

Magnetic Media  
Reporting Requirements  
for **Independent  
Contractor  
Reporting  
Program**

Tax Branch

# TABLE OF CONTENTS

<b>I. Introduction</b> .....	1
<b>II. Program Requirements</b>	
Filing Requirements .....	1
Application Requirements .....	1
Approval Process .....	1
Filing Deadlines .....	2
Penalties .....	2
Acceptable Media .....	2
<b>III. Magnetic Media Specifications and Format</b>	
CD-R/Diskette Specifications .....	2
Tape Cartridge Specifications .....	3
Shipping Instructions .....	4
Information Contact .....	4
Independent Contractor Reporting Format .....	5
<b>IV. Exhibits</b>	
Magnetic Media Filing Registration .....	9
Transmittal Form .....	11

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## I. Introduction

**Background** Since 1998, all employers have been required to report new hires in California to the Employment Development Department (EDD) as part of the New Employee Registry program. In 1999, Senate Bill 542 was passed by the California Legislature to expand reporting requirements to include independent contractors. Effective January 1, 2001, any business deriving trade or business income from sources within this state or subject to the laws of this state that is required to file a Federal Form 1099-MISC for services performed by an independent contractor must report specific information to EDD. This information assists state agencies in establishing, modifying, or enforcing child support obligations.

Questions regarding the Independent Contractor Reporting (ICR) program may be directed to the Taxpayer Assistance Center at (888) 745-3886.

## II. Program Requirements

**Filing Requirements** Business or government entities are not required to report independent contractor information magnetically. We do however encourage any business or government entity filing data for more than 25 independent contractors to report using magnetic media.

**Application Requirements** *A Magnetic Media Filing Registration* (DE 164) form must be completed (Reference Registration Exhibit). Under the heading "Filing Information" please check the "ICR" box.

**Approval Process** Before an organization can begin reporting on magnetic media to the State, it must first complete a *Magnetic Media Filing Registration* (DE 164) form and submit a test file. The registration and test file should be mailed to:

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

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Filing Deadlines Independent contractor information must be submitted within twenty (20) days of EITHER making payments totaling \$600 or more, OR entering into a contract for \$600 or more with an independent contractor in any calendar year. Magnetic Media filers should submit two monthly files which are not less than 12 days nor more than 16 days apart. Do not submit a magnetic media file if there are no independent contractors to report.

Penalties The EDD may assess a penalty of \$24 for each failure to comply within the required time frames. Also, a penalty of \$490 may be assessed for the failure to report independent contractor information if the failure is the result of conspiracy between the service-recipient and service-provider.

Acceptable Media Independent contractor information may be filed on any of the following types of media:

- CD-R
- 3 ½ inch diskette
- IBM compatible 3480 or 3490 tape cartridge

**EDD prefers that CD-Rs and 3 ½ inch diskette files be submitted to optimize processing efficiency.** Tape cartridges are returned after processing is completed. It is not cost effective for the department to return CD-Rs and diskette files.

### III. Magnetic Media Specifications and Format

CD-R/Diskette Specifications Data must be written on CD-Rs (CD-RWs are **not** acceptable) or 3½ inch diskettes. Acceptable density types for diskettes are double sided double density and double sided high density. Data must be recorded in standard ASCII code created on MS/PC-DOS operating system. Data must be written in **upper case letters only**. All files should be virus scanned before submission to EDD. If EDD detects a virus, the file(s) will be returned unprocessed. EDD does not accept back-up or compressed files. Multi-volume CD-Rs and diskettes are acceptable. A multi-volume file is when the number of data records exceeds the capacity of a single file so the data must be continued onto one or more subsequent files, i.e., volumes. A multi-volume file properly begins with a

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CD-R/Diskette  
Specifications  
(Continued)

Code RIC – Service Recipient Record on volume 1 and ends with a Code TIC - Total Record on the last volume. The external media labels for a multi-volume file **MUST** indicate the proper sequence (e.g., VOL 2 of 3) for processing.

The file name should be reported as “**INDCONTR.**” Each record in the file must be created with a fixed length of 175 characters. If record delimiters are used (CR - Carriage Return followed by LF - Line Feed), they must follow the last character of each record and be placed in positions 176 and 177, respectively. You may report multiple businesses and/or government entities on the same file. However, each business and/or government entity must have a valid Federal Employer Identification Number before it can be reported on magnetic media. Otherwise, please report information on the *Report of Independent Contractor(s)* (DE 542) paper form.

Tape Cartridge  
Specifications

Data may be reported on either IBM compatible 3480 or 3490 tape cartridges in the unpacked mode. The recording density of 38,000 characters per inch (CPI) may be used. Compressed files are not acceptable. Cartridges may be submitted with either no label or standard IBM OS/VS header and trailer labels. Labels must be separated from the data records by a tape mark. EDD prefers that cartridges be recorded in Extended Binary Coded Decimal Interchange Code (EBCDIC). However, cartridges written in American Standard Code for Information Interchange (ASCII) are also acceptable. Header and trailers must be written in the same recording density as the data records.

Each record must be a uniform length of 175 characters (or 176). EDD prefers a 175 character record. If your system cannot produce an odd number record length, EDD will accept a 176 character length. For cartridge files with a record length of 176, the 176th character must contain a blank which is coded in the same character set as the first 175 characters. For example, if the first 175 characters are coded in or translated to EBCDIC, character 176 must also be coded in or translated to EBCDIC. **Only upper case letters** are acceptable on magnetic media files. Cartridge files are to be created with **30 records per block**. Records on the cartridge must be created with a fixed block size. Cartridges written with variable block sizes with record descriptor words are not acceptable and will be returned to the transmitter for correction. A short block is acceptable only at the end of the file.

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Tape Cartridge  
Specifications  
(Continued)

Multiple businesses and/or government entities may be reported on the same cartridge file. However, EDD does not accept multiple volume cartridge files. EDD requires that each cartridge be a separate file (i.e., it must start with a Code RIC - Service Recipient Record and end with a Code TIC - Total Record). However, each business and/or government entity must have a valid Federal Employer Identification Number before it can be reported on magnetic media. Otherwise, please report information on the paper forms DE 542.

Shipping  
Instructions

Complete a *Transmittal for Independent Contractor Reporting Program* (DE 542T) form (Reference Transmittal Exhibit) for each magnetic media file being submitted. Affix a completed transmitter identification label to each CD-R, diskette, or tape cartridge and mail with the completed transmittal form to:

Employment Development Department  
P.O. Box 997350, MIC 99  
Sacramento, CA 95899-7350

Information  
Contact

To request forms, labels, or information relative to magnetic media reporting of independent contractor data, please call (916) 651-6945, or write to:

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

# Independent Contractor Reporting Format

## General Record Usage Information

This format is used by all magnetic media filers. There are three record types that are required to create an independent contractor report. Use the information provided below and the technical requirements and specifications for either CD-Rs, diskettes or tape cartridges to prepare the report. The Code RIC - Service Recipient Record identifies a business or government entity whose independent contractor information is being reported. The Code PIC - Service Provider Record is used to report the independent contractor data. A separate Code PIC record must be generated for each independent contractor to be reported. The Code TIC - Total Record contains the total number of Code PIC records reported since the last Code RIC record. A Code TIC record must be generated for each Code RIC record.

## CODE RIC – SERVICE RECIPIENT RECORD

LOCATION	FIELD	LENGTH	DESCRIPTION AND REMARKS
1-3	Record Identifier	3	Enter "RIC." Each business or government entity to be reported must begin with a Code "RIC" record.
4-12	Federal Employer Identification Number (FEIN)	9	Enter the business or government entity's assigned (FEIN). Omit hyphens. Required element.
13-20	EDD Employer Account Number	8	Enter the number assigned by the California EDD, if applicable. A seven digit account number followed by a check digit. Left justify and zero fill. Do not enter blanks or hyphens.
21-29	Service Recipient's SSN	9	Enter the service recipient's social security number, if applicable.
30-74	Business or Government Entity Name	45	Enter the business or government entity name. Left justify and blank fill.
75-114	Street Address	40	Enter the service recipient's street address. Left justify and blank fill.
115-139	City	25	Enter the service recipient's city. Left justify and blank fill.
140-141	State	2	Use the valid U.S. Postal Service state abbreviation.
142-146	Zip Code/Foreign Postal Code	5	Enter a valid Zip Code. For a foreign address, use this field for the Foreign Postal Code. Left justify and blank fill.
147-150	Zip Code Extension	4	Use this field for the four digit extension of the Zip Code. Left justify and blank fill. If this field is not applicable, leave blank.
151-153	Area Code	3	Enter the three digit area code of the service recipient.
154-160	Telephone Number	7	Enter the seven digit telephone number of the service recipient. Do not enter blanks or hyphens.
161-175	Blank	15	Enter blanks.

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## CODE PIC – SERVICE PROVIDER RECORD

LOCATION	FIELD	LENGTH	DESCRIPTION AND REMARKS
1-3	Record Identifier	3	Enter "PIC."
4-12	Service Provider's SSN (Independent Contractor)	9	Enter the service provider's social security number.
13-28	Service Provider's First Name	16	Enter the service provider's first name. Left justify and blank fill.
29	Service Provider's Middle Initial	1	Enter the service provider's middle initial. If no middle initial, leave blank.
30-59	Service Provider's Last Name	30	Enter the service provider's last name. Left justify and blank fill.
60-99	Service Provider's Address	40	Enter service provider's address. Left justify and blank fill.
100-124	City	25	Enter service provider's city. Left justify and blank fill.
125-126	State	2	Use the valid U.S. Postal Service state abbreviation.
127-131	Zip Code/Foreign Postal Code	5	Enter a valid Zip Code. For a foreign address, use this field for the Foreign Postal Code. Left justify and blank fill.
132-135	Zip Code Extension	4	Use this field for the four digit extension of the Zip Code. Left justify and blank fill. If this field is not applicable, leave blank.
136-143	Start Date of Contract	8	Enter the start date of the contract in a YYYYMMDD format. If no contract, enter the date when total payments made equal or exceed \$600 in a YYYYMMDD format.
144-154	Amount of Contract	11	Enter the amount of the contract, including dollars and cents. Do not enter dollar signs, commas, or decimal points. Right justify and zero fill. If applicable.
155-162	Contract Expiration Date	8	Enter the expiration date of the contract in a YYYYMMDD format. Required element unless contract is ongoing.
163	Ongoing Contract	1	Enter "Y" if applicable, otherwise leave blank.
164-175	Blank	12	Enter blanks.



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**CODE TIC – TOTAL RECORD**

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<b>LOCATION</b>	<b>FIELD</b>	<b>LENGTH</b>	<b>DESCRIPTION AND REMARKS</b>
1-3	Record Identifier	3	Enter "TIC."
4-14	Number of Service Providers (Independent Contractors) Reported	11	Enter the total number of Code "PIC" records reported since the last Code "RIC" record. Right justify and zero fill.
15-175	Blank	161	Enter blanks.

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## MAGNETIC MEDIA FILING REGISTRATION

Send to:  
MAGNETIC MEDIA COORDINATORS, MIC 15A  
EMPLOYMENT DEVELOPMENT DEPARTMENT  
P.O. BOX 826880  
SACRAMENTO, CA 94280-0001  
(916) 651-6945

Please complete the following information if your company plans to file on magnetic media.

Transmitting Company Name	Date
Address	Federal Employer Identification Number
City, State and ZIP	State Employer Account Number
Contact for Technical Information (Name) Title	Telephone Number and Extension ( )

### FILING INFORMATION

Please indicate the document type(s) you plan to file on magnetic media.

NER       ICR       Other \_\_\_\_\_

Please indicate the estimated average number of employees or independent contractors to be reported. \_\_\_\_\_

Do you plan to act as a transmitter for other business?

Yes       No

If yes, please prepare a list of the Business names, State Employer Account Numbers, Federal Employer Identification Numbers (FEIN) and estimated number of employees or independent contractors of those businesses you plan to report, and attach it to this form.

Do you plan to purchase software or services to create your media file?

Yes       No

If yes, please provide the following information:

Software/Service Company Name	Representative Name	Telephone Number ( )
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### SYSTEM/MEDIA CHARACTERISTICS

TAPE CARTRIDGE	CD-R/DISKETTE
Computer Make/Model:	Computer Make/Model:
Coding Structure: <input type="checkbox"/> EBCDIC <input type="checkbox"/> ASCII	Operating System: <input type="checkbox"/> CD-R <input type="checkbox"/> 3 1/2 Inch Diskette

### AUTHORIZED REPRESENTATIVE OF ORGANIZATION

Name and Title (Type or Print)	Telephone Number ( )
Signature	Date

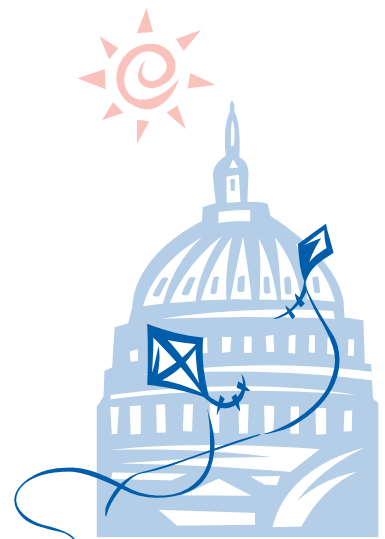




## STATE OF CALIFORNIA

### LABOR AND WORKFORCE DEVELOPMENT AGENCY

### EMPLOYMENT DEVELOPMENT DEPARTMENT



EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by contacting the nearest Employment Tax Office, listed in the *California Employer's Guide* (DE 44) and our Web site at [www.edd.ca.gov/taxrep/taxloc.htm#taxloc](http://www.edd.ca.gov/taxrep/taxloc.htm#taxloc). You may also call us toll-free at (888) 745-3886 (voice), or TTY users (800) 547-9565.