Employment Development Department
State of California

Please note:

Page 1
The Ventura self-service office has moved from 2901 N. Ventura Road to 4820 McGrath Street, Suite 200, 93003.

Page 24
If your total accumulated wages exceed $20,000 during the year, you must change your filing status from annual to quarterly. You can make this change online through e-Services for Business. See page 24 for more information.

We apologize for any inconvenience these changes may have caused.

2019 HOUSEHOLD EMPLOYER'S GUIDE

Important Information

Electronic Reporting and Payment Requirement: As of January 1, 2018, employers must electronically submit employment tax returns, wage reports, and payroll tax deposits to the EDD. For more information on the e-file and e-pay mandate and related noncompliance penalties, visit **www.edd.ca.gov/EfileMandate** or refer to page 14.

e-Services for Business: Employers can register, file reports, make deposits, pay liabilities, view, and manage their employer payroll tax account online. For more information, visit **www.edd.ca.gov/e-Services_for_Business** or refer to page 15.

State Information Data Exchange System (SIDES): Employers and third party administrators can elect to electronically receive and respond to the EDD's *Notice of Unemployment Insurance Claim Filed* (DE 1101CZ) using SIDES. Learn more at **www.edd.ca.gov/SIDES**.

New Employee Registry (NER): All employers are required by law to report all newly hired or rehired employees to the NER within 20 days of their start-of-work date. For more information, visit **www.edd.ca.gov/Payroll_Taxes/FAQ_-_California_New_Employee_Registry.htm** or refer to page 39.

Tax Seminars: The EDD continues to partner with other agencies to provide you with the information you need to comply with California payroll tax laws. For more information, visit **www.edd.ca.gov/payroll_tax_seminars**.

Quick and Easy Access to Tax Help, Forms, and Publications: Refer to page 1 for instructions on how to obtain payroll tax forms and assistance online, by phone, or by visiting one of our Employment Tax Offices.

Fraud Prevention, Detection, and Reporting: For information on how to prevent and detect Unemployment Insurance (UI) fraud, see page 51. Improper payment of UI benefits to claimants is a serious problem that has a financial impact on employers and can result in higher UI taxes for all employers. You can help by responding timely to requests for wage information. For more information, visit **www.edd.ca.gov/unemployment/responding_to_ui_claim_notices.htm**.

California Employer Newsletter: For the latest news and helpful information, refer to the quarterly online newsletter at **www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm**.

2019 Payroll Tax Rates, Taxable Wage Limits, and Maximum Benefit Amounts

Unemployment Insurance (UI)

- The 2019 taxable wage limit is $7,000 per employee.
- The UI maximum weekly benefit amount is $450.
- The UI tax rate for new employers is 3.4 percent (.034) for a period of two to three years.
- The employer rates are available online at **www.edd.ca.gov/e-Services_for_Business**.

Employment Training Tax (ETT)

- The 2019 ETT rate is 0.1 percent (.001) on the first $7,000 of each employee's wages.

State Disability Insurance (SDI)

- The 2019 SDI withholding rate is 1.0 percent (.01). The rate includes Disability Insurance (DI) and Paid Family Leave (PFL).
- The SDI taxable wage limit is $118,371 per employee, per year.
- The 2019 DI/PFL maximum weekly benefit amount is $1,252.

California Personal Income Tax (PIT) Withholding

You are not required to withhold PIT from household employees' wages. However, if you agree to withhold PIT for any of your household employees, PIT withholding is based on the amount of wages paid, the number of withholding allowances claimed by the employee, and the payroll period. The California PIT withholding schedules are online at **www.edd.ca.gov/payroll_taxes/rates_and_withholding.htm#withholding**.

For additional information, refer to pages 11 and 12, or visit **www.edd.ca.gov/payroll_taxes/rates_and_withholding.htm**.

CALIFORNIA LABOR AND WORKFORCE DEVELOPMENT AGENCY

Gavin Newsom
Governor

Dear Household Employer:

The Employment Development Department (EDD) appreciates your continued contribution to the economic well-being of this great state. We are proud to provide you with innovative and convenient services to ensure you are well informed and in compliance with your payroll tax responsibilities.

With the Assembly Bill (AB) 1245 electronic mandate in effect, you can take advantage of e-Services for Business to electronically submit your employment tax returns, wage reports, and payroll tax deposits. e-Services for Business is a fast, easy and secure way to manage your employer payroll tax account online 24 hours a day, 7 days a week. For detailed step-by-step instructions on how to complete common tasks within e-Services for Business such as creating a username and password, filing a tax return and wage report, or making a payroll tax deposit, please refer to the *e-Services for Business User Guide* (DE 160) available at **www.edd.ca.gov/pdf_pub_ctr/de160.pdf**.

In addition to payroll taxes, our website contains information critical for employers and their employees on topics such as Unemployment Insurance, Disability Insurance, jobs and training, labor market information, tax seminars, and EDD forms and publications. We encourage you to visit our website at **www.edd.ca.gov,** or call the Taxpayer Assistance Center at 1-888-745-3886 to take advantage of our resources.

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

Sincerely,

PATRICK W. HENNING
Director

MANAGE YOUR EMPLOYER PAYROLL TAX ACCOUNT ONLINE!

Use the EDD e-Services for Business to electronically

file reports, make deposits, update addresses, and much more!

Enroll today at

www.edd.ca.gov/e-Services_for_Business.

SEMINARS TO HELP EMPLOYERS SUCCEED!

The EDD offers both classroom-style seminars and online courses.

We are here to help you succeed.

For more information about our seminars, visit

www.edd.ca.gov/payroll_tax_seminars/.

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e-Services for Business

- Fulfills the e-file and e-pay mandate.
- Manage your employer payroll tax account online.
- Register as an employer.
- File reports.
- Pay deposits and liabilities.
- Make address changes.

To use e-Services for Business, go to **www.edd.ca.gov/e-Services_for_Business**.

Online

Access the EDD website at **www.edd.ca.gov**.

- 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_practitioners.htm**.
- Send comments and questions to the EDD online at **www.edd.ca.gov/about_edd/contact_edd.htm**. Select “Ask EDD.”

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

Phone

Toll-free from the U.S. or Canada: 1-888-745-3886

Hearing impaired: 1-800-547-9565

Outside the U.S. or Canada: 1-916-464-3502

Staff are available from 8 a.m. to 5 p.m., Pacific Time, Monday through Friday, to answer your questions.

Walk-In Offices

For information and advice about your payroll tax responsibilities, visit your local Employment Tax Office from 8 a.m. to 5 p.m., Pacific Time, Monday through Friday:

Anaheim ..... 2099 S. State College Blvd., #401, 92806
Fresno ..... 1050 O Street, 93721
Oakland ..... 7677 Oakport Street, Suite 400, 94621
Redding ..... 1325 Pine Street, 96001
Sacramento ..... 3321 Power Inn Road, Suite 220, 95826
San Bernardino ..... 658 East Brier Drive, Suite 300, 92408
San Diego ..... 10636 Scripps Summit Ct., Suite 202, 92131
San Jose ..... 906 Ruff Drive, 95110
Santa Fe Springs .. 10330 Pioneer Blvd., Suite 150, 90670
Van Nuys ..... 6150 Van Nuys Blvd., Room 210, 91401

To find an office near you, visit **www.edd.ca.gov/office_locator/**.

Self-Service Offices

Tax forms and a no-cost direct-line phone are available from 8 a.m. to 5 p.m., Pacific Time, Monday through Friday, at our self-service offices.

Bakersfield ..... 1800 30th Street, Suite 240, 93301
Chico ..... 240 West 7th Street, 95928
Eureka ..... 409 K Street, Suite 202, 95501
Modesto ..... 3340 Tully Road, Suite E-10, 95350
San Francisco ..... 745 Franklin Street, Suite 400, 94102
Santa Rosa ..... 50 D Street, Room 100, 95404
Vallejo ..... 1440 Marin Street, Suite 114, 94590
Ventura ..... 2901 N. Ventura Road, Suite 210, 93036

Forms and Publications

Download and order forms, instructions, and publications at **www.edd.ca.gov/forms/**.

We Want to Hear From You.

Please let us know how we can 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
PO Box 826880
Sacramento, CA 94280-0001

Fax: 1-916-654-6969

Delinquent if Not Postmarked or Received By	Annual Household Employers	Quarterly Household Employers
January 31, 2019	• File an *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW) for the quarter ending December 31, 2018. • File an *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) with payment for 2018. • Furnish a *Wage and Tax Statement* (Form W-2) and an Earned Income Tax Credit (EITC) notification to employees for 2018. Refer to page 42 for additional information.	• Submit *Payroll Tax Deposit* (DE 88) payment for quarter ending December 31, 2018. • File a *Quarterly Contribution Return and Report of Wages* (DE 9) and a *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) for quarter ending December 31, 2018. • Furnish a Form W-2 and Earned Income Tax Credit (EITC) notification to employees for 2018. Refer to page 42 for additional information.
April 30, 2019	• File DE 3BHW for quarter ending March 31, 2019.	• Submit DE 88 payment for quarter ending March 31, 2019. • File a DE 9 and DE 9C for quarter ending March 31, 2019.
July 31, 2019	• File DE 3BHW for quarter ending June 30, 2019.	• Submit DE 88 payment for quarter ending June 30, 2019. • File DE 9 and DE 9C for quarter ending June 30, 2019.
October 31, 2019	• File DE 3BHW for quarter ending September 30, 2019.	• Submit DE 88 payment for quarter ending September 30, 2019. • File DE 9 and DE 9C for quarter ending September 30, 2019.
January 31, 2020	• Furnish Form W-2 to employees for 2019. Refer to page 41 for additional information.	• Furnish Form W-2 to employees for 2019. Refer to page 41 for additional information.
January 31, 2020	• File DE 3BHW for quarter ending December 31, 2019. • File DE 3HW with payment for 2019.	• Submit DE 88 payment for quarter ending December 31, 2019. • File DE 9 and DE 9C for quarter ending December 31, 2019.

SEMINARS TO HELP EMPLOYERS SUCCEED

The Employment Development Department (EDD) offers no-fee seminars, either classroom-style or online. They are customized to help educate both existing and established employers, as well as new employers to better understand and comply with California's payroll tax laws.

The EDD offers both classroom and online seminars on the following topics:	
• State payroll tax reporting requirements and recordkeeping. • Determining if workers are employees or independent contractors.	• Managing Unemployment Insurance costs. • Calculating and completing payroll tax forms. • Using e-Services for Business.
The EDD and the Internal Revenue Service (IRS) jointly offer seminars on:	**The EDD and the Department of Industrial Relations' Division of Labor Standards Enforcement jointly presents classes on:**
• Federal/state payroll reporting and withholding requirements. • Online filing and payment options. • Properly classifying workers.	• Wage and hour rules and regulations. • Common law and statutory employment definitions.

Additional information about seminars and tutorials is available online at **www.edd.ca.gov/payroll_tax_seminars/**.

WHO IS A HOUSEHOLD EMPLOYER?

You may be considered a household employer if you hire someone to work as your employee in or around your home for the benefit of your personal household and not your business. If you employ one or more employees for your business, you will need to register as a commercial employer.

Household employment may occur in a variety of settings, such as a:

- Private home
- Apartment
- Boat or mobile home
- Summer or winter home
- Condominium
- Local college club
- Local chapter of a college fraternity or sorority
- Hotel room (when the worker is employed by you, not the hotel)

Private homes include fixed places of residence, apartments, and hotel rooms in which an individual or family reside. Private homes do not include premises used primarily as a business enterprise, such as a residential care home, boarding house, hotel, hospital, etc., unless the workers are employed by the resident of such a facility and not by the business.

WHO IS CONSIDERED A HOUSEHOLD EMPLOYEE?

The worker is your employee if you control what work is done and how it is done. If the worker is your employee, it does not matter whether the work is temporary, full-time, or part-time, or that you hired the worker through an agency.

The worker is an independent contractor, and not your employee, if only the worker can control how the work is done. An independent contractor worker usually provides his or her own tools and offers services to the general public in an independent business.

Refer to the table below for a list of workers who are or are not considered household employees. This list is not intended to be a complete list of household employees.

These Are Household Employees[1]	These Are Not Household Employees
• Baby-sitters[1] • Butlers • Caretakers • Chauffeurs • Cooks[2] • Crews of private yachts • Gardeners[3] • Governesses/governors • Home health care workers • Housekeepers • Janitors • Laundry workers • Maids • Pilots of private airplanes for family use • Pool maintenance persons[4] • Valets • Waiters/waitresses[2]	• Carpenters • Electricians • Librarians • Musicians • Nurses leased from a nursing registry • Painters • Plumbers • Private secretaries • Tutors • Workers from a temporary servies, leasing or employment agency[5] • Workers provided by independent businesses (for example: a janitorial service, catering service, gardening service, or pool maintenance service)
Family Employment – Spouses, parents, minor children (under 18 years old), and registered domestic partners are not considered employees for payroll tax reporting purposes. However, if both the employer and exempt family member agree, they can voluntarily elect to withhold, report, and pay State Disability Insurance and/or Personal Income Tax. For additional information, refer to *Information Sheet: Family Employment* (DE 231FAM) and *Information Sheet: Specialized Coverage (Elective Coverage for Exempt Workers)* (DE 231SC) available online at **www.edd.ca.gov/payroll_taxes/forms_and_publications.htm**.	

[1] A worker who performs childcare services for you in his or her home generally is not your employee.
[2] Unless employed by a catering service.
[3] Unless employed by a gardening service.
[4] Unless employed by a pool maintenance service.
[5] As long as the requirements of Section 606.5 and 687.2 of the California Unemployment Insurance Code (CUIC) are met.

Refer to the *Information Sheet: Household Employment* (DE 231L) online at **www.edd.ca.gov/pdf_pub_ctr/de231l.pdf** for additional information regarding household employment.

You may also contact the Taxpayer Assistance Center at 1-888-745-3886 to obtain a DE 231L or for assistance in determining whether the people who work for you are independent contractors or household employees.

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

WHEN SHOULD YOU REGISTER AS AN EMPLOYER?

You must register with the Employment Development Department (EDD) within 15 days after you have paid $750 or more in total cash wages in a calendar quarter to one or more people who work as your household employee. Refer to page 4 for additional information on who is considered a household employee.

Cash wages include payment for services by check or cash. Do not include noncash wages, such as meals and lodging, when calculating whether you have reached $750 in cash wages. Refer to "What Are Wages?" on page 10 for a complete definition of cash and noncash wages.

Once you meet the $750 in cash wage limit, you must also include all cash and noncash payments as subject wages. The amount of subject wages you pay in a calendar quarter will determine the employer payroll taxes you are required to withhold and pay.

If You Pay (in a Quarter)	Then
$750 to $999.99	Withhold State Disability Insurance (SDI) for the remainder of the current year and through the following year, even if wages fall below $750 in a quarter.
$1,000 or more	Withhold SDI and pay Unemployment Insurance (UI) and Employment Training Tax (ETT) for the remainder of the current year and through the following year, even if wages fall below $1,000 in a quarter.

The following examples will help you decide when you must register with the EDD, begin reporting employee wages and withholdings, and pay employer payroll taxes:

Cash Wages	Meals and Lodging	Am I Required to Register?
$700	$149	You are **not required** to register, report employee wages, or withhold/pay any California payroll taxes because the cash wage limit of $750 **in a quarter** has not been met (the value of meals and lodging is not included in reaching the $750 cash wage limit).
$750	$75	You **must** register, report employee wages, and withhold SDI on the entire $825. You are not required to pay UI and ETT because the cash wage limit of $1,000 **in a quarter** has not been met.
$900	$150	You **must** register, report employee wages, and withhold SDI on the entire $1,050. You are not required to pay UI and ETT because the cash wage limit of $1,000 **in a quarter** has not been met (the value of meals and lodging is not included in reaching the $1,000 cash wage limit).
$1,000	$100	You **must** register, report employee wages, pay UI and ETT, and withhold SDI on the entire $1,100 because you have met the $1,000 cash wage limit **in a quarter**.

You **are** required to report employee wages that are subject to California Personal Income Tax (PIT), but you **are not** required to withhold PIT unless you and your employee(s) agree to do so. Refer to page 10 for information regarding PIT wages and page 13 for information about PIT withholding.

HOW TO REGISTER AS AN EMPLOYER

You must register with the EDD as a household employer for California payroll tax purposes when you have paid cash wages totaling $750 or more in one calendar quarter to one or more people who work as your household employee.

ACTION REQUIRED: Review the filing requirements for each type of household employer on page 16 to assist in determining whether you should register as an annual or quarterly household employer.

- If you are a household employer and plan to pay $20,000 or less in cash and noncash wages in one calendar year, you may elect to register as an **ANNUAL** household employer. You must complete an *Employer of Household Worker Election Notice* (DE 89) to apply for the election. You will be required to complete a tax return and pay taxes annually and submit wage reports on a quarterly basis.
- If you are a household employer and plan to pay more than $20,000 in cash and noncash wages, you will be registered as a **QUARTERLY** household employer. You will be required to complete a tax return, wage report, and pay taxes on a quarterly basis.
- If you are a household employer and plan to pay $20,000 or less in cash and noncash wages in a calendar year and do not elect to be an annual household employer, your account will be registered as a quarterly household employer.

ACTION REQUIRED: Complete the registration online or by mail:

Register online using the EDD e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**.

Register by Mail

Complete and mail an *Employers of Household Workers Registration and Update Form* (DE 1HW). The DE 1HW registration form is available online at **www.edd.ca.gov/pdf_pub_ctr/de1hw.pdf**.

Mail or fax the completed registration form to:

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

Fax: 1-916-654-9211

If you have questions about registering as a household employer, contact the Taxpayer Assistance Center at 1-888-745-3886.

Posting Requirements

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

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

Notices and Pamphlets

Employers must provide a copy of the following notice and pamphlets to each employee to explain employees' benefit rights:

- *For Your Benefit: California's Programs for the Unemployed* (DE 2320) provides information on Unemployment Insurance (UI), Disability Insurance (DI), Paid Family Leave (PFL), and Workforce Services benefits available to the employee.
- *Disability Insurance Provisions* (DE 2515) outlines DI benefits.
- *Paid Family Leave* (DE 2511) outlines PFL benefits.

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

FOR ILLUSTRATIVE PURPOSES ONLY

Employment Development Department
State of California

01HW11151

EMPLOYERS OF HOUSEHOLD WORKERS REGISTRATION AND UPDATE FORM

Did you know you can register online anytime? The Employment Development Department (EDD) e-Services for Business online application is secure, saves paper, postage, and time. You can access the online application at **www.edd.ca.gov/e-Services_for_Business** and follow the easy step-by-step process to complete your registration.

Review the instructions prior to completing this form. Do not submit this form until you have paid wages in excess of $750 to one or more domestic household employees in any calendar quarter. Additional information about registering with the EDD is available online at **www.edd.ca.gov/Payroll_Taxes/All_Required_to_Register_as_an_Employer.htm**.

Instructions ... if the required information is missing.

File this form online through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**

	...yer Account Number (Go to Item B.)
	☐ - ☐☐☐☐ - ☐ (Enter Employer Account Number when reporting an Update, Purchase, Sale, Reopen, Close, or Change in Status.)
	...rmation ...rsonal Name Change (E) ☐ Add/Change/Delete Officer/Partner/Member (E) ...ount Number at the top of Item A, then complete the Items identified above and Item O.) ...lodate(s): ____/____/_____
	...eviously Closed Account (Provide the previous Employer Account Number at the top of Item A then go to Item B.)
	☐ Close Employer Account (Provide the Employer Account Number at the top of Item A.) — Reason for Closing Account: ☐ No longer have employees ☐ Out of Business — Date of Last Payroll ____/____/_____
	☐ Report a Change in Status: Business Ownership, Entity Type, or Name Reason for Change: _____ Change: From _____ To _____ (Provide the Employer Account Number at the top of Item A, and complete the rest of the form.) Effective Date of Change: ____/____/_____

B. TAXPAYER TYPE (Select type then proceed to Item C.)	☐ Individual Owner	☒ Co-Ownership	☐ Corporation	☐ Other (Specify):

C. FIRST PAYROLL DATE (MM/DD/YYYY): First payroll date when cash wages paid exceeded **$750** but not more than **$999**: ____/____/_____ (Wages are all compensation for an employee's services. Refer to *Information Sheet: Wages,* DE 231A, and *Information Sheet: Types of Payments,* DE 231TP, at **www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm**.) First payroll date when cash wages paid exceeded **$1,000** or more: 02 / 01 / 2019

D. WOULD YOU LIKE INFORMATION ON HOW TO ELECT TO PAY CALIFORNIA EMPLOYMENT TAXES ON AN ANNUAL BASIS? See instructions for more information. Yes ☒ No ☐

E. EMPLOYER NAME(S)

NAME	TITLE	SSN	CA Driver License Number	Add	Chg.	Del.
JOE SMITH	CO-OWNER	000-00-0000	xxxxxxxx	☒	☐	☐
JANE SMITH	CO-OWNER	000-00-0000	xxxxxxxx	☒	☐	☐
				☐	☐	☐
				☐	☐	☐

F. EMPLOYEE WORK SITE ADDRESS 123 MY HOUSE STREET, ANYTOWN, CA 12345	G. COUNTY PISMO
H. FEDERAL TAX ID NUMBER (FEIN) 99-9999999	I. DATE WORKER BEGAN WORKING (MM/DD/YYYY) 01 01 2019
J. STATE OR PROVINCE OF INCORPORATION CALIFORNIA	K. CALIFORNIA SECRETARY OF STATE ENTITY NUMBER

L. MAILING ADDRESS (PO Box or Private Mail Box **is** acceptable.) ☒ Same as Item F	Street Number	Street Name		Unit Number (If applicable)
	City	State/Province	ZIP Code	Country
		Phone Number		
M. EMAIL ☒ Check to allow email contact.	Valid Email Address JOESMITH@ANYSERVER.COM			

FOR ILLUSTRATIVE PURPOSES ONLY

EMPLOYERS OF HOUSEHOLD WORKERS REGISTRATION AND UPDATE FORM

01HW11152

N. CONTACT PERSON (Complete a *Power of Attorney [POA] Declaration,* DE 48, if applicable.)	Name JOE SMITH	Contact Phone Number (123) 555-6789	Email Address JOESMITH@ANYSERVER.COM
	Relation EMPLOYER	Address 123 MY HOUSE ST. ANYTOWN, CA 12345	
O. DECLARATION	**I certify under penalty of perjury that the above information is true, correct, and complete, and that these actions are not being taken to receive a more favorable Unemployment Insurance rate. I further certify that I have the authority to sign on behalf of the above business.**		
			Date 02/19/2019
		Title EMPLOYER	**Phone Number** (123) 555-6789

File this form online through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**

PRINT

DE 1HW Rev. 13 (10-16) **(INTERNET)** Page 2 of 4 CU

WHAT ARE WAGES?

Wages are all compensation for an employee's personal services, whether paid by check, cash, electronic debit 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.

In addition, how employees are paid does not change the employer's responsibility for payroll taxes. Supplemental payments, including bonuses, overtime pay, commissions, and vacation pay are also considered wages.

If you pay your employees' share of Social Security, Medicare, and/or State Disability Insurance (SDI) without deducting the amounts from their wages, these payments may also be wages. The *Information Sheet: Social Security/Medicare/State Disability Insurance/Federal IncomeTaxes Paid by an Employer* (DE 231Q) is available online at **www.edd.ca.gov/pdf_pub_ctr/de231q.pdf**, or by contacting the Taxpayer Assistance Center at 1-888-745-3886.

What Are "Subject Wages?"

Generally all wages, unless excluded under the California Unemployment Insurance Code, 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 paid to an employee, regardless of the UI and SDI taxable wage limits. Refer to the inside cover for the 2019 taxable wage limits.

What Are 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 household employees' services should be reported 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.). Household employers are not required to withhold PIT; however, they are required to report PIT wages for each household employee.

For additional information about PIT wages, refer to page 13.

Are Subject Wages and PIT Wages the Same?

In most situations, subject wages and PIT wages are the same. However, subject wages and PIT wages are reported separately on your EDD quarterly wage report.

For additional information:

- Annual household employers: Refer to *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3BHW)* (DE 231PH).
- Quarterly household employers: Refer to *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C)* (DE 231PIT).

These forms are available online at **www.edd.ca.gov/payroll_taxes/forms_and_publications.htm** or you can contact the Taxpayer Assistance Center at 1-888-745-3886 for assistance.

Values of Meals and Lodging

Meals and lodging provided to employees are wages. If your employees are covered under a contract of employment or union agreement, the taxable value of meals and lodging should not be less than the estimated value stated in that document. If the cash value is not stated in an employment contract or union agreement, please use the tables and information below to determine the value of the meals and/or lodging you provide to your employees. Meals and lodging furnished for the employer's convenience and on the employer's premises are not subject to Personal Income Tax (PIT). If you withhold Personal Income Tax (PIT) from your employees' wages, please refer to page 13.

Value of Meals					
Year	3 Meals per Day	Breakfast	Lunch	Dinner	Meal Not Identified
2019	$ 11.80	$ 2.40	$ 3.65	$ 5.75	$ 4.25
2018	$ 11.60	$ 2.40	$ 3.55	$ 5.65	$ 4.15

To calculate 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. The table below shows the minimum and maximum amounts to report for lodging.

Value of Lodging		
Year	Minimum per Week	Maximum per Month
2019	$ 49.55	$ 1,528
2018	$ 47.25	$ 1,456

For additional information, refer to *Information Sheet: Household Employment* (DE 231L), available online at **www.edd.ca.gov/pdf_pub_ctr/de231l.pdf**, or contact the Taxpayer Assistance Center at 1-888-745-3886 for assistance. Current and historical meals and lodging information is available online at **www.edd.ca.gov/payroll_taxes/rates_and_withholding.htm**.

The *Tax Rates, Wages Limits, and Value of Meals and Lodging* (DE 3395) provides historical rate information for the last eight years and is available online at **www.edd.ca.gov/pdf_pub_ctr/de3395.pdf**.

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

2019 Payroll Tax Table				
Payroll Tax	**Who Pays**	**Taxable Wages**	**Tax Rate**	**Maximum Tax**
Unemployment Insurance (UI) For more information, refer to *Information Sheet: California System of Experience Rating* (DE 231Z) available online at **www.edd.ca.gov/pdf_pub_ctr/de231z.pdf**.	Employer	First $7,000 of wages per employee, in a calendar year.	New employer tax rate is 3.4 percent (.034) for a period of two to three years. Following this period, the tax rate is calculated annually based on each employer's previous UI experience and the condition of the UI Fund.	$434 per employee, per year (calculated at the highest UI tax rate of 6.2 percent [.062]). Your maximum UI tax amount will be less if your rate is less than 6.2 percent.
Employment Training Tax (ETT)	Employer	First $7,000 of wages per employee, in a calendar year.	Set by law at 0.1 percent (.001) of UI taxable wages for employers with positive UI reserve account balances.	$7 per employee, per year.
State Disability Insurance (SDI) Disability Insurance (DI) and Paid Family Leave (PFL) are components of the SDI program and are included in SDI employee contributions.	Employee Employer withholds SDI contributions from employee wages; employers are responsible for SDI not withheld from employee wages. If the employer pays SDI for employee(s), refer to page 10.	First $118,371 of wages per employee, in a calendar year.	The 2019 withholding rate is 1.0 percent (.01). Set by law, the SDI rate may change each year. The EDD notifies employers of the new rate each December.	$1,183.71 per employee, in a calendar year.
California Personal Income Tax (PIT)	Employee Household employers are not required to withhold PIT from employee wages unless **both** the employer and employee agree to withhold the tax. Refer to page 13. However, the employee is still responsible for reporting wages and paying any PIT due to the California Franchise Tax Board (FTB).	Normally, all PIT wages (cash and noncash). See page 11 for information on when to exclude meals and lodging from PIT wages.	PIT is withheld based on each *Employee's Withholding Allowance Certificate* (Form W-4 or DE 4) and the withholding schedules available online at **www.edd.ca.gov/payroll_taxes/rates_and_withholding.htm**.	No maximum

Withholding California Personal Income Tax (PIT)

If a household employee wishes to have California Personal Income Tax (PIT) withheld from his or her wages **and** you agree to withhold it, you need to report and send the PIT withheld to the EDD.

To have California PIT withheld, your employee(s) must complete a federal *Employee's Withholding Allowance Certificate* (Form W-4) or state *Employee's Withholding Allowance Certificate* (DE 4) if their state withholding status is different from the federal. You can refer your employee(s) to the online calculator at **www.edd.ca.gov/payroll_taxes/pdf/de4-online-calculator.pdf**, which will allow them to calculate and print the DE 4.

The California Withholding Schedules are available online at **www.edd.ca.gov/payroll_taxes/rates_and_withholding.htm** to determine the amount of PIT to be withheld from wages.

The DE 4 can be downloaded from **www.edd.ca.gov/payroll_taxes/rates_and_withholding.htm**, ordered online at **www.edd.ca.gov/forms**, or contact the Taxpayer Assistance Center at 1-888-745-3886.

PIT Wages and the Value of Meals and Lodging: Meals and lodging are excluded from PIT wages and withholding if you provide meals and lodging to your employee(s) because it is convenient for you, **and**:

- Meals are furnished on your premises;

and/or

- Lodging is furnished on your premises and is required as a condition of employment.

Example: A governess lives and eats meals in your home so she can take care of your children. The value of the meals and lodging would not be considered PIT wages, and PIT would not be withheld because the meals and lodging are furnished on your premises for your convenience.

The value of the meals and lodging would be included in total subject wages reported on the *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW) for annual household employers and on the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) for quarterly household employers. For additional information, the *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3BHW)* (DE 231PH) is available online at **www.edd.ca.gov/pdf_pub_ctr/de231ph.pdf**.

If the meals and lodging do not meet the exclusion listed above, these amounts must be added to the cash wages paid to your workers before computing the amount of PIT to withhold. Refer to the "Values of Meals and Lodging" tables on page 11 to determine the cash value to report, or go online at **www.edd.ca.gov/payroll_taxes/rates_and_withholding.htm**.

Remember:

- An employee's calendar year total for PIT wages should agree with the amount reported in Box 16 on the employee's *Wage and Tax Statement* (Form W-2). Additional information about the Form W-2 is available on the Internal Revenue Service website at **www.irs.gov**.

- While household employers are not required to withhold PIT, they are required to report PIT wages on the DE 3BHW or DE 9C. The PIT wages are reported separately from subject wages on the quarterly wage reports (DE 3BHW or DE 9C) that you file with the EDD.

E-FILE AND E-PAY MANDATE

California passed Assembly Bill (AB) 1245 (Chapter 222, Statutes of 2015) requiring all employers to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department (EDD). Depending on the number of employees, the requirement was phased-in as follows:

- January 1, 2017 - Employers with 10 or more employees are required to electronically submit employment tax returns, wage reports, and payroll tax deposits.
- January 1, 2018 - All remaining employers are required to electronically file and pay.

Benefits of Electronic Filing and Payment

- Increases data accuracy.
- Protects data through encryption.
- Reduces paper and mailing cost.
- Eliminates lost mail.

Penalty	
Paper Submittal	**Penalty**
Tax Return: • *Quarterly Contribution Return and Report of Wages* (DE 9) • *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) • *Quarterly Contribution Return* (DE 3D)	$50 per return
Wage Report: • *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) • *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW)	$20 per wage item
Payroll Tax Deposit: • *Payroll Tax Deposit* (DE 88)	15% of amount due

Waiver

Employers may request a waiver from the mandate due to lack of automation, severe economic hardship, current exemption from the federal government, or other good cause. The *E-file and E-pay Mandate Waiver Request* (DE 1245W) can be downloaded from **www.edd.ca.gov/pdf_pub_ctr/de1245w.pdf**, ordered online at **www.edd.ca.gov/forms**, or contact the Taxpayer Assistance Center at 1-888-745-3886. Instructions and mailing address are on the waiver request form.

For more information about the e-file and e-pay mandate and related noncompliance penalties, visit **www.edd.ca.gov/EfileMandate**.

Enroll in e-Services for Business to help you meet the requirements of the e-file and e-pay mandate.
www.edd.ca.gov/e-Services_for_Business
Fast, easy, and secure!

e-Services for Business

e-Services for Business allows employers and employer representatives/payroll agents to manage employer payroll tax accounts online at no cost. With a simple one-time enrollment, e-Services for Business can be used to electronically submit employment tax returns, wage reports, and payments 24 hours a day, 7 days a week.*

www.edd.ca.gov/e-Services_for_Business

Fast, easy, and secure!

Features:

- Register for an employer payroll tax account number.
- File, adjust, and print returns/reports.
- Make payments.
- View and update account information.
- Close or re-open an employer payroll tax account.
- View notices and letters regarding registration, payments, returns, and more.
- File a *Report of New Employee(s)* (DE 34).*
- File a *Report of Independent Contractor(s)* (DE 542).*

Benefits:

- Fulfills the e-file and e-pay mandate for employers.
- No cost to enroll and use.
- Provides confirmation when your return, report, or payment is received.
- Saves time by saving basic account information for future transactions.
- Reduces paper and mailing cost.

**The DE 34 and DE 542 may be filed from 5 a.m. to 12 midnight, Pacific Time, 7 days a week. All other services on this page may be accessed 24 hours a day, 7 days a week.*

Additional e-Services for Business Information	
View tutorials on how to:	View answers to frequently asked questions about:
• Enroll for a username and password. • Register for an employer payroll tax account number. • File an employment tax return/wage report. • Make a payroll tax deposit. • And more. **www.edd.ca.gov/payroll_taxes/e-Services_for_Business_tutorials.htm**	• Recovering username and/or resetting password. • Handling lock-outs. • Updating account information. • Closing or re-opening an employer payroll tax account. • And more. **www.edd.ca.gov/payroll_taxes/faq_-_e-Services_for_Business.htm**

Enroll in e-Services for Business today at
www.edd.ca.gov/e-Services_for_Business

How to Report and Pay Your Taxes

There are two types of household employers: **annual** household employers and **quarterly** household employers. The following table explains the requirements for filing payroll tax reports and making tax payments for each type:

	Annual Household Employer	Quarterly Household Employer
Requirements	Reports wages quarterly, pays taxes annually, and is current with reporting and payments.	Reports wages quarterly and pays taxes quarterly. Refer to page 25.
Annual Wage Threshold	Pays household wages of $20,000 or less annually **and** **elects** to pay taxes on an annual basis.	Pays household wages that exceed $20,000 annually **or** pays household wages of $20,000 or less annually **and** **does not elect** to pay taxes on an annual basis.
Forms Required (submit online using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**): Registration:	• *Employers of Household Workers Registration and Update Form* (DE1HW). • *Employer of Household Worker Election Notice* (DE 89) if election is made after filing DE 1HW.	*Employers of Household Workers Registration and Update Form* (DE 1HW).
Each Quarter:	*Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW).	• *Payroll Tax Deposit* (DE 88) payment. • *Quarterly Contribution Return and Report of Wages* (DE 9). • *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C).
Each Year:	*Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) with payment.	

ANNUAL HOUSEHOLD EMPLOYERS

Overview

Household employers who pay $20,000 or less in cash and noncash wages in one calendar year and are current on their reporting and payments may elect to make one yearly payment for their California payroll taxes. If you elect to pay taxes annually, you must still report employee subject wages, Personal Income Tax (PIT) wages, and PIT witholdings quarterly.

You will not automatically be considered an annual household employer, even if you pay $20,000 or less in wages.

To request to become an annual household employer, you must use the following form:

- *Employer of Household Worker Election Notice* (DE 89). Refer to information below regarding the DE 89.

If you are approved as an annual household employer, you must file the following forms:

- **Quarterly:**
  Report employee subject wages, Personal Income Tax (PIT), and PIT withholding on an *Employer of Household Workers(s) Quarterly Report of Wages and Withholdings* (DE 3BHW).
- **Annually:**
  File an *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) with a payment for the total payroll taxes due.

Submit forms online using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**.

Sample forms are provided on pages 8 and 18.

NOTE:

- If you are approved as an annual household employer, but submit a tax return and payment(s) quarterly, your account will be converted to a quarterly household employer account. In order to revert back to an annual household employer, you will need to submit an *Employer of Household Worker Election Notice* (DE 89).
- If you are an annual household employer and your total accumulated wages exceed $20,000 during the calendar year, you must contact the EDD immediately to change your filing status to a quarterly household employer. Refer to page 24 for additional information.

Employer of Household Worker Election Notice (DE 89)

Overview

Household employers who pay $20,000 or less in wages per year and are current on their reporting and payments can use the DE 89 to elect to pay California payroll taxes annually instead of quarterly. If approved, the election is effective the first day of the calendar year in which the election is filed. If you pay more than $20,000 in accumulated wages in a year, the election will be terminated, and you will be required to file and pay all payroll taxes owed for the year at the end of that calendar quarter.

The DE 89 is available online at **www.edd.ca.gov/pdf_pub_ctr/de89.pdf**, or by contacting the Taxpayer Assistance Center at 1-888-745-3886.

FOR ILLUSTRATIVE PURPOSES ONLY

Employment Development Department
State of California

JOHN AND JANE SMITH
PO BOX 12345
ANYTOWN, CA 12345

Date: 4/4/2019

Account Number: 000-0000-0

California law allows certain employers of household workers the option to pay California employment taxes for their household employees annually instead of quarterly. Information on wages paid to employees must still be reported on a quarterly basis. To be eligible to elect this option, an employer must:

- Be registered with the Employment Development Department (EDD) as an employer of household workers.
- Have no delinquent taxes or returns due to the EDD.
- Intend to pay $20,000 or less in wages in a calendar year to household employees. (The sum of all subject wages, cash or noncash, paid to all employees must be no more than $20,000 per year.)

To elect this tax payment option, complete the election notice at the bottom of this document and return it to the address indicated below. If approved, you will be notified in writing. Once approved, the election is effective the first day of the calendar year, January 1, in which the election is filed.

As an annual payer, you will file the quarterly *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings,* DE 3BHW, and the annual *Employer of Household Worker(s) Annual Payroll Tax Return,* DE 3HW. **Until the EDD responds to your request**, please continue to file the *Quarterly Contribution Return and Report of Wages,* DE 9, and the *Quarterly Contribution Return and Report of Wages (Continuation),* DE 9C, along with your *Payroll Tax Deposit,* DE 88.

You can submit employment tax returns, wage reports, and payroll tax deposits electronically using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business** to comply with the e-file and e-pay mandate. For more information on this mandate, visit **www.edd.ca.gov/EfileMandate**.

Please note, if you pay more than $20,000 in wages in any given year, the annual payer election will be terminated, your account will revert back to a quarterly payer, and you will be required to file and pay all payroll taxes owed for the year at the end of every calendar quarter.

If you have any questions or need assistance, call the Taxpayer Assistance Center toll-free at 1-888-745-3886 or TTY 800-547-9565, or visit the EDD website at **www.edd.ca.gov** to view the *Household Employer's Guide,* DE 8829.

Please cut and return the bottom portion of this notice to the address below. You may also fax your election notice to 1-916-654-9211.

EMPLOYER OF HOUSEHOLD WORKER ELECTION NOTICE

I am an employer of household workers and wish to elect to pay California employment taxes annually. I intend to pay no more than $20,000 per year in wages to my workers. I understand that if I pay more than $20,000 during the year, the election will be terminated and I will be required to file and pay all payroll taxes owed for the year at the end of that calendar quarter. I will also be required to file quarterly tax returns with payment for the remainder of the year. I will then need to file a new election to be eligible for this program in the future.

Jane Smith — Signature
4/4/2019 — Date
000-0000-0 — Employer Payroll Tax Account Number

JANE SMITH — Print Name
(123)555-6789 — Phone Number
PO BOX 12345 — Address

ANYTOWN — City
CA — State
12345 — ZIP Code

EMPLOYMENT DEVELOPMENT DEPARTMENT
PO BOX 826880 MIC 28
SACRAMENTO CA 94280-0001

DE 89 Rev. 11 (12-17)

CU

Employer of Household Worker(s)
Quarterly Report of Wages and Withholdings (DE 3BHW)

Overview

Household employers who pay less than $20,000 in wages per year and elect to pay taxes annually use the DE 3BHW to report employee quarterly wages subject to Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI) taxes, and Personal Income Tax (PIT) wages. If PIT is withheld, that amount is also reported on this form. **Even though taxes are paid just once a year, wages must be reported each quarter by state law.** For any quarter that you do not have wages, you must still file the report. Refer to page 24 for your filing requirements if you stop employing people to work in your home and do not intend to hire anyone in the future.

2019 Due Dates
***Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW)**

Report Covering	Due Date	Delinquent if Not Filed By
January, February, March	April 1, 2019	April 30, 2019
April, May, June	July 1, 2019	July 31, 2019
July, August, September	October 1, 2019	October 31, 2019
October, November, December	January 1, 2020	January 31, 2020

You must electronically file a DE 3BHW each quarter even if you did not pay wages during the quarter. Tax returns and wage reports must be submitted electronically in order to be in compliance with the e-file and e-pay mandate. Refer to page 14 for more information on the e-file and e-pay mandate and related noncompliance penalties. Penalty and interest will be charged on late filing of reports. Not having a form to complete is not considered “good cause” for filing your DE 3BHW late; refer to page 56 for the definition of “good cause.” Refer to page 24 for your filing requirements if you stop employing people to work in your home and do not intend to hire anyone in the future.

Electronic Filing: File and pay online with e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. It’s a fast, easy, and secure way to manage your employer payroll tax account online.

- Fulfills the e-file and e-pay mandate for employers.
- File returns/reports and make payments.
- View, adjust, and print returns/reports.
- Available 24 hours a day, 7 days a week.

For additional e-Services for Business features, refer to page 15.

Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW)

Overview

Household employers who pay less than $20,000 in wages per year and elect to pay taxes annually use the DE 3HW to send Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) amounts withheld to the EDD. If Personal Income Tax (PIT) is withheld, that amount is also sent to the EDD with this form.

NOTE: If your total accumulated wages exceed $20,000 during the year, you must notify the EDD immediately that you need to change to a quarterly household employer. Refer to page 24 for information about changing from an annual household employer to a quarterly household employer.

2019 Due Dates
***Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW)**

Report Covering	Due Date	Delinquent if Not Filed By
2019	January 1, 2020	January 31, 2020

If you are unable to pay all or part of your taxes on time, you must still electronically file your DE 3HW. Tax returns and wage reports must be electronically submitted in order to be in compliance with the e-file and e-pay mandate. Refer to page 14 for more information on the e-file and e-pay mandate and related noncompliance penalties. Penalty and interest will be charged on late payroll tax payments and reports. Not having a form to complete is not considered “good cause” for filing your DE 3HW late; refer to page 56 for the definition of “good cause.” Refer to page 24 for your filing requirements if you stop employing people to work in your home and do not intend to hire anyone in the future.

Electronic Filing: File and pay online with e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. It’s a fast, easy, and secure way to manage your employer payroll tax account online.

- Fulfills the e-file and e-pay mandate for employers.
- File returns/reports and make payments.
- View, adjust, and print returns/reports.

For additional e-Services for Business features, refer to page 15.

Learn more about employer payroll taxes through our seminars and online courses at **www.edd.ca.gov/payroll_tax_seminars/**.

Employer Paid Taxes for Employees

If you pay the State Disability Insurance (SDI) tax without deducting it from your employees' wages, the amount of the SDI you paid **is** considered an increase in the employees' wages and **should** be included in subject wages for Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) purposes.

If you pay Social Security and/or Medicare without deducting them from your employees' wages, the amount you paid **is not** considered an increase in the employees' wages and **should not** be included in subject wages for UI, ETT, or SDI purposes.

If you and your employee have agreed to withhold PIT, the amount of Social Security, Medicare, or SDI that you paid without deducting from the employee's wages **should** be included in **PIT wages** and used to calculate the PIT withholding amount.

For assistance in calculating subject wages and PIT wages under these circumstances, refer to *Information Sheet: Social Security/Medicare/State Disability Insurance/Federal IncomeTaxes Paid by an Employer* (DE 231Q). The DE 231Q is available online at **www.edd.ca.gov/pdf_pub_ctr/de231q.pdf**, or contact the Taxpayer Assistance Center at 1-888-745-3886.

Refer to page 29 for "How to Calculate Taxable Wages."

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

2019 Due Dates and Delinquency Dates

NOTE: When the last timely date to file falls on a Saturday, Sunday, or legal holiday, the "delinquent if not postmarked or received by" date falls on the next business day.

Form	Filing Due Dates	Delinquent if Not Postmarked or Received By
Employer of Household Worker(s) Quarterly Report of Wages and Withholdings (DE 3BHW)	April 1, 2019 for filing period of January, February, and March	April 30, 2019
	July 1, 2019 for filing period of April, May, and June	July 31, 2019
	October 1, 2019 for filing period of July, August, and September	October 31, 2019
	January 1, 2020 for filing period of October, November, and December	January 31, 2020
Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW) (with payment)	January 1, 2020 for year of 2019	January 31, 2020

If you cannot pay all or part of your taxes on time, you must still electronically file the DE 3HW. **Penalty and interest will be charged on late payroll tax payments and reports.**

Electronic Filers:

- Follow the simple online instructions to submit timely reports through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**.

Correcting Previously Filed Reports and Returns

Electronic Adjustments: File online through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business** and follow the simple online instructions to make corrections to previously filed reports and returns.

Paper Adjustments: Use the table below to correct your EDD reports with the *Tax and Wage Adjustment Form* (DE 678).

Form	Reason for Adjustment	How to Make an Adjustment
Correcting a previously filed *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW)	Incorrect employee Social Security number (SSN) reported.	Complete the DE 678, Section I, and make two entries in Section V for each quarter that was reported incorrectly. For the first entry, enter the quarter, incorrect SSN, employee name, and enter zeros in the total subject wages, PIT wages, and PIT withheld fields. For the second entry, enter the quarter, correct SSN, employee name, total subject wages, PIT wages, and PIT withheld.
	Incorrect employee name reported.	Complete the DE 678, Section I, and make two entries in Section V for each quarter that was reported incorrectly. For the first entry, enter the quarter, SSN, incorrect employee name, and enter zeros in the total subject wages, PIT wages, and PIT withheld fields. For the second entry, enter the quarter, SSN, correct employee name, total subject wages, PIT wages, and PIT withheld.
	Incorrect wages and/or PIT information reported for employees.	Complete the DE 678, Sections I and V. Enter the correct wages and/or PIT information for each employee **by quarter**. Information provided in annual amounts will be returned unprocessed. **NOTE:** If the DE 3HW was filed with incorrect information, also complete Section III.
	No SSN reported for employee.	Complete the DE 678, Section I, and make two entries in Section V for each quarter that was reported incorrectly. For the first entry, enter the quarter, all zeros (000-00-0000) for the SSN, employee name, and zeros for total subject wages, PIT wages, and PIT withheld. For the second entry, enter the quarter, SSN, employee name, total subject wages, PIT wages, and PIT withheld.
	Employee(s) not previously reported.	Complete the DE 678, Sections I and V. Report the employees, their SSNs, total subject wages, PIT wages, and PIT withheld **by quarter**. **NOTE:** If the DE 3HW was filed with incorrect information, also complete Section III.
Correcting a previously filed *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW)	Provided incorrect UI, ETT, SDI, and/or PIT information.	Complete the DE 678, Sections I, III, and IV, with the correct information. If the DE 3BHWs were filed incorrectly, also complete Section V of the DE 678 as instructed above. **NOTE:** If taxes are due, send a payment for the tax amount due plus penalty and interest, if any, with the DE 678.

The DE 678 and the *Instructions for Completing the Tax and Wage Adjustment Form* (DE 678-I) are available online at **www.edd.ca.gov/pdf_pub_ctr/de678.pdf** and **www.edd.ca.gov/pdf_pub_ctr/de678i.pdf**. For questions about when or how to use the form, adjusting previously reported payroll taxes or wages, or to order forms, contact the Taxpayer Assistance Center at 1-888-745-3886.

No Longer Paying Wages

If you are an annual household employer and stop employing people to work in your home and do not intend to hire anyone in the future, you will need to submit your final *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) with a payment for the total payroll taxes due and an *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings* (DE 3BHW), for the quarter within 10 days of closing your business, regardless of the normal due date. If you plan to employ people to work in your home in the future, but do not have payroll this quarter, file a DE 3BHW indicating you do not have payroll to report. If you have an approved e-file and e-pay mandate waiver and file by paper, mark "No Payroll This Quarter (Item B) on the DE 3BHW. These reports must be filed even if no wages were paid in the quarter. Contact the Taxpayer Assistance Center at 1-888-745-3886 for assistance.

Employers may close their employer payroll tax account online using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**.

When to Change From an Annual Household Employer to a Quarterly Household Employer

If your total accumulated wages exceed $20,000 during the year, you must notify the EDD immediately. Contact the Taxpayer Assistance Center at 1-888-745-3886 and an EDD representative will assist you in changing to a quarterly household employer.

As a quarterly household employer, you will no longer prepare a DE 3HW or a DE 3BHW. Each quarter, you will complete a *Quarterly Contribution Return and Report of Wages* (DE 9) and a *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C), and submit a *Payroll Tax Deposit* (DE 88) payment to the EDD at least quarterly. If you are required to change to a quarterly household employer mid-year, you must electronically submit a DE 3HW and DE 3BHW to cover the quarters you were an annual household employer and a DE 9 and DE 9C for the quarters you were a quarterly household employer. In the following years, you will no longer submit a DE 3HW or a DE 3BHW.

For an explanation of the responsibilities of a quarterly household employer, please refer to the "Quarterly Household Employers" section of this guide, beginning on page 25.

QUARTERLY HOUSEHOLD EMPLOYERS

Overview

If your total annual accumulated wages (both cash and noncash) are more than $20,000 or if you do not elect to become an annual household employer, you must file wage reports quarterly and pay taxes at least quarterly.

NOTE: For information on how to elect to become an annual household employer, refer to page 17. As a quarterly household employer, you must submit the following forms:

- ***Quarterly Contribution Return and Report of Wages*** **(DE 9)**.
- ***Quarterly Contribution Return and Report of Wages (Continuation)*** **(DE 9C)**.
- ***Payroll Tax Deposit*** **(DE 88)**.

The EDD offers a full range of online services for filing and paying state payroll taxes. For more information, refer to the e-Services for Business section on page 15 or visit **www.edd.ca.gov/Payroll_Taxes/e-Services_for_Business_Tutorials.htm** to access this and all e-Services for Business tutorials.

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

Quarterly Contribution Return and Report of Wages (DE 9)

Overview

Quarterly household employers must use the *Quarterly Contribution Return and Report of Wages* (DE 9) to reconcile payroll tax payments and total subject wages reported for the quarter. **You must electronically file a DE 9 and a *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) each quarter.**

2019 Due Dates for the *Quarterly Contribution Return and Report of Wages* (DE 9)

Report Covering	Due Date	Delinquent if Not Filed By
January, February, March	April 1, 2019	April 30, 2019
April, May, June	July 1, 2019	July 31, 2019
July, August, September	October 1, 2019	October 31, 2019
October, November, December	January 1, 2020	January 31, 2020

You must electronically file a DE 9 each quarter even if you did not pay wages during the quarter. Tax returns and wage reports must be submitted electronically in order to be in compliance with the e-file and e-pay mandate. Refer to page 14 for more information on the e-file and e-pay mandate and related noncompliance penalties. **Penalty and interest will be charged on late filing of reports.** Not having a form to complete is not considered "good cause" for filing your DE 9 late; refer to page 56 for the definition of "good cause."

Electronic Filing: File and pay online with e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. It's a fast, easy, and secure way to manage your employer payroll tax account online.

- Fulfills the e-file and e-pay mandate for employers.
- File returns/reports and make payments.
- View, adjust, and print returns/reports.

For additional e-Services for Business features, refer to page 15.

Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C)

Overview

Quarterly household employers must use the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) to report employee wages subject to Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and to report Personal Income Tax (PIT) wages. If PIT is withheld, that amount is also reported on this form. **You must electronically submit a DE 9 and a DE 9C each quarter**.

2019 Due Dates for the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C)

Report Covering	Due Date	Delinquent if Not Filed By
January, February, March	April 1, 2019	April 30, 2019
April, May, June	July 1, 2019	July 31, 2019
July, August, September	October 1, 2019	October 31, 2019
October, November, December	January 1, 2020	January 31, 2020

You must electronically file a DE 9C each quarter even if you did not pay wages during the quarter. Tax returns and wage reports must be submitted electronically in order to be incompliance with the e-file and e-pay mandate. Refer to page 14 fore more information on the e-file and e-pay mandate and related noncompliance penalties. **Penalty and interest will be charged on late reports.** Not having a form to complete is not considered "good cause" for filing your DE 9C late; refer to page 56 for the definition of "good cause."

Electronic Filing: File and pay online with e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. It's a fast, easy, and secure way to manage your employer payroll tax account online.

- Fulfills the e-file and e-pay mandate for employers.
- File returns/reports and make payments.
- View, adjust, and print returns/reports.

For additional e-Services for Business features, refer to page 15.

PAYROLL TAX DEPOSIT (DE 88)

Overview

The *Payroll Tax Deposit* (DE 88) is used to report and pay Unemployment Insurance (UI) Tax, Employment Training Tax (ETT), State Disability Insurance (SDI) Tax withholding, and Personal Income Tax (PIT) withholding to the EDD. Employers can enroll and use e-Services for Business immediately to make deposits.

e-Services for Business. Online. Anytime.

Electronic Filing with e-Services for Business:

- As of January 1, 2018, employers must electronically submit payroll tax deposits. Refer to page 14 for additional information on the e-file and e-pay mandate and related noncompliance penalties.
- Fulfills the e-file and e-pay mandate.
- Fast, easy, and secure way to manage your payroll taxes online.
- Available 24 hours a day, 7 days a week.
- Payroll agents can manage their clients' payroll tax accounts by enrolling in e-Services for Business through a third-party access.
- For additional e-Services for Business features, refer to page 15.

Enroll in e-Services for Business today at **www.edd.ca.gov/e-Services_for_Business**.

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 PIT withholdings are $350 or more, SDI and PIT may need to be deposited more often.** Refer to page 32 for the California Deposit Requirements table.
- Refer to page 32 for additional deposit information and due dates.

NOTE: A penalty of 15 percent plus interest will be charged on late payroll tax payments.

Your online e-Services for Business account has your Unemployment Insurance (UI), Employment Training (ETT), and State Disability Insurance (SDI) tax rates available.

For additional assistance, contact the Taxpayer Assistance Center at 1-888-745-3888. If outside of the U.S. or Canada, call 1-916-464-3502.

File online at **www.edd.ca.gov/e-Services_for_Business**.

How to Calculate Taxable Wages

Unemployment Insurance (UI) tax and Employment Training Tax (ETT) are calculated up to the UI taxable wage limit of each employee's wages per year and are paid by the employer. State Disability Insurance (SDI) tax is calculated up to the SDI taxable wage limit of each employee's wages in 2019 and is withheld from the employee's wages.

NOTE: Examples were created using the 2018 UI taxable wage limit of $7,000 and SDI taxable wage limit of $114,967.

Example: An employer has two employees, Jane and John (for illustrative purposes only).

In the first quarter, Jane is paid $10,000 and John is paid $6,000. The employer pays UI tax and ETT taxes on $7,000 of Jane's wages and all of John's wages. The employer will not pay UI and ETT taxes for Jane for the remainder of the year since she has reached the UI taxable wage limit. SDI is withheld from both employees' total wages.

First Quarter	**Taxable Wages UI/ETT**	**Taxable Wages SDI**
Jane	$ 7,000.00	$ 10,000.00
John	+ 6,000.00	+ 6,000.00
Total Taxable Wages	$ 13,000.00	$ 16,000.00

In the second quarter, Jane is paid $35,000 and John is paid $500. The employer pays UI and ETT on John's total wages since the UI taxable wage limit has not been met. The employer withholds SDI from both employees' total wages since neither has reached the SDI taxable wage limit.

Second Quarter	**Taxable Wages UI/ETT**	**Taxable Wages SDI**
Jane	$ 00.00	$ 35,000.00
John	+ 500.00	+ 500.00
Total Taxable Wages	$ 500.00	$ 35,500.00

In the third quarter, Jane is paid $35,000 and John is paid $8,000. The employer pays UI and ETT on $500 of John's wages; he has now reached the UI taxable wage limit. The employer withholds SDI from both employees' total wages since neither has reached the SDI taxable wage limit.

Third Quarter	**Taxable Wages UI/ETT**	**Taxable Wages SDI**
Jane	$ 00.00	$ 35,000.00
John	+ 500.00	+ 8,000.00
Total Taxable Wages	$ 500.00	$ 43,000.00

In the fourth quarter, Jane is paid $37,000 and John is paid $15,000. The employer only withholds SDI taxes on $34,967 of Jane's wages since she reached the SDI limit. The employer withholds SDI from John's total wages since he was not paid more than the SDI taxable wage limit in the calendar year.

Fourth Quarter	**Taxable Wages UI/ETT**	**Taxable Wages SDI**
Jane	$ 00.00	$ 34,967.00
John	+ 00.00	+ 15,000.00
Total Taxable Wages	$ 00.00	$ 49,967.00

How to Compute

State Disability Insurance (SDI) Withholding

The SDI tax rate (which includes Disability Insurance and Paid Family Leave) for calendar year 2019 is available on the inside cover. The SDI tax is withheld from all cash and noncash wages paid to each employee in 2019 up to the SDI taxable wage limit. Noncash wages include meals and lodging (refer to "Values of Meals and Lodging" tables on page 11). Refer to the **NOTE** below if you do not withhold SDI from your employees' wages.

If SDI tax is withheld from your employees' wages, a *Payroll Tax Deposit* (DE 88) must be submitted to the EDD at least once each quarter and must be received by the dates listed in the table on page 32. If you withhold more than $500 in Personal Income Tax (PIT) from your employees during a quarter, refer to the California Deposit Requirement table available online at **www.edd.ca.gov/payroll_taxes/timely_payroll_tax_deposits.htm** or contact the Taxpayer Assistance Center at 1-888-745-3886 to determine when to submit your SDI and PIT payment to the EDD.

Example: Total SDI taxable wages for the quarter are $13,000 (for illustrative purposes only). Examples were created using the 2018 rates. Refer to the inside cover for the 2019 rates.

SDI Taxable Wages	$13,000
x SDI Tax Rate	x 0.01
SDI Taxes Due	$ 130 (Enter this amount in Box C of the DE 88)

NOTE:

1. If, after paying $750 in cash wages in one or more quarters in a calendar year, you begin paying your employees less than $750 in the following quarters, you must continue withholding SDI taxes from your employees' wages through December of the following year. Once you exceed the threshold on wages, you continue to be subject through the following year.
2. If you pay the SDI tax without deducting it from your employees' wages, the amount of SDI you paid is considered an increase in the employees' wages and must be used to calculate Unemployment Insurance (UI), Employment Training Tax (ETT), and SDI withholding. The additional amount must also be included as PIT wages and used to calculate the PIT withholding amount if you and any of your employees have agreed to withhold PIT.

If you pay Social Security and/or Medicare taxes without deducting them from your employees' wages, these payments are not considered an increase in the employees' wages for UI, ETT, and SDI but **are** an increase in PIT wages that must be used to calculate the PIT withholding amount.

Assistance in calculating subject wages and PIT wages under these circumstances is available online. Refer to *Information Sheet: Social Security/Medicare/State Disability Insurance/Federal IncomeTaxes Paid by an Employer* (DE 231Q) at **www.edd.ca.gov/pdf_pub_ctr/de231q.pdf** or contact the Taxpayer Assistance Center at 1-888-745-3886.

How to Compute

Unemployment Insurance (UI) Tax and Employment Training Tax (ETT)

If you pay cash and noncash wages of $1,000 or more in a calendar quarter to your household employees, in addition to State Disability Insurance (SDI) withholding, you must pay UI tax and ETT at the following rates:

- The UI tax rate for new employers or those newly subject to UI is 3.4 percent (.034). Your tax rate will be given to you when you register with the EDD or become subject to UI. Your tax rates (UI, ETT, and SDI) are updated once each year with a *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) and mailed to you in December, showing the rates for the upcoming year. The UI tax is paid on cash and noncash wages paid to each employee in 2019 up to the UI taxable wage limit of $7,000. Refer to the inside cover for the 2019 UI taxable wage limit. Noncash wages include meals and lodging. Refer to "Values of Meals and Lodging" on page 11.

- The ETT rate is set by law at 0.1 percent (.001) of your UI taxable wages. However, if you have a negative UI reserve account balance on June 30, you will not be required to pay ETT the following calendar year. The annual DE 2088 will show whether your rate is zero (0) or 0.1 percent (.001).

Example: You have two employees and your total UI taxable wages for the quarter are $12,000 (for illustrative purposes only). The UI tax rate is 3.4 percent (.034). The ETT rate is 0.1 percent (.001). Examples were created using standard starting rates, your UI rate may differ.

UI Taxable Wages	$12,000
x UI Tax Rate	x 0.034
UI Taxes Due	$ 408 (Enter this amount for UI deposit)
UI Taxable Wages	$12,000
x ETT Rate	x 0.001
ETT Due	$ 12 (Enter this amount for ETT deposit)

The UI tax and ETT amounts are paid by the employer and are not withheld from employees' wages.

Your payroll taxes and a *Payroll Tax Deposit* (DE 88) **must** be submitted electronically to the EDD each quarter.

File and pay online using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. It's fast, easy, and secure. Refer to page 15 for more information.

Learn more about payroll taxes through our seminars and online courses at **www.edd.ca.gov/payroll_tax_seminars/**.

2019 Due Dates and Delinquency Dates

File and pay online using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. It's fast, easy, and secure. Refer to page 15 for more information.

Withholding Deposits

Form	Calendar Quarter	If You Have Accumulated PIT Withholding Of	PIT and SDI Deposit Due By[2]
Payroll Tax Deposit (DE 88)	January, February, and March (1st Quarter)	Less than $350	April 30, 2019[3]
		$350 - $500[1]	15th of the following month
	April, May, and June (2nd Quarter)	Less than $350	July 31, 2019[3]
		$350 - $500[1]	15th of the following month
	July, August, and September (3rd Quarter)	Less than $350	October 31, 2019[3]
		$350 - $500[1]	15th of the following month
	October, November, and December (4th Quarter)	Less than $350	January 31, 2020[3]
		$350 - $500[1]	15th of the following month

[1] If you withhold more than $500 in PIT, refer to the California Deposit Requirement table available online at **www.edd.ca.gov/payroll_taxes/timely_payroll_tax_deposits.htm** or contact the Taxpayer Assistance Center at 1-888-745-3886 to determine the correct due date of your tax payment.

[2] If the deposit due date falls on a Saturday, Sunday, or a legal holiday, the due date is extended to the next business day.

[3] For household employers who have paid $1,000 or more in wages in a calendar quarter, a deposit of Unemployment Insurance (UI) and Employment Training Tax (ETT) not previously paid is also due each quarter by these due dates.

NOTE:

As of January 1, 2018, employers must electronically submit payroll tax deposits to the EDD. Refer to page 14 for information on the e-file and e-pay mandate and related noncompliance penalties.

2019 Due Dates and Delinquency Dates (Continued)

File and pay online using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. It's fast, easy, and secure. Refer to page 15 for more information.

Withholding Deposits

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

- An Electronic Funds Transfer (EFT) Automated Clearing House (ACH) **debit** transaction must be completed **before** 3 p.m., Pacific Time, on or before the last timely date to ensure a timely settlement date.
- EFT 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.

Quarterly Reports

Form	Filing Due Dates	Delinquent if Not Postmarked or Received By
Quarterly Contribution Return and Report of Wages (DE 9) **and** *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C)	April 1, 2019 for filing period of January, February, and March	April 30, 2019
	July 1, 2019 for filing period of April, May, and June	July 31, 2019
	October 1, 2019 for filing period of July, August, and September	October 31, 2019
	January 1, 2020 for filing period of October, November, and December	January 31, 2020

If you cannot pay all or part of your taxes on time, you must still file the DE 9 and DE 9C. Penalty and interest will be charged on each late payroll tax payment and report/return.

NOTE:

- When your DE 9 and DE 9C are electronically submitted to the EDD, the submission date is used to determine if your returns are timely.
- For any quarter that you do not have wages to report, you are required to file a DE 9 and DE 9C and indicate you have no payroll to report when electronically submitting the forms through e-Services for Business. If you have any questions, contact the Taxpayer Assistance Center at 1-888-745-3886.
- As of January 1, 2018, employers must electronically submit employment tax returns, wage reports, and payroll tax deposits to the EDD. Refer to page 14 for information on the e-file and e-pay mandate and related noncompliance penalties.

Correcting Previously Submitted *Payroll Tax Deposit* (DE 88)

Deposits can be corrected online through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business** even if the deposit was made using another electronic payment method or a paper DE 88 coupon.

The following tables clarify when to notify the EDD of adjustments and how to make them.

Form	Reason for Adjustment	How to Make an Adjustment
Correcting previously submitted *Payroll Tax Deposit* (DE 88)	Overpaid UI, ETT, SDI, and/or PIT on a DE 88 **prior to filing your *Quarterly Contribution Return and Report of Wages* (DE 9) and *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C)**.	On the next DE 88 payment for the **same calendar quarter**, reduce the amount of taxes due by the amount of the overpayment. **Do not** show credits on the DE 88.
	Overpaid UI, ETT, SDI, and/or PIT on a DE 88 **prior to filing DE 9/DE 9C** and you cannot reduce the overpayment on your next deposit within the quarter.	Claim a refund on line J when you file your DE 9 at the end of the quarter.
	Overwithheld PIT and • DE 9 was filed. • DE 9C was filed. • Form W-2 was issued to the employee.	**DO NOT:** • Refund overwithheld PIT to the employee. • Change the California PIT withholding amount shown on the Form W-2. • File a claim for refund with the EDD. The employee will receive a credit for the PIT overwithholdings when filing a California State income tax return with the Franchise Tax Board (FTB).
	Underpaid UI, ETT, SDI, and/or PIT **prior to filing your DE 9/DE 9C**.	Submit a DE 88 for the additional amount due, including penalty and interest. Indicate the payroll date on the DE 88.
	Underpaid UI, ETT, SDI, and/or PIT and your **DE 9/DE 9C was filed**.	Submit a DE 88 for the additional amount due for the quarter, including any penalty and interest, **or** when you receive a *Statement of Account* (DE 2176) in the mail, pay the balance due.
	Allocated the wrong amounts to specific funds on a DE 88.	**Do not adjust.** The EDD will make the necessary adjustments at the end of the quarter when your DE 9 is filed.

When **written permission** is obtained from an employee, you are authorized to adjust any overwithheld or underwithheld California PIT from the employee if the adjustment is made within the same calendar year and before the IRS *Wage and Tax Statement* (Form W-2) is issued.

Overwithheld SDI and/or PIT must be credited or refunded to your employee **before** you can take a credit or receive a refund from the EDD. You should obtain a receipt from the employee whenever a credit adjustment or repayment of overwithheld tax is made.

NOTE: A claim for credit or refund must be filed within three years of the delinquent date for the quarter being adjusted.

Correcting Previously Filed Reports and Returns

Most employers, including quarterly household employers, are required to file the DE 9 and DE 9C. These reports can be corrected through **www.edd.ca.gov/e-Services_for_Business** even if the deposit was made using another electronic payment or a paper DE 88 coupon.

The *Instructions for Completing the Quarterly Contribution and Wage Adjustment Form* (DE 9ADJ-I) is available online at **www.edd.ca.gov/pdf_pub_ctr/de9adji.pdf**. Contact the Taxpayer Assistance Center at 1-888-745-3886 for additional help.

Form	Reason for Adjustment	How to Make an Adjustment
Correcting previously filed *Quarterly Contribution Return and Report of Wages* (DE 9)	Provided incorrect UI, ETT, SDI, and/or PIT information.	File a DE 9ADJ. Complete Sections I and II with the correct information. If DE 9C forms were filed incorrectly, also complete Section III of the DE 9ADJ as instructed above. **NOTE:** If taxes are due, send a payment for the tax amount plus penalty and interest, if any, with the DE 9ADJ.
Correcting previously filed *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C)	Incorrect employee Social Security number (SSN) or name reported.	File a DE 9ADJ. Complete Sections I and III. Section III requires two entries. For the first entry, enter the quarter, incorrect SSN, employee name, and enter zeros in the total subject wages, PIT wages, and PIT withheld fields. For the second entry, enter the corrected information. For examples, refer to page 2 of the DE 9ADJ-I Instructions.
	Incorrect wages and/or PIT information for employees previously reported.	File a DE 9ADJ. Complete Sections I and III with correct wages and/or PIT information for each employee by quarter. For examples, refer to page 2 of the DE 9ADJ-I Instructions. **NOTE:** If DE 9 has been filed with incorrect information, also complete Section II.
	No SSN reported for employee.	File a DE 9ADJ. Complete Sections I and III. Section III requires two entries. For the first entry, enter the quarter, all zeros for the SSN filed, employee name, and zeros in the total subject wages, PIT wages, and PIT withheld fields. In the second entry, enter the corrected information. For examples, refer to page 2 of the DE 9ADJ-I Instructions.
	Employee(s) not previously reported.	File a DE 9ADJ. Complete Sections I and III with the unreported employee(s) SSN and full name, total subject wages, PIT wages, and PIT withheld by quarter. **NOTE:** If a DE 9 has been filed with incorrect information, also complete Section II.

A sample DE 9ADJ is available on pages 36 and 37.

FOR ILLUSTRATIVE PURPOSES ONLY

Examples were created using 2018 rates.
Refer to inside front cover for 2019 rates.

Employment Development Department
State of California

QUARTERLY CONTRIBUTION AND WAGE ADJUSTMENT FORM

STATUTE OF LIMITATIONS
A claim for refund or credit must be filed within three years of the last timely filing date of the quarter being adjusted.

You can file this adjustment form online through the Employment Development Department's (EDD) e-Services for Business. Please visit our website at **www.edd.ca.gov**. See *Instructions for Completing the Quarterly Contribution and Wage Adjustment Form* (DE 9ADJ-I) for completing this form.

File this form online through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**

SECTION I: (P

YEAR / QUARTER: 18 4

EMPLOYER ACCOUNT NO.: 000-0000-0

REAS ... 4TH QUARTER BY 9,000.00, DID NOT REPORT ONE EMPLOYEE

SECTION II: ADJUSTMENT TO WAGES AND CONTRIBUTIONS	(1) Previously reported	(2) Should have reported	(3) DIFFERENCES Debit/(Credit)
A. TOTAL SUBJECT WAGES	9,000.00	18,000.00	9,000.00
B. UNEMPLOYMENT INSURANCE (UI) Taxable Wages	7,000.00	14,000.00	7,000.00
C. STATE DISABILITY INSURANCE (SDI) Taxable Wages	9,000.00	18,000.00	9,000.00
D. EMPLOYER'S UI CONTRIBUTIONS (UI Rate 3.4 % times B)	238.00	476.00	238.00
E. EMPLOYMENT TRAINING TAX (ETT Rate 0.1 % times B)	7.00	14.00	7.00
F. STATE DISABILITY INSURANCE* (SDI) Withheld (SDI Rate 1.0 % times C; complete **Box 1** below if credit on row F.)	90.00	180.00	90.00
G. PERSONAL INCOME TAX (PIT) Withheld (Complete **Box 2** below if credit on line G.)	150.00	300.00	150.00
H. SUBTOTAL (Lines D, E, F, and G)	485.00	970.00	485.00
I. Penalty (Refer to instructions on DE 9ADJ-I)			0.00
J. Interest (Refer to instructions on DE 9ADJ-I)			0.00
K. Erroneous SDI Deductions not refunded (See **Box 1, NOTE** below)			0.00
L. Less contributions and withholdings paid for the quarter			1,000.00
M. Total taxes due or overpaid **(H2 + I + J + K) - L**			-30.00

* Includes Paid Family Leave amount.

BOX 1. STATE DISABILITY INSURANCE OVERPAYMENTS (Must be completed for credit to be allowed.)

1. Was the credit claimed in column 3 withheld from the wages of employee(s)? ☑ Yes ☐ No
   If yes, has this amount been refunded to employee(s)? ☑ Yes ☐ No
   If not refunded: employee(s) no longer employed, unable to locate.
   NOTE: The EDD cannot refund these contributions to you unless you first refund the erroneous deductions to the employee(s).
   (List each employee name, Social Security Number, and amount of SDI not refunded.)

BOX 2. PERSONAL INCOME TAX OVERPAYMENTS (Must be completed for credit to be allowed.)
If you paid the Employment Development Department (EDD) more than the amount of California PIT withheld from wages of employee(s), you can adjust the amount reported by using this form. The EDD will allow credit adjustments prior to the issuance of Forms W-2. **If you have already issued Forms W-2, please read the additional information on page 2 before proceeding.**

1. Was the credit claimed in column 3 withheld from the pay of employee(s)? ☑ Yes ☐ No
   If yes, has this credit been refunded to employee(s)? ☑ Yes ☐ No
2. Was the credit claimed in column 3 included on Forms W-2 issued to employee(s)? ☐ Yes ☑ No

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 Smith Title EMPLOYER (Owner, Accountant, Preparer, etc.) Phone (123) 555-7899 Date 05/01/2019

SIGN AND MAIL TO: Employment Development Department / P.O. Box 989073 / West Sacramento, CA 95798-9073

FOR ILLUSTRATIVE PURPOSES ONLY

Examples were created using 2018 rates.
Refer to inside front cover for 2019 rates.

Employment Development Department
State of California

QUARTERLY CONTRIBUTION AND WAGE ADJUSTMENT FORM

EMPLOYER ACCOUNT NO. 000-0000-0

BUSINESS NAME JOHN AND JANE SMITH

SE TION QUA RLY AGE AND WITHHOLDING ADJUSTMENTS
Ent beep ported; if unchanged, leave field blank. Correcting the Social Security Number or Name or Completing the Quarterly Contribution and Wage Adjustment Form (DE 9ADJ-I), ructions.

File this form online through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**

YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
		THOMAS T. TAYLOR	9,000.00	9,000.00	150.00
		EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
YEAR / QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD

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No Longer Paying Wages

If you stop employing people to work in your home and do not intend to hire anyone in the future, you will need to submit your final *Quarterly Contribution Return and Report of Wages* (DE 9), a *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C), and *Payroll Tax Deposit* (DE 88) and close your employer payroll tax account **within 10 days** of closing your business, regardless of the normal due date. Close your employer payroll tax account online using e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**. If you plan to employ people to work in your home in the future, but do not have payroll this quarter, file a DE 9 and DE 9C indicating you do not have payroll to report. If you have an approved e-file and e-pay mandate waiver and file by paper, select "No Wages Paid This Quarter" on the DE 9 and "No Payroll" on the DE 9C. These reports must be filed even if no wages were paid in the quarter. Contact the Taxpayer Assistance Center at 1-888-745-3886 for assistance.

Household employers may close their employer payroll tax account online using e-Services for Business and, if you resume paying wages in excess of $750 in a calendar quarter, you may also request to reopen your employer payroll tax account. Visit **www.edd.ca.gov/e-Services_for_Business**.

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

REPORTING NEW EMPLOYEES

All employers are required by law to report all newly hired or rehired employees to the New Employee Registry (NER) within 20 days of their start-of-work date, which is the first day services were performed for wages.

- **NEWLY HIRED** employees are those individuals who have not previously been included on your payroll.
- **REHIRED** employees are those individuals who were previously included on your payroll, left your employment, and were rehired after a separation of at least 60 consecutive days.

The NER assists California's Department of Child Support Services and the 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 file. This will result in the early detection and prevention of UI benefit overpayments.

Filing Options for Reporting New or Rehired Employees

The following options are available to report new or rehired employees:

1. File online at **www.edd.ca.gov/e-Services_for_Business**. It's fast, easy, and secure.
2. Download the *Report of New Employee(s)* (DE 34) form online at **www.edd.ca.gov/pdf_pub_ctr/de34.pdf**.
3. Order DE 34 forms using our online order form at **www.edd.ca.gov/forms**.

When Due: You must report all newly hired employees (refer to "Who Are Household Employees?" on page 4) **within 20 days** of the start-of-work date, which is the first day of work. Any employee that is rehired or returns to work after a separation of at least 60 consecutive days must also be reported within the 20 days.

The following information must be included when reporting new employees:

Employer Information	Employee Information
• EDD eight-digit employer payroll tax account number (if applicable) • Federal employer identification number (FEIN) • Business name • Business address • Contact person and phone number	• First name, middle initial, and last name • Social Security number (SSN) • Home address • Start-of-work date

A sample DE 34 is available on page 40.

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 Withholding Allowance Certification* (Form W-4) to avoid penalty and interest charges. Your informal report should include all the information listed in the above table.

Mail or fax your new employee information to:

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

NOTE: If the people who work in your home are independent contractors, you do not need to report them to the EDD (refer to "Who Are Household Employees?" on page 4). The requirement for businesses and government entities to report independent contractors does not apply to household employers.

If you are not sure if the people who work in your home are employees or independent contractors, contact the Taxpayer Assistance Center at 1-888-745-3886 for assistance.

FOR ILLUSTRATIVE PURPOSES ONLY

Employment Development Department
State of California

REPORT OF NEW EMPLOYEE(S)

NOTE: Failure to provide all of the information below may result in this form being rejected and/or a penalty being assessed.

00340600

DATE	CA EMPLOYER ACCOUNT NUMBER	BRANCH CODE	FEDERAL ID NUMBER
030719 D Y Y	00000000		XXXXXXXXX

BUSINESS NAME	CONTACT PERSON	PHONE NUMBER
JOHN AND JANE SMITH	JANE SMITH	123-555-7789

ADDRESS	STREET	CITY	STATE	ZIP CODE
F		ANYTOWN	CA	12345

File this form online through e-Services for Business at **www.edd.ca.gov/e-Services_for_Business**

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME
	E	MILLER

SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT
		CEDAR STREET	

CITY	STATE	ZIP CODE	START-OF-WORK DATE
	CA	12345	022619 D Y Y

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT

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

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT

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

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT

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

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME

SOCIAL SECURITY NUMBER	STREET NUMBER	STREET NAME	UNIT/APT

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

DE 34 Rev. 10 (3-17) **(INTERNET)** Page 1 of 2 MAIL TO: Employment Development Department / PO Box 997016, MIC 96 West Sacramento, CA 95799-7016 or fax to 916-319-4400 CU

FEDERAL 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. You must provide your employees with their 2019 Form W-2 by January 31, 2020.* 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 Internal Revenue Service (IRS) *Employer's Tax Guide* (Publication 15, Circular E). For instructions on completing Form W-2, refer to the IRS publication 2019 General Instructions for Forms W-2 and W-3 available online at the IRS website at **www.irs.gov** or contact the IRS at 1-800-829-3676.

In addition to the federal information required, you must include California Personal Income Tax (PIT) wages, PIT withheld, 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 (if any)
Box 19 (Local income tax)	The abbreviation "CASDI" and SDI withheld

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:
  - Name of household employer, address, federal employer identification number (FEIN), and the EDD eight-digit employer payroll tax account numbers.
  - The employee's name, address, and Social Security number.
  - The amount of SDI withheld and/or paid directly by you.
- If the wages were **not** subject to SDI, show "CASDI 0" (zero).
- If you paid SDI taxes **without** withholding the SDI from the employee's wages, you should show the SDI taxes as if they were withheld and increase the amount you report according to the formula shown on the *Information Sheet: Social Security/Medicare/State Disability Insurance/Federal Income Taxes Paid by an Employer* (DE 231Q). The DE 231Q is available online at **www.edd.ca.gov/pdf_pub_ctr/de231q.pdf**.

Generally, the amount reported as California PIT wages on Form W-2 in Box 16 is the same as the federal wages (Box 1).

If you discover an error on a previously issued Form W-2, refer to the IRS publication 2018 General Instructions for Forms W-2 and W-3 for instructions on how to complete an IRS *Corrected Wage and Tax Statement* (Form W-2C).

Send Forms W-2 and Forms W-2C to your employees and the Social Security Administration. **Do not** send the "state" copies of Forms W-2 and Forms W-2C to the State of California (the EDD or the Franchise Tax Board).

* 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 pursuant to 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 Form 1099-MISC) for misclassified employees as provided pursuant to 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 as provided pursuant to section 17041 of the Revenue and Taxation Code. Contact the EDD Taxpayer Assistance Center at 1-888-745-3886 for additional information.

Earned Income Tax Credit Information Act

You may be eligible to receive the California Earned Income Tax Credit (California EITC) starting with the calendar year 2015 tax year. The California EITC is a refundable state income tax credit for low-income working individuals and families. The California EITC is treated in the same manner as the Federal EITC and generally will not be used to determine eligibility for welfare benefits under California law. To claim the California EITC, even if you do not owe California taxes, you must file a California income tax return and complete and attach the *California Earned Income Tax Credit* form (Form 3514). For information on the availability of the credit, eligibility requirements, how to obtain the necessary California forms, and get help filing, contact the Franchise Tax Board at 1-800-852-5711 or visit their website at **www.ftb.ca.gov/individuals/faq/net/900.shtml**.

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

Employers who are subject to and required to provide Unemployment Insurance to their employees must provide EITC notification to the employee by either handing it directly to the employee or mailing it to the employee's last known address. Posting of this information on an employee bulletin board **will not** satisfy the notification requirement.

The notification shall be provided at the same time or within one week, before or after, the employer provides the employee with an annual wage summary, including, but not limited to, a Form W-2 or a Form 1099. The notice shall include instructions on how to obtain any notices available from the Internal Revenue Service (IRS) for this purpose, including, but not limited to, the IRS Notice 797, **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 any other necessary forms and instructions, contact the Internal Revenue Service by calling 1-800-829-3676 or through its website at **www.irs.gov**."

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

Subscribe to the EDD no-fee email subscription services at
www.edd.ca.gov/about_edd/get_email_notices.htm.

WHAT PAYROLL RECORDS MUST BE KEPT?

Employers are required to keep payroll records for at least four years. If you believe that you are **not** a subject employer or your employees are exempt, state law requires that you maintain records of payments made to people who provide household services 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, or 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, and gifts). (Refer to "Values of Meals and Lodging" on page 11.)
- The amounts withheld from employee wages. (NOTE: You may be required to make withholding deposits. Refer to "Withholding Deposits" on page 28.)
- Disbursement records showing payments to workers.
- Other information necessary to determine payments to workers.

You may use any payroll record that provides the information listed above. An Employee Earnings Record sample is provided on page 44.

If you have any questions about the records you must keep, refer to *Information Sheet: Employment Tax Audit Process* (DE 231TA). The DE 231TA is available online at **www.edd.ca.gov/pdf_pub_ctr/de231ta.pdf** or by contacting the Taxpayer Assistance Center at 1-888-745-3886.

Would you like hands-on experience on how to calculate taxes and complete payroll tax forms?

Consider attending one of the EDD State Payroll Tax Workshops. Learn more or register for a seminar online at **www.edd.ca.gov/payroll_tax_seminars/** or by contacting the Taxpayer Assistance Center at 1-888-745-3886.

Employee Earnings Record Sample

Employee's Name: _____

Date Hired/Rehired/ Returned to Work From Layoff: _____

Social Security Number: _____

Last Date Services Were Performed: _____

For Year Ending: _____

Reason for Separation: _____

				Withholdings					
Pay Period	Cash Wages Earned	Noncash Wages Earned	Total Wages Earned (Cash + Noncash Wages)	State Disability Insurance (SDI)	State Personal Income Tax (PIT) (Optional for Household Employers)	Social Security	Medicare	Federal Income Tax (Optional for Household Employers)	Net Wages (Total Wages Earned– With-holdings)
Year Totals									

Employer's Name: _____

Employee's Work Address: _____ _____

_____ _____

Your Reserve Account

If you pay $1,000 or more in cash wages to household employees during a calendar quarter, you are required to pay Unemployment Insurance (UI) tax and Employment Training Tax (ETT) on each employee's wages up to the UI taxable wage limit, each calendar year. Your UI reserve account is a record of the UI taxes you have paid (credits) and the UI benefits that the EDD has paid (charges) to your former employees who were found eligible to receive UI benefits or who qualified for reduced UI benefits when working less than full-time for you. Your UI reserve account is a "paper" account for recordkeeping purposes and has no cash value. The difference between the credits and charges is the reserve account balance, which may be positive or negative. Your account balance is used only to determine your annual UI tax rate. If you have a negative reserve account balance as of June 30, you will not have to pay ETT for the following calendar year.

Notices

When your former employee ("claimant") applies for UI benefits, the last employer reported by the claimant will receive a *Notice of Unemployment Insurance Claim Filed* (DE 1101CZ or DE 1101ER). Only the last employer of record will receive this notice to advise them that the claimant has filed a UI claim, and it includes the reason the claimant stated for no longer working.

If you have any information that would affect the claimant's eligibility for UI benefits, please complete the form and return it to the EDD within 10 days of the date the notice was mailed to you. If you believe that your UI reserve account should not be charged for the benefits, it is important that you provide information by the required deadline explaining why the claimant was terminated or the reasons the claimant gave for voluntarily quitting. The DE 1101CZ and DE 1101ER include instructions that explain how to complete the forms. Your information is needed to gather relevant facts that will assist the EDD in determining if the claimant is eligible to receive UI benefits. **Failure to respond timely may result in an increase to your UI tax rate.**

For added convenience, employers and third party administrators can elect to electronically receive and respond to the DE 1101CZ through the State Information Data Exchange System (SIDES). To learn more or to subscribe to SIDES, visit **www.edd.ca.gov/sides**.

If you respond to the notice within the legally required 10 days of the notice date and provide information about why you think the claimant should not be eligible for UI benefits, the EDD will send you a *Notice of Determination and/or Ruling* (DE 1080EZ). The DE 1080EZ advises you whether or not the claimant is eligible for UI benefits and if your UI reserve account will be charged for UI benefits if the claimant is found eligible based on the reason for separation from your employment. If you fail to respond to the DE 1101CZ or DE 1101ER, or respond untimely, you are not entitled to a determination and/or a ruling. However, if you respond untimely and provide the reason you are submitting the eligibility information untimely, the EDD will determine if you had good cause for not submitting your response timely. If there is a finding of good cause, you will be entitled to a determination and/or ruling. Also, if you respond untimely with eligibility information, the EDD will conduct a determination of eligibility for UI benefits with the claimant regardless of whether you are entitled to a notice of determination and/or a ruling.

If the EDD finds that a claimant is eligible to receive UI benefits, a *Notice of Wages Used for Unemployment Insurance (UI) Claim* (DE 1545) is mailed to all base-period employers after the first benefit payment is sent to the claimant. If you are a base-period employer, you will receive a DE 1545. The DE 1545 will inform you of the wages used to establish the UI claim and the amount of potential charges to your UI reserve account. All or part of the benefits paid to the claimant may be charged to your UI reserve account.

If you believe that your UI reserve account should not be charged for the benefits, it is important that you complete the form and return it by the required deadline to the EDD as indicated on the form. The DE 1545 includes instructions on how to complete the form. You will need to explain why your account should not be charged for the UI benefits. If you previously responded to a DE 1101CZ or DE 1101ER for the same employee concerning the same separation or other issue, you do not need to return the DE 1545.

However, if you have new information that may affect the claimant's eligibility for Unemployment Insurance (UI) benefits then you must report the new information to the EDD. Please complete the DE 1545 timely by returning it within 15 calendar days from the mail date of the notice. If the wage information is incorrect, you must provide documentation to support the correction, such as a copy of the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) or *Quarterly Contribution and Wage Adjustment Form* (DE 9ADJ) within 30 days from the mail date of the notice. When a claimant is approved for the California Training Benefits (CTB) program, a *Notice of Potential Increased Liability for Training Extension Benefits* (DE 1545TE) is mailed to all base-period employers. This notice 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. If you believe that your UI reserve account should not be charged for the training benefits, your protest must be mailed by the date indicated on the form. The response should provide information explaining why the claimant should not be eligible for CTB under the California Unemployment Insurance Code section cited. If the DE 1545TE indicates that you previously received a favorable ruling, your account will not be charged and no response will be necessary.

To maintain the integrity of the UI program, the EDD investigates cases of potential imposter fraud and identity theft. As part of our investigation, you may receive a *Request for Additional Information* (DE 1326ER) asking you to validate information provided to us by an individual who has filed a claim for UI benefits. The DE 1326ER is mailed to the last employer and base-period employers to request additional identifying information to validate the identity of the individual. Your prompt response to the DE 1326ER will protect your employer payroll tax account from charges if the determination of eligibility results in a disqualification, and it will assist the EDD in maintaining the integrity of the UI Fund.

Additional information on protecting your employer payroll tax account from fraudulent UI claims, protecting your employees, and fighting imposter fraud can be found online at **www.edd.ca.gov/unemployment/fraud_prevention.htm**.

NOTE: You should keep copies of all your responses to EDD notices for your records.

Notices of Determination, Ruling, or Modification

You will receive a notice from the EDD in response to the timely information reported regarding a claimant's eligibility for UI benefits on the DE 1101CZ, DE 1101ER, DE 1545, or DE 1545TE. Depending on the specific circumstances involved, you will receive one of the following notices:

Notice	Purpose
DE 1080EZ: • Notice of Determination	Sent to an employer who responds timely to a DE 1101CZ, DE 1101ER, DE 1545, or DE 1545TE, or who submits timely correspondence with claimant eligibility information other than information regarding a voluntary quit or discharge.
• Notice of Determination/ Ruling	Sent to an employer who responds timely to a DE 1101CZ or DE 1101ER with information regarding a voluntary quit or discharge. This notice informs the employer whether or not their reserve account will be charged for UI benefits paid.
• Notice of Ruling	Sent to an employer who responds timely to a DE 1545 with information regarding separation(s) that occurred within the base period. This notice informs the employer whether or not their reserve account will be charged for UI benefits paid.
DE 1080M: • Notice of Modification	Sent to an employer who previously received a DE 1080EZ stating that the claimant was disqualified from receiving UI benefits. The purpose of this form is to inform the employer that the claimant's disqualification period has ended and the claimant has met the criteria required to receive UI benefits. This notice does not change the original ruling issued to the employer.

Appeal Rights

You have the right to file an appeal if you do not agree with the EDD determination about:

- A former employee's eligibility to receive UI benefits.
- Charges made to your UI reserve account due to paid UI benefits.

You must send your written appeal to the EDD within 30 days of the mail date of the *Notice of Determination and/or Ruling* (DE 1080EZ). The EDD will send you an acknowledgment of receipt and registration of your appeal with the phone number for the Office of Appeals hearing the case. The Office of Appeals 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 the ALJ. Both the CUIAB and the ALJs operate impartially and independently of the EDD.

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

- *Appeals Procedure* (DE 1433)
- *Office of Appeals Tax Hearing Information Pamphlet* (DE 6412)

For copies of these publications, visit the State of California Unemployment Insurance Appeals Board website at **https://www.cuiab.ca.gov/forms.asp** or write to:

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

If you have any questions about appeals:

- Access the EDD website at **www.edd.ca.gov/unemployment/first_level_appeal.htm**.
- Access the California Unemployment Insurance Appeals Board website at **www.cuiab.ca.gov**.
- Contact EDD Unemployment Insurance (UI) customer service at 1-800-300-5616, or online at **www.edd.ca.gov/unemployment/contact_ui.htm**.

Statement of Charges to Reserve Account (DE 428T)

Each September, 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 from July 1 through June 30 of the previous fiscal year. 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 calendar 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 issue date on your statement to protest, in writing, any charges you believe are incorrect. An extension of up to 60 days may be granted for "good cause" (refer to page 56) if your request is submitted before the protest deadline. When filing your protest, you must include your EDD eight-digit employer payroll tax account number, the claimant's name, Social Security number, claim date, the dollar amount, and the specific reason for protesting. Protests with missing information will be returned. If you have address changes and/or agent updates, inform the EDD immediately in order to receive your DE 428T timely.

For further information, refer to the *Explanation and Instruction Sheet - Statement of Charges to Reserve Account (DE 428T)* (DE 428C) included with your DE 428T or contact the Taxpayer Assistance Center at 1-888-745-3886. The DE 428C is also available online at **www.edd.ca.gov/pdf_pub_ctr/de428c.pdf**.

Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)

The Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) tax rates and taxable wage limits may change each year. Each December, the EDD sends you a *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) to notify you of your tax rates and taxable wage limits for the upcoming year. Your 2019 notice will show the items used to determine your UI rate and the balance in your UI reserve account as of July 31, 2018.

Any item on the DE 2088 can be protested except the ETT and SDI tax rates, which are set by law. Your protest must be filed in writing within 60 days of the issued date shown on the notice. An extension of up to 60 days may be granted for "good cause" (refer to page 56) if your request is submitted before the protest deadline. When filing your protest, you must include your EDD eight-digit employer payroll tax account number, the specific item(s) being protested, and why you are protesting.

Mail your protest to:

Employment Development Department
Rate Management Group, MIC 4
PO Box 826880
Sacramento, CA 94280-0001

For further information, refer to the *Explanation of the Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) *for the Period of January 1, 2019, to December 31, 2019* (DE 2088C) included with the DE 2088 or contact the Taxpayer Assistance Center at 1-888-745-3886. The DE 2088C is also available online at **www.edd.ca.gov/pdf_pub_ctr/de2088c.pdf**.

STATE DISABILITY INSURANCE (SDI)

The State Disability Insurance (SDI) program provides Disability Insurance (DI) and Paid Family Leave (PFL) benefits to eligible workers who need time off of work. The SDI program is state mandated and funded by employee payroll deductions.

Disability Insurance (DI)

DI is a component of the SDI program. DI provides partial wage replacement benefits to eligible California workers who have 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)

PFL is a component of the SDI program. PFL provides benefits to workers who take time off work to care for a seriously ill child, parent, parent-in-law, grandparent, grandchild, sibling, spouse, or registered domestic partner. Benefits are also available to new parents who need time to bond with a new child through birth, adoption, or foster care placement.

Claim Notices

When a DI claim is filed, the employer(s) reported on the DI claim form will receive a *Notice to Employer of Disability Insurance Claim Filed* (DE 2503). When a PFL claim is filed, the employer(s) will receive a *Notice of Paid Family Leave (PFL) Claim Filed* (DE 2503F). You are required to complete and return the DE 2503 or DE 2503F **within two working days**. You may also submit the DE 2503 electronically through SDI Online at **www.edd.ca.gov/disability**.

Your Unemployment Insurance reserve account will not be affected when your employees file DI and/or PFL claims. You will not be notified of claimant eligibility for DI/PFL benefits because employees pay for DI and PFL through payroll deductions.

If you have questions about DI, please visit the EDD website at **www.edd.ca.gov/disability** or contact DI at 1-800-480-3287. If you have questions about PFL, visit the EDD website at **www.edd.ca.gov/disability/paid_family_leave.htm** or contact PFL at 1-877-238-4373.

SDI Online

SDI Online is an electronic claim filing system available to employers, claimants, physicians/practitioners, and voluntary plan administrators for submission of DI and PFL claim information. Employers can securely submit employee information (e.g. wages earned, last day worked, etc.) for DI claims online. For more information about these online services, visit the EDD website at **www.edd.ca.gov/disability**.

Other EDD Programs and Services

America's Job Center of California℠

To find the nearest America's Job Center of California℠ (AJCC), visit **www.edd.ca.gov/office_locator**.

State Disability Insurance (SDI)

Disability Insurance (DI) and Paid Family Leave (PFL) are benefits paid under the SDI program.

DI and PFL customer service is available through the toll-free phone numbers listed below:

DI English	1-800-480-3287	PFL English	1-877-238-4373
DI Spanish	1-866-658-8846	PFL Spanish	1-877-379-3819
DI Hearing Impaired (TTY)	1-800-563-2441	PFL Cantonese	1-866-692-5595
		PFL Vietnamese	1-866-692-5596
		PFL Armenian	1-866-627-1567
		PFL Punjabi	1-866-627-1568
		PFL Tagalog	1-866-627-1569
		PFL Hearing Impaired (TTY)	1-800-445-1312

In addition, SDI information is located on the EDD website at **www.edd.ca.gov/disability**.

Unemployment Insurance (UI)

UI customer service representatives are available through the toll-free phone numbers listed below. When you call, an automated system will provide a menu of services. Press "5" for the employer menu (available in English and Spanish) that provides UI and job service information.

English	1-800-300-5616
Spanish	1-800-326-8937
Cantonese	1-800-547-3506
Mandarin	1-866-303-0706
Vietnamese	1-800-547-2058
Hearing Impaired (TTY)	1-800-815-9387

Customers who have filed a claim for UI benefits may call the automated self-service number at 1-866-333-4606. Press "5" for the employer menu (available in English and Spanish) for UI and America's Job Center of California℠ information. You can access information about UI claim processing, hiring assistance, UI fraud, California payroll tax information, and an explanation of various employer forms. In addition, there is a variety of UI information available for employers and claimants located on the EDD website at **www.edd.ca.gov**. Information includes answers to several of the most frequently asked questions.

Other Agencies You May Contact

For assistance with:

- **Federal tax requirements**, visit the Internal Revenue Service (IRS) website at **www.irs.gov** or call the IRS at 1-800-829-1040.
- **Labor law requirements** (such as overtime, minimum wage, and employee benefits) or to contact the Division of Labor Standards Enforcement, visit the Department of Industrial Relations (DIR) website at **www.dir.ca.gov/dlse**.
- **Workers' Compensation requirements**, visit the DIR website at **www.dir.ca.gov/dwc**.

Help Us Fight Fraud

The "underground economy" is a term that refers to 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, regulatory, and taxing agencies. Underground economy is also referred to as tax evasion, tax fraud, cash pay, tax gap, payments under-the-table, and off-the-books. 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, the 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 the EDD Underground Economy Operation (UEO) programs, visit the EDD website 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 online at **www.edd.ca.gov/pdf_pub_ctr/de660.pdf**. You can also request a DE 660 or contact UEO by:

Hotline: 1-800-528-1783
Fax: 1-916-227-2772
Email: ueo@edd.ca.gov
Online: https://askedd.edd.ca.gov/ReportFraud.aspx

The brochure *Paying Cash Wages "Under the Table"* (DE 573CA in English or DE 573CA/S in Spanish) is available online at **www.edd.ca.gov/payroll_taxes/forms_and_publications.htm** or contact the Taxpayer Assistance Center at 1-888-745-3886.

The EDD's Commitment to You

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.

Your Rights as an Employer

As an employer, you have the right to:

- Courteous and timely service from EDD employees.
- Expect that information maintained by the 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, the EDD closely follows the law to protect your rights to confidentiality.
- Call upon the EDD for accurate information and assistance and to have all your questions answered.
- Receive a clear and accurate account statement if the EDD believes you owe taxes.
- Request a filing extension for up to 60 days. The law provides that the EDD may grant a filing extension where "good cause" is shown for a delay. Refer to page 56 for the definition of "good cause."
- Request a waiver of penalty by showing "good cause" for filing a report or making a late payment.
- An impartial audit and a full explanation of our findings if your business is selected for an audit.
- Discuss the issue(s) with an EDD representative, supervisor, office manager, and/or the Taxpayer Advocate Office if you disagree with an action taken by the EDD staff.
- 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. The DE 195 is available online at **www.edd.ca.gov/pdf_pub_ctr/de195.pdf** or by contacting the Taxpayer Assistance Center at 1-888-745-3886.

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

Office of the Taxpayer Rights Advocate

The Employment Development Department (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 the OTRA is the Taxpayer Advocate 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
PO Box 826880
Sacramento, CA 94280-0001

Toll-free Phone: 1-866-594-4177
Phone: 1-916-654-8957
Fax: 1-916-654-6969

Protecting Your Privacy

The EDD recognizes that your privacy is a personal and fundamental right without exception. The EDD values and will protect your privacy and place 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 or before the time of collection, except with your consent or as authorized by law or regulation.

Payroll tax and benefit information collected and maintained by the 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 records through a written authorization or a *Power of Attorney Declaration* (DE 48). The DE 48 is available online at **www.edd.ca.gov/pdf_pub_ctr/de48.pdf** or by contacting the Taxpayer Assistance Center at 1-888-745-3886.

If you have further questions regarding your privacy rights, contact the Tax Information Security Office at 1-916-654-5981.

Account Number	The Employment Development Department (EDD) eight-digit employer payroll tax account number assigned to each registered employer (for example, 000-0000-0). Always refer to your employer payroll tax account number when communicating with the EDD. Omission of your employer payroll tax account number may result in delays in processing payments, reporting documents, and correspondence.
Annual Household Employer	An employer who pays $20,000 or less in wages in a calendar year and has elected to pay taxes annually. The employer submits an *Employer of Household Worker(s) Quarterly Report of Wages and Withholding* (DE 3BHW) to the EDD quarterly and an *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) with payment annually.
Base Period	The base period consists of four calendar quarters of three months each. When a base period begins and which calendar quarters are used depends on what date the claim begins and whether the claim is for Unemployment Insurance or for State Disability Insurance. For Unemployment Insurance, there are two types of base periods: the Standard Base Period (see "Base Period, Standard [UI]") and Alternate Base Period (see "Base Period, Alternate [UI]"). The Alternate Base Period can ONLY be used to file a UI claim when there are not enough wages earned in the Standard Base Period to file a monetarily valid UI claim.
Base Period, Alternate (UI)	The UI Alternate Base Period is the last four completed calendar quarters prior to the beginning date of the claim. The Alternate Base Period can only be used if an individual cannot monetarily establish a valid UI claim using the Standard Base Period.
Base Period Employer	Employers who paid the earnings used to establish a UI claim and calculate a benefit amount.
Base Period, Standard (UI)	The UI Standard Base Period is the first four of the last five completed calendar quarters prior to the beginning date of the claim.
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 online at **http://leginfo.legislature.ca.gov/faces/codes.xhtml**.
Cash Wages	Checks, currency, and electronic payments paid to people who work for you.

Claim

An application for Unemployment Insurance (UI), Disability Insurance (DI), or Paid Family Leave (PFL) benefits:

- UI – The process that establishes a UI benefit year is called a new claim. The weekly *Continued Claim* (DE 4581) is used by claimants to certify for UI benefits during the benefit year. The EDD has two new methods that unemployed individuals may use to certify for UI benefits. Rather than filling out and submitting a paper DE 4581 by mail, individuals may use EDD Tele-Cert℠ to certify for benefits using the phone or UI Online℠ to certify for UI benefits electronically. After establishing a benefit year, a claimant may interrupt his or her claim for a variety of reasons, for example, the claimant could receive a disqualification, obtain intervening employment, or fail to continue to certify for benefits. The claimant may request to reopen an existing claim with a claim balance by filing an additional or reopened claim during the benefit year.

- DI – The application that establishes a DI benefit period is called an initial claim. Subsequent certifications on an active DI claim are called continued claims. For each separate period of disability, a new initial claim must be filed.

- PFL – The application that establishes a PFL benefit period is called an initial claim. Subsequent certifications on that claim are called continued claims. For each separate period of family leave, a new initial 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 provisions as “contributions.” In this guide, “contributions” are generally referred to as “taxes.”

Disability Insurance (DI)

Benefits paid to eligible California workers who have 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.

Domestic Employee

Same as “Household Employee.”

Domestic Employer

Same as “Household Employer.”

Employment Training Tax (ETT)

A payroll tax of 0.1 percent (.001) used to fund job training for people likely to become unemployed or people who have been receiving UI benefits.

E-file and E-pay Mandate

State law requires all employers to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department (EDD). Employers with 10 or more employees became subject to this requirement beginning January 1, 2017, and all remaining employers became subject to this requirement as of January 1, 2018.

e-Services for Business	Online tool that allows employers to manage their employer payroll tax accounts online. New employers can register for an EDD employer payroll tax account number online. Registered employers can access account and payment information, file most returns and reports, including New Employee Registry (NER) and Independent Contractor Reporting, pay tax deposits and tax liabilities, review statements, correspondence, and email messages, obtain tax rates, change addresses, make payment arrangements, and close their account.
Exempt Employment	Employment specifically excluded from coverage pursuant to the CUIC.
Experience Rating	The system by which an employer's UI contribution rate is determined each calendar year based on previous employment experience.
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, contact the Taxpayer Assistance Center at 1-888-745-3886.
Household Employee	A person hired to work for wages in or around your home. Same as Domestic Employee.
Household Employer	A person who hires one or more people to work for wages in or around his or her home. Same as Domestic Employer.
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 the *Report of New Employee(s)* (DE 34) on page 39.
Noncash Wages	Payments other than cash that are made to people who work for you, for example, meals and/or lodging you provide to your employee(s).
Paid Family Leave (PFL)	Benefits paid to eligible California workers who take time off work 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, biweekly (every two weeks), monthly, or etc.
Payroll Records	Information you keep regarding wages paid to each employee.
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 that are subject to California PIT, even if no PIT is withheld. For a calendar year, an employee's PIT wages should match the amount reported in Box 16 (state wages, tips, etc.) of the employee's Internal Revenue Service *Wage and Tax Statement* (Form W-2).
Personal Income Tax (PIT) Withholding	Commonly known as state income tax, which you are not required to withhold from your household employees' wages. You and your employee(s) may voluntarily agree to withhold PIT.

Quarter

A three-month period in a calendar year, as shown below:

Quarter	Months in Quarter
1st	January, February, March
2nd	April, May, June
3rd	July, August, September
4th	October, November, December

Quarterly Household Employer

A household employer who pays more than $20,000 in accumulated wages in a calendar year **or** who has not elected to pay taxes annually. The employer is required to submit payroll taxes (with a DE 88) and a *Quarterly Contribution Return and Report of Wages* (DE 9) and a *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) quarterly to the EDD.

Reserve Account

A book account kept for each tax-rated employer to measure employment experience and set the employer's UI tax rate. Your UI reserve account is a "paper" account for recordkeeping purposes and has no cash value.

SDI Online

An electronic claim filing system available to employers, claimants, physicians/practitioners, and voluntary plan administrators for submission of Disability Insurance (DI) and Paid Family Leave (PFL) claim information.

Settlement Date

The date an Electronic Funds Transfer (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.

SIDES

State Information Data Exchange System. Allows employers and third party administrators to electronically receive and respond to the EDD's *Notice of Unemployment Insurance Claim Filed* (DE 1101CZ).

State Disability Insurance (SDI)

The SDI program provides Disability Insurance (DI) and Paid Family Leave (PFL) benefits to eligible workers who need time off work. DI benefits are paid to eligible California workers who have a loss of wages when they are unable to work due to an illness or injury, pregnancy, or childbirth. PFL benefits are paid to eligible California workers who take time off work to bond with a new child, or care for an ill family member. The SDI program is funded by mandatory payroll withholdings from employee wages.

Subject Employer

An employer who is liable under the rules and regulations of the California Unemployment Insurance Code.

Subject Quarter

Calendar quarter when an employer first meets the requirements for reporting their payroll taxes.

Subject Wages

Subject wages are used to determine Unemployment Insurance (UI), Disability Insurance (DI), and Paid Family Leave (PFL) benefits. DI and PFL are components of SDI. Generally all wages, unless otherwise excluded in the California Unemployment Insurance Code, are considered subject wages, regardless of the UI and SDI taxable wage limits. Refer to inside front cover of this guide for current rates and taxable wage limits.

Taxable Wage Limit	The maximum amount of an employee's wages that certain taxes apply to in a calendar year. For example, in 2019, the taxable wage limit for UI and ETT is $7,000. Therefore, an employer's UI and ETT tax rate applies to the first $7,000 paid to each worker during the calendar year. The taxable wage limit for SDI is $118,371. Since the SDI tax rate is (.01), the maximum 2019 SDI tax on any one employee is $1,183.71. There is no limit on the taxability of wages for California Personal Income Tax (PIT) withholding purposes.
Unemployment Insurance (UI)	Benefits paid to eligible California workers who are unemployed. Claimant(s) must meet specific eligibility requirements in order to receive benefits, which are funded by employer payroll taxes.
Wages	All payments made to people who work for you whether paid by check, cash, electronic debit, or the reasonable cash value of noncash payments, such as meals and lodging.
Withholding	Money deducted from your employees' wages for State Disability Insurance (SDI) and California Personal Income Tax (PIT). You must send SDI and PIT withholdings to the EDD at least quarterly, unless you are an annual household employer.

For the latest news and helpful information,
refer to the online quarterly **California Employer Newsletter** at
www.edd.ca.gov/payroll_taxes/california_employer_newsletter.htm.

STATE OF CALIFORNIA

LABOR AND WORKFORCE DEVELOPMENT AGENCY

EMPLOYMENT DEVELOPMENT DEPARTMENT

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 (voice), or TTY 1-800-547-9565.