bonuses	14
Business Name Change	90
Claim Notices:	
Notice of Claim Filed (DE 1101C/Z)	104
Notice of Wages Used for Unemployment Insurance (UI) Claim (DE 1545)	103
Notice to Employer of Paid Family Leave Claim Filed (DE 2503F)	110
Notice to Employer of State Disability Claim Filed (DE 2503)	110
Closing Business	90
Commission	14
Cost-of-Benefits (Reimbursable) Method	98
Deposit:	
Delinquent	76
Due Dates	75
Electronic Funds Transfer (EFT)	76
Requirements	74
Correcting Payroll Tax Deposits	77
Disability Insurance:	
Self-Employed Disability Insurance	111
State Disability Insurance (SDI)	110
Voluntary Plan (for employees)	111
Discharge	102
Domestic Employment (See Household Employment)	19
e-Services	86
Elective Coverage (Disability Insurance)	111
Electronic Funds Transfer (EFT)	87
Employee - Definition	7
Employee Rights Notices	96
Employee or Independent Contractor	7
Employer:	
Definition	6
How to Register	6
Employer Rights	96
When Do I Become an Employer	6
Employer Notices:	
Notice of Claim Filed (DE 1101C/Z)	104
Notice of Determination/Ruling (DE 1080EZ)	106
Notice of Modification (DE 1080M)	106
Notice of Wages Used for Unemployment Insurance (UI) Claim (DE 1545)	103
Notice of Potential Increased Liability for Training Extension Benefits (DE 1545TE)	106
Notice to Employers of State Disability Claim Filed (DE 2503)	110
Employer Obligations for the Form W-4 or DE 4	13
Employer Sponsored Voluntary Plan	111
Employer UI Contributions Rates	99

Topic	PAGE
Employment Services	112
Employment Training:	
Fund	112
Panel (ETP)	112
Tax (ETT)	8
Employment Types (table)	16
Entity Change	89
Escrow Clearance	89
Estimated Payments	14
Experience Rating	98
EZPAY	87
EZREG	87
False Statement Penalty	107
Federal Unemployment Tax Act (FUTA) Certification	99
Firing an Employee	102
Notice	91
Forms:	
Alternate Filing Options	86
DE 6 *Quarterly Wage and Withholding Report*	79
DE 7 *Annual Reconciliation Statement*	81
DE 34 *Report of New Employee(s)*	69
DE 88 *Payroll Tax Deposit*	73
DE 542 *Report of Independent Contractor(s)*	71
DE 678 *Tax and Wage Adjustment Form*	77
Due Dates	5
How to Obtain Forms and Publications	132
Fraud Prevention and Detection	101
Gifts	28
Household (Domestic) Employment	19
Income:	
Deferred Compensation (Retirement and Pension Plan)	30
Income Tax:	
California Personal Income Tax (PIT) Withholding Tables	36
Independent Contractor or Employee	7
Independent Contractor Reporting Requirements	71
Labor Market Information	115
Layoff:	
Rapid Response Team	94
Worker Adjustment and Retraining Notification (WARN)	93
Written Notice Requirements	91
Leasing Agency Employers	25
Leave of Absence	91
Lodging	11
Magnetic Media Reporting	88
Marital Status for Personal Income Tax (PIT) Reporting	12
Meals	11
Multiple Location and/or Function Employers	115
Multiple Worksite Report (BLS 3020)	115
New Employee Registry (NER)	69
New Employer:	
ETT Rate	8
UI Tax Rate	8
No Longer Have Employees	90
Nonresident Employees	15
Notice of Claim Filed (DE 1101C/Z)	104
Notice of Determination (DE 1080EZ)	106

Topic	PAGE
Notice of Wages Used For Unemployment Insurance (UI) Claim (DE 1545)	103
Notice to Employer of State Disability Claim Filed (DE 2503)	110
Notices for Employees	91
Obtaining an EDD Employer Account Number	6
Offers in Compromise (OIC)	97
Office of the Taxpayer Rights Advocate	96
Ordering Forms and Publications	132
Overpayments:	
Correcting Prior DE 7	81
Correcting Prior DE 88	77
Paid Family Leave	110
Partial UI Claims	109
Payment Types (table)	26
Payroll Tax Deposit (DE 88)	73
Personal Income Tax (PIT):	
Marital Status	12
Schedules	36
Supplemental Wages	14
Wages	10
Withholding	12
Plant Closures	93
Protests:	
Notice of Claim Filed (DE 1101C/Z)	105
Notice of Wages Used for Unemployment Insurance (UI) Claim (DE 1545)	105
Purchase a Business	89
Quarterly Wage and Withholding Report (DE 6):	
Correcting Errors	79
Due Dates	79
Quarterly Estimated Payments	14
Quitting Business	90
Recordkeeping	95
Registration for EDD Employer Account Number:	
When Do You Become an Employer	6
How to Register	6
Reimbursable Method of Paying for UI Benefits	98
*Report of New Employees(s) (*DE 34)	69
Report of Independent Contractor(s) (DE 542)	71
Required Notices and Pamphlets	92
Reserve Account:	
Charges	108
Experience Rating	98
Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)	99
Reserve Account Transfers (Successor Employers)	99
Retirement and Pension Plans	30
Rulings:	
Notice of Claim Filed (DE 1101C/Z)	106
Notice of Wages Used for Unemployment Insurance (UI) Claim (DE 1545)	106
Sale of Business	89
School Employees Fund Method of Paying for UI Benefits	98
Settlements Office	97
Sick Pay (Third-Party)	32
Sole Shareholder - Corporate Officer	21
State Disability Insurance (SDI):	
Benefits	110
Elective Coverage	111
Employer Responsibilities	110
Voluntary Plan	111
Who Pays	9

Topic	PAGE
Subject Wages	10
Successor Employer	90
Supplemental Wage Payments	14
Tax and Wage Adjustment Form (DE 678)	77
Tax Deposits:	
Delinquent Deposits	76
Deposit Requirements	74
Electronic Funds Transfer (EFT)	76
Tax Offices (Listing)	2
Tax Rate:	
Experience Rating	98
How Your UI Tax Rate Is Determined	98
Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)	99
Taxes:	
Who Is an Employee	7
Withholding Allowances and Exemptions	12
Taxpayer Advocate Office	96
Telefile	87
Termination	102
Third-Party Sick Pay	32
Tips for Reducing Your UI Tax Rate	100
Trade Adjustment Assistance	113
Trade Disputes	102
Transfer of Business, Successor Employer	89
Underground Economy	9
Unemployment Insurance (UI):	
Benefits	102
Employer Responsibilities	104
Rate	99
Who Pays	9
Vacation Pay	35
Voluntary Plan	111
Wages Subject to:	
Personal Income Tax (PIT)	10
State Disability Insurance (SDI) Tax	8
Unemployment Insurance (UI) Tax	8
WARN	92
Withholding Deposit:	
Delinquent	76
Electronic Funds Transfer (EFT)	87
Marital Status	12
Requirements	74
Types of Employment (table)	16
Types of Payments (table)	26
Withholding Schedules - Personal Income Tax (PIT)	36
Withholding Statements:	
Employee's Withholding Allowance Certificate:	
Federal (Form W-4)	12
California (DE 4)	12
Information Return (Form 1099)	85
Wage and Tax Statement (Form W-2)	84
Work Opportunity Tax Credit	114
Work Sharing Program	109
Worker Adjustment and Retraining Notification (WARN)	93
Workers' Compensation Insurance	111
Workforce Investment Act	114

Employment Development Department
State of California

EDD Forms and Publications

Forms			
DE 1	Registration Form for Commercial Employers	DE 88ALL	Payroll Tax Deposit (Coupon)
DE 1AG	Registration Form for Agricultural Employers	DE 88ALL-I	Instructions for Preparing the DE 88/DE 88ALL Payroll Tax Deposit Coupon
DE 1GS	Registration Form for Governmental Organizations, Public Schools, & Indian Tribes	DE 542	Report of Independent Contractor(s)
DE 1HW	Registration Form for Employers of Household Workers	DE 678	Tax and Wage Adjustment Form
DE 1NP	Registration Form for Non-profit Employers	DE 678-I	Instructions for Completing the Tax and Wage Adjustment Form
DE 1P	Registration Form for Employers Depositing Only Personal Income Tax Withholding	DE 938	Quarterly Adjustment Form for Voluntary Plan Disability Insurance Employers
DE 3BHW	Employer of Household Worker(s) Quarterly Report of Wages and Withholdings	DE 1000M	Employment Development Department Appeal Form
DE 3D	Quarterly Contribution Return (Voluntary Plan)	DE 1870	Determination of Employment Work Status for Purposes of State of California Employment Taxes and Personal Income Tax Withholding
DE 3HW	Employer of Household Worker(s) Annual Payroll Tax Return	DE 2063	Notice of Reduced Earnings
DE 4	Employee's Withholding Allowance Certificate	DE 2063F	Notice of Reduced Earnings (Fisherperson)
DE 4P	Withholding Certificate for Pension or Annuity Payments	DE 2501*	Claim for State Disability Insurance (SDI) Benefits
DE 6	Quarterly Wage and Withholding Report	DE 2501F	Claim for Paid Family Leave (PFL) Benefits
DE 6	Quarterly Wage and Withholding Report (continuous feed)	DE 2501F/S/	Spanish Instructions for DE 2501F
DE 7	Annual Reconciliation Statement	DE 2523F***	Report of Voluntary Plan Family Leave (VPFL) Claim
DE 7	Annual Reconciliation Statement (cont. feed)		
DE 24**	Change of Employer Account Information		
DE 34	Report of New Employee(s)		
DE 34	Report of New Employee(s) (cont. feed)		
Guides and Brochures			
DE 44	California Employer's Guide	DE 2511	Paid Family Leave Brochure (English)
DE 45	Sample Forms Guide	DE 2511/B/***	Paid Family Leave Brochure (Cambodian)
DE 159	Electronic Filing & Payment Options	DE 2511/C/***	Paid Family Leave Brochure (Chinese)
DE 195	Employers' Bill of Rights	DE 2511/K/***	Paid Family Leave Brochure (Korean)
DE 195/S/	Employers' Bill of Rights (Spanish)	DE 2511/L/***	Paid Family Leave Brochure (Laotian)
DE 542B	Report of New Hires and Independent Contractors	DE 2511/S/	Paid Family Leave Brochure (Spanish)
DE 545	FSET Implementation Guide	DE 2511/T/***	Paid Family Leave Brochure (Thai)
DE 573	Avoid Unplanned Tax Liabilities	DE 2511/V/***	Paid Family Leave Brochure (Vietnamese)
DE 573/S/	Avoid Unplanned Tax Liabilities (Spanish)	DE 2515	State Disability Insurance Provisions
DE 573CA	Paying Cash Brochure	DE 2515/S/	State Disability Insurance Provisions (Spanish)
DE 1378F	Potential Liability (Reimbursable Employers)	DE 2548F	The Medical Provider's Guide to Paid Family Leave (VPFL) Claim
DE 2320	For Your Benefit, California's Programs for the Unemployed	DE 2565	DI Elective Coverage (English)
DE 2320/S/	For Your Benefit, California's Programs for the Unemployed (Spanish)	DE 2565/S	DI Elective Coverage (Spanish)
DE 2323A	File Unemployment Claim by Telephone	DE 2588	Disability Insurance (DI) and Paid Family Leave (PFL) Weekly Benefit Amounts
DE 2323A/S/	File Unemployment Claim by Telephone (Spanish)	DE 2589	Disability Insurance (DI) and Paid Family Leave (PFL) Weekly Benefit Amounts in Dollar Increments
DE 2323TTY	TCF/TTY Brochure (File Unemployment Claim by TTY)	DE 4527	Managing UI Costs
		DE 8684	Guide for Work Sharing Employers
		DE 8723	WOTC Employer Brochure
		DE 8829	Household Employer's Guide
Notices			
DE 35	Notice to Employees Regarding DE 4/W-4	DE 1858***	Notice to Employees (English)
DE 1857A	Notice to Employees (English)	DE 1858/S/***	Notice to Employees (Spanish)
DE 1857A/C/***	Notice to Employees (Chinese)		
DE 1857A/S/	Notice to Employees (Spanish)		
DE 1857A/V/***	Notice to Employees (Vietnamese)		

Employment Development Department
State of California

EDD Forms and Publications

Information Sheets			
DE 231	Employment	DE 231PIT	Personal Income Tax Wages Reported on the Quarterly Wage and Withholding Report (DE 6)
DE 231/S/**	Employment (Spanish)	DE 231PIT/S/**	Personal Income Tax Wages Reported on the Quarterly Wage and Withholding Report (DE 6) (Spanish)
DE 231/V/**	Employment (Vietnamese)	DE 231PS	Personal Income Tax Withholding - Supplemental Wage Payments, Moving Expense Reimbursement – WARN Act Payments
DE 231A	Wages	DE 231PT	Physical Therapist
DE 231A/S/**	Wages (Spanish)	DE 231Q	Social Security/Medicare/SDI Taxes Paid by an Employer
DE 231A/V/**	Wages (Vietnamese)	DE 231R	Third-Party Sick Pay
DE 231AA	Amateur Athletic Officials	DE 231SC	Specialized Coverage (Elective Coverage for Exempt Workers)
DE 231B	Automotive Repair Industry	DE 231SE	Statutory Employees (Agent/Commission Drivers, Traveling/City Salespersons, Construction Workers, Homeworkers, Artists, and Authors)
DE 231C	Barbering and Cosmetology Industry	DE 231SE/S/**	Statutory Employees (Agent/Commission Drivers, Traveling/City Salespersons, Construction Workers, Homeworkers, Artists, and Authors) (Spanish)
DE 231CF	Commercial Fishing	DE 231SE/V/**	Statutory Employees (Vietnamese)
DE 231CI	Courier and Messenger Industry	DE 231 SED	State of Emergency or Disaster
DE 231D	Multistate Employment	DE 231SEF	Employment for the School Employees Fund
DE 231E	Restaurant and Hotel Industries	DE 231SK	Stock Options
DE 231EB	Taxability of Employee Benefits	DE 231SP	Settlements Program
DE 231EC	Elective Coverage for Employers and Self-Employed Individuals	DE 231T	Tips
DE 231EE	Exempt Employment	DE 231T/S/**	Tips (Spanish)
DE 231EE/S/**	Exempt Employment (Spanish)	DE 231TA	Employment Tax Audit Process
DE 231EE/V/**	Exempt Employment (Vietnamese)	DE 231TC	Taxicab Industry
DE 231ES	Employment Work Status Determination	DE 231TM	Telemarketers (Telephone Solicitors)
DE 231ETC	Employment Tax Consulting	DE 231TR	Tour Operator Industry
DE 231F	Temporary Services and Employee Leasing Industries	DE 231UE	Unity of Enterprise
DE 231FAM	Family Employment	DE 231V	Election Campaign Workers
DE 231FAM/S/**	Family Employment (Spanish)	DE 231W	Personal Income Tax Adjustment Process
DE 231FAM/V/**	Family Employment (Vietnamese)	DE 231Y	Reporting New Employees and Independent Contractors
DE 231FE	Foreign Employment and Employment on American Vessels or Aircraft	DE 231Y/S/**	Reporting New Employees and Independent Contractors (Spanish)
DE 231G	Construction Industry	DE 231Y/V/**	Reporting New Employees and Independent Contractors (Vietnamese)
DE 231H	Manufacturing Industry	DE 231Z	California System of Experience Rating
DE 231I	Service Industries	DE 631	Employment Enforcement Task Force
DE 231J	Waiver of Penalty Policy	DE 631/S/**	Employment Enforcement Task Force (Spanish)
DE 231K	Casual Labor	DE 631C	Offers in Compromise
DE 231L	Household Employment	DE 631P	Installment Agreement
DE 231M	Residential Care Facilities	DE 631R	Interest on Refunds
DE 231MW	Reporting and Payment Following an Assessment for Misclassified Workers	DE 631SUTA	SUTA Dumping and Unemployment Insurance Rate Manipulation
DE 231N	Salespersons	DE 631TL	State Tax Lien
DE 231NP	Nonprofit and/or Public Entities	DE 631UEO	EDD Underground Economy Operations
DE 231P	Withholding from Pensions, Annuities, and Certain Other Deferred Income		
DE 231PC	Payments to Corporate Officers		
DE 231PC/S/**	Payments to Corporate Officers (Spanish)		
DE 231PD	Product Demonstrators		
DE 231PH	PIT Wages Reported on the Employer of Household Worker(s) Quarterly Report of Wages and Withholdings (DE 3BHW)		

Fact Sheets			
DE 8714B	Unemployment Insurance Program	DE 8714U/S/	California Training Benefits Program (Spanish)
DE 8714B/S/	Unemployment Insurance Program (Spanish)	DE 8714X	Trade Adjustment Assistance
DE 8714C	Disability Insurance Program	DE 8714BB	Work Sharing Program
DE 8714C/S/	Disability Insurance Program (Spanish)	DE 8714CF	Paid Family Leave Program
DE 8714CC	Disability Insurance Elective Coverage	DE 8714CF/S/	Paid Family Leave (Spanish)
DE 8714CC/S/	Disability Elective Coverage Program (Spanish)	DE 8714FF	EDD Bonding
DE 8714E	Payroll Taxes	DE 8714XX▲	Trade Act
DE 8714U	California Training Benefits Program		

Instructions for Ordering Forms and Publications

You may obtain EDD forms by the methods listed below. We suggest that you order no more than a six-month supply since overstocking may result in using obsolete forms.

By Telephone: You can order forms 24 hours a day, 7 days a week on our automated system:
- For quantities of 25 or more, call (916) 322-2835
- For quantities of less than 25, call (888) 745-3886 (toll-free).

Fax on Demand: Call (877) 547-4503 to get most tax forms, publications, and information sheets faxed to you.

On the Internet: **www.edd.ca.gov/Forms**
Most frequently used forms are available on the EDD Web site.

The *Payroll Tax Deposit* (DE 88) booklets must be reordered using the form enclosed in your DE 88 booklet. If you have not received a DE 88 booklet, contact the Taxpayer Assistance Center at **(888) 745-3886**.

* The *Claim for State Disability Insurance Benefits* (DE 2501) must be ordered from your nearest State Disability Insurance Office by calling **(800) 480-3287** or by ordering on the EDD Web site **www.edd.ca.gov/pdf_pub_ctr/de2501.pdf**. For information regarding Paid Family Leave (PFL), call (**877) 238-4373** or order PFL claim forms on the EDD Web site **www.edd.ca.gov/Disability/PFL_Forms_and_Publications.htm**.

** These tax forms are only available on the Internet, by Fax on Demand, or from your local Employment Tax Office.

*** These Paid Family Leave forms/publications are available on the Internet at **www.edd.ca.gov/Disability/PFL_Forms_and_Publications.htm**.

▲ This UI Fact Sheet is available on the EDD Web site at **www.edd.ca.gov/pdf_pub_ctr/de8714c.pdf**.

STATE OF CALIFORNIA

LABOR AND WORKFORCE DEVELOPMENT AGENCY

EMPLOYMENT DEVELOPMENT DEPARTMENT

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). TTY users, please call (800) 547-9565.