

FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT EARNINGS WITHHOLDING ORDER FOR TAXES (EWOT) LAW

EWOTs Issued Under Authority of Sections 706.070 through 706.084
of the California Code of Civil Procedures

- Q1. What is an Earnings Withholding Order for Taxes (EWOT)?
A1. An EWOT is a wage garnishment. Wage garnishment is a legal procedure in which a portion of an employee's earnings are required by law to be withheld and remitted to the issuing agency by an employer for the payment of a debt such as child support or taxes.
- Q2. Is the amount to be withheld 25 percent before taxes or after?
A2. This is an after-tax calculation of 25 percent of the disposable earnings. Disposable earnings are different from gross pay and are usually different from take home or net pay.

Disposable earnings are that part of wages remaining after deductions required by law, such as federal and state income taxes, State Disability Insurance (SDI), and Social Security and Medicare (commonly referred to as FICA). Any deductions not required by law, such as union dues, health and life insurance, charitable contributions, savings bond purchases, retirement plan contributions (except those required by law, such as Social Security), and other voluntary wage assignments (situations in which your employee has voluntarily agreed to have a specified amount of their earnings turned over to creditor[s]), **should not be subtracted from gross earnings when calculating disposable earnings**. Earnings include all forms of payment for personal services including, but not limited to, wages, salary, commissions, and bonuses.

- Q3. How do I determine the amount that is subject to the 25 percent withholding?
A3. The 25 percent withholding amount is determined by first computing disposable earnings. To compute disposable earnings, begin with the gross earnings and subtract deductions required by law. Any voluntary deductions requested by the employee, or not required by law, should not be subtracted from gross wages when calculating disposable earnings. Withhold the lesser of (1) 25 percent of weekly disposable earnings, or (2) the amount of weekly disposable earnings that exceeds 30 times the federal minimum hourly wage.
- Q4. Do I withhold each pay period or once a month?
A4. The amount to withhold is 25 percent of disposable earnings EACH pay period. If you wish to remit the withheld amounts monthly, pay all sums withheld for the previous month to the Employment Development Department (EDD) no later than the 15th day of the following month. If you wish to pay the amounts withheld more often, you must make the payment no later than 10 days after payday.
- Q5. When do I begin withholding and how will I know when to stop?
A5. BEGIN withholding the calculated 25 percent of disposable earnings immediately after you received the EWOT.

CONTINUE WITHHOLDING until:

1. The total amount due on the EWOT notice has been satisfied, or
2. You receive a higher priority Income Withholding Order (IWO) and notified the EDD contact person/office, or
3. You receive written instructions from the EDD advising that the order is withdrawn.
4. The amount of the disposable earnings are below the minimum amounts subject to garnishment, as broken down on the Minimum Disposable Earnings Withholding Table found on page 6 of the EWOT.

- Q6. Where do I send the EWOT payments?
A6. Remit all payments to the EDD using the payment mailing address shown on the voucher of page 1 of the EWOT form. Be sure to write the taxpayer's (your employee's) full name and Garnishment ID on the check. Attach a payment voucher with the remittance to ensure proper application of monies.
- Q7. How long will the EWOT be in place?
A7. The EWOT remains in place until the total amount due on the notice has been withheld or until the order is withdrawn by the EDD. In the event the employee has been terminated or terminates in the future, the EWOT remains in effect for one year from the date of termination.
- Q8. What information should be provided to the employee?
A8. NOTIFY the employee that you are withholding funds by providing them with pages 2, 3, and 7 of the EWOT order within 10 days of the date you receive the order. The employee may call or write to the EDD's contact (found on pages 1 and 2 of the EWOT in the lower right hand corner) for answers to any questions.
- Q9. What if there is already an Earnings Withholding Order (EWO) or EWOT in effect?
A9. Your employee's earnings may be subject to more than one type of earnings withholding order. If you receive more than one type of withholding order for a particular employee, you must determine what type of order you are currently garnishing for and the priority of that order. Referring to the table below will assist you in verifying which order you should be paying on.

The various types of withholding orders are given priority as follows:

First Priority	Court Ordered Withholding Order (Spousal or Child support)
Second Priority	Jeopardy Withholding Order for Taxes (JWOT)
Third Priority	Earnings Withholding Order for Taxes (EWOT)
Fourth Priority	Earnings Withholding Order (EWO)

- **Court Withholding Orders for spousal and child support are always first priority and will displace** a prior EWOT and/or EWO. The EDD EWOT can be in effect for the remaining amount (if any) of the entire 25 percent of the disposable earnings if the spousal or child support amount to be garnished does not reach the full 25 percent limit. If the order for spousal or child support garnishment amount exceeds 25 percent of disposable earnings, then the EDD EWOT is not in effect.
- **EWOTs (Taxes) will displace EWOs.**
- **Only one EWOT can be in effect at a time.**
If a second EWOT is received for other taxes, the first EWOT remains in effect and the second EWOT is not in effect. Notify the office that issued the second EWOT that you are already withholding on a previous EWOT.
- **If you are withholding under a prior EWO, cease withholding under that order and begin withholding under the EWOT.**
Notify the office that issued the EWO that you have been served with an EWOT.

- Q10. Why must I comply with this withholding order?
A10. The EDD EWOT has been issued under authorization of sections 706.070 through 706.084 of the California Code of Civil Procedure to enforce payment of a tax liability currently due to the State of California.
- Q11. Another state tax agency released a previous EWOT due to financial hardship, why won't the EDD?
A11. Financial hardship is determined on a case-by-case basis after a careful review of the financial information that your employee submits to the EDD. If the EDD determines that your employee's financial condition warrants a modification or release of the EWOT, you will be notified by the EDD with written instructions. Once you receive the written instructions, you may adjust withholdings accordingly.
- Q12. My employee says this liability is not theirs, but their spouses. Do I still have to withhold money from their paycheck?
A12. Your responsibility to withhold does not change based on questions regarding responsibility for the debt. However, your employee should immediately contact the EDD to discuss the facts of the case. If the EDD finds that your employee is not responsible, a release of EWOT will be sent to you immediately.