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.

California Payroll Taxes

What every new employer needs to know!

edd.ca.gov

Payroll Taxes

You are a California employer when you pay wages in excess of $100 in a calendar quarter.

Did you know?

Employers are required to:

- Post the ***Notice to Employees*** **(DE 1857A) (PDF)** (edd.ca.gov/pdf_pub_ctr/de1857a.pdf) to notify employees of their Unemployment Insurance (UI) and/or State Disability Insurance (SDI) benefits. Visit **Required Notices and Pamphlets** (edd.ca.gov/payroll_taxes/Required_Notices_ and_Pamphlets.htm) for the posting requirements or refer to the ***California Employer's Guide*** **(DE 44) (PDF)** (edd.ca.gov/pdf_pub_ctr/de44.pdf).
- Provide a copy of the booklet ***For Your Benefit: California's Programs for the Unemployed*** **(DE 2320) (PDF)** (edd.ca.gov/pdf_pub_ctr/de2320.pdf) along with other notices and pamphlets to each employee when appropriate.

Did you purchase a business?

If you purchased all or part of an ongoing business, you may file an application for transfer of all or part of the previous owner's UI reserve account. This may result in an immediate reduction or increase of your UI contribution rate. Visit **Rates and Withholding** (edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm) for additional information or call 1-916-653-7795.

How will I know what amounts to withhold from my employee's paycheck?

The Employment Development Department (EDD) publishes **SDI Rates and California Withholding Schedules** (edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm) every November.

Need forms?

Visit the **EDD** (edd.ca.gov) to download or request forms and publications or call the Taxpayer Assistance Center at 1-888-745-3886.

What is the Electronic File and Pay Requirement?

Effective January 1, 2018, California state law requires employers to electronically submit employment tax returns, wage reports, and payroll tax deposits to the EDD. Visit **E-file and E-pay Mandate for Employers** (edd.ca.gov/EfileMandate) for more information.

You can file and pay online with e-Services for Business to meet this requirement. To enroll, visit **e-Services for Business** (edd.ca.gov/Payroll_Taxes/e-Services_for_Business.htm).

The EDD offers tax seminars where you can learn both state and federal reporting requirements as well as California labor law. Visit our Payroll Tax Seminars (seminars.edd.ca.gov/payroll_tax_seminars) or call 1-888-745-3886.

What is a California Employer responsible for?

Registering with the EDD

Once you have registered as an employer, the EDD will assign you an employer payroll tax account number. This account number should be used whenever you contact the EDD and noted on all EDD payroll tax documents.

Visit **Payroll Taxes** (edd.ca.gov/Payroll_Taxes) for more information.

Making Payments

Employers Pay:

- Unemployment Insurance (UI) Taxes
- Employment Training Taxes (ETT)

UI and ETT taxes are due quarterly, but may be paid more frequently.

Employers withhold from the employee's paycheck and remit:

- State Disability Insurance (SDI) Taxes
- California Personal Income Tax (PIT)

California tax withholding deposit due dates are based in part on federal deposit requirements. Visit **Required Filings and Due Dates** (edd.ca.gov/Payroll_Taxes/Required_Filings_and_Due_Dates.htm) for additional information or the ***California Employer's Guide*** **(DE 44) (PDF)**.

Submit: ***Payroll Tax Deposit*** **(DE 88ALL).**

Filing Reports

Employers must reconcile total wages subject to employment taxes with the amounts paid throughout the quarter.

File Electronically: ***Quarterly Contribution Return and Report of Wages*** **(DE 9)**

Employers must report employee wage and withholding information quarterly.

File Electronically: ***Quarterly Contribution Return and Report of Wages (Continuation)*** **(DE 9C)**

Employers must report all new and rehired employees within 20 days of their start-of-work date.

File: ***Report of New Employee(s)*****(DE 34) (PDF)**

Business and government entities must report all independent contractors for whom a federal Form 1099-MISC is required to the EDD within 20 days of paying or entering into a contract for $600 or more.

File: ***Report of Independent Contractor(s)*** **(DE 542) (PDF)**

e-Services for Business

Fast, Easy, and Secure

The following e-Services are available online:

e Enroll:

- Create a username and password to manage your employer payroll tax account.

e Register:

- For an employer payroll tax account number.

e File and Pay:

- File the following returns/reports:
  - ✓ **DE 9**
  - ✓ **DE 9C**
  - ✓ **DE 34**
  - ✓ **DE 542**
- Pay your **DE 88** and liabilities using:
  - ✓ Electronic Funds Transfer (EFT) to transfer funds from your bank account to the state's account.
  - ✓ Major credit card.

e View and Make Changes:

- View, adjust, and print tax returns/wage reports.
- View and update account information.
- View current and past three years payroll tax rates.
- Close or reopen an employer payroll tax account.

e Additional Features:

- File an Unemployment Insurance (UI) benefit charge or UI rate protest.
- Submit a ***Power of Attorney (POA) Declaration*** **(DE 48) (PDF)**.

For more information, visit **e -Services for Business** (edd.ca.gov/Payroll_Taxes-e-Services_for_Business.htm).

Employers are encouraged to use e-Services for Business to monitor and manage their employer payroll tax account online, even if they use an employer representative/payroll agent to submit their returns, reports, and payments.