



**EDD**

**Employment  
Development  
Department**

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# **California State Payroll Tax Updates**

# **Presenter**

**Employment Development Department (EDD)  
Area Audit Program Manager**

**Lorena Fernandez-Peña**  
Tax Administrator II

# EDD Overview

Responsible for administering California's payroll tax programs (Unemployment Insurance, Employment Training Tax, Disability Insurance, and Personal Income Tax) and providing services to educate and assist employers in meeting their payroll tax obligations.

# What's New!

## Assembly Bill (AB) 1245

- Requires employers to file payroll tax forms and make tax payments electronically:
  - 10 or more employees as of January 1, 2017
  - Less than 10 employees as of January 1, 2018
- Hardship waiver provision during the two-year implementation phase.
- Legislation includes penalty provisions for failing to file/pay electronically without good cause.

# e-Services for Business



Register.

- File returns and reports.
- Make payments.
- View, adjust, and print returns and reports.
- View and update account information.

[www.edd.ca.gov/eServices\\_for\\_Business](http://www.edd.ca.gov/eServices_for_Business)

# Advantages

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

# State Payroll Taxes

## Employer pays:

- Unemployment Insurance (UI)
- Employment Training Tax (ETT)
- \$7,000 taxable wage limit

## Employee pays:

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

# Payroll Tax Deposit Methods



- e-Services for Business
- Electronic Funds Transfer
- *Payroll Tax Deposit (DE 88)*
- Credit Card (phone or Internet)



# “Questionable” Employment Tax Practices

- Treating S Corporations officer wages as corporate distributions.
- Failing to file or filing false payroll tax returns.
- Misclassifying worker status.
- Paying employees in cash.
- Manipulating unemployment tax rates.

# Penalty and Interest Prevention

- Classify workers properly.
- File all documents and returns timely.
- Make all payments timely and in full.
- Use electronic filing and payment methods to reduce errors.
- Respond timely to all correspondence.

# Independent Contractor Reporting

- Locate parents who are delinquent with their child support obligations.
- Report of Independent Contractor(s) ([DE 542](#)).
- Report within 20 days if you are making payments totaling more than \$600 or entering into a contract of \$600 or more, whichever occurs earlier.
- File timely to avoid penalty and interest.

# Resources for Business Owners

- Website: [www.edd.ca.gov](http://www.edd.ca.gov)
- Seminars:  
[www.edd.ca.gov/Payroll\\_Tax\\_Seminars/](http://www.edd.ca.gov/Payroll_Tax_Seminars/)
- e-Services for Business:  
[www.edd.ca.gov/e-Services\\_for\\_Business](http://www.edd.ca.gov/e-Services_for_Business)
- Taxpayer Assistance Center: 888-745-3886

**Thank You.**

**Questions?**