

INFORMATION
guide

Electronic
FUNDS
Transfer
PROGRAM

Fast
Reliable
Efficient
Convenient

EDD Employment
Development
Department
State of California

For Assistance . . .

If you have questions regarding the Electronic Funds Transfer (EFT) program, you may access EDD's Internet Web site at www.edd.ca.gov, or call the EFT Unit between the hours of 8:00 a.m. and 5:00 p.m., Pacific Standard Time, Monday through Friday, at:

(916) 654-9130

FAX (916) 654-7441

Or write to the following address:

Attn: EFT Unit, MIC 15
EMPLOYMENT DEVELOPMENT DEPARTMENT
P.O. Box 826880
Sacramento, CA 94280-0001

**Please direct all general tax filing questions to
EDD's Taxpayer Assistance Center toll-free at (888) 745-3886**

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 (888) 745-3886 (voice), or TTY (800) 547-9565.

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DEFINITION AND BENEFITS OF ELECTRONIC FUNDS TRANSFER (EFT)

Electronic Funds Transfer (EFT) is a method of instructing financial institutions to transfer money from one account to another electronically, eliminating the use of paper checks. Payments are initiated through the employer's bank or by telephone, personal computer (PC) with a modem, or by the Internet—depending on the EFT payment option selected.

Eliminate manual paper processing and associated errors by making EFT payments. EFT filers are not required to file a *Payroll Tax Deposit* (DE 88) coupon or check when reporting the following funds:

- State disability insurance (SDI)¹ and personal income tax (PIT) deposits.
- Unemployment insurance (UI) and employment training tax (ETT) payments.
- Self-assessed penalty and interest (P&I) payments.

Costs are reduced, including those associated with check processing, reconciliation, and postage. As a result, EFT tax payments post faster to our system, which readily provides information for payment inquiries.

BACKGROUND

Electronic funds transfers have been used for many years by the federal government and private business. Examples are direct deposits of Social Security payments and employees' wages to a designated bank account.

With the passage of Senate Bill SB 467 (Chapter 473, Stats. 1991), effective January 1, 1993, California began to administer EFT for state tax payments. Under specific criteria, SB 467 required EDD and other state taxing agencies to begin an EFT program for taxpayers. Since then, subsequent legislation authorized expansion of the EFT program to additional state agencies.

ELECTRONIC FUNDS TRANSFER PROGRAM INFORMATION GUIDE (DE 27)

Please read this guide carefully. It is a source of valuable information that will make your participation in the EFT program an easy, quick, and simple process and help avoid unwanted penalty and interest situations.

This guide was published with general program information and is to be used in conjunction with the current tax year's *California Employer's Guide* (DE 44), which is mailed to you at the end of each year for the upcoming tax year. The DE 44 provides specific dates and information for reporting and paying tax deposits.

¹SDI includes any amount for Paid Family Leave.

II. PROGRAM PARTICIPATION

REQUIREMENTS FOR MANDATORY PARTICIPATION

Employers are required to remit taxes by EFT if SDI and PIT deposits **averaged** \$20,000 or more during the prior state fiscal year (July 1 to June 30).

Employers who meet this requirement must remit all SDI and PIT deposits by EFT for the complete calendar year that follows, **regardless of the dollar amount**. Failure to comply results in a 10 percent noncompliance penalty (plus interest) on SDI and PIT deposits remitted by any payment method other than EFT.

NOTIFICATION OF MANDATORY PARTICIPATION

EDD reviews employer accounts annually to determine those that average \$20,000 or more in SDI and PIT deposits for the fiscal year.

Employers meeting the requirements for the first time are notified by letter in October, prior to the calendar year that mandatory participation must begin. The notification package contains an *EFT Program Information Guide* (DE 27) and an *EFT Authorization Agreement* (DE 26). If you are notified but do not think you meet the requirement, contact the EFT Unit at (916) 654-9130 prior to the due date of your first EFT payment.

EDD offers other payment methods, such as magnetic media or credit card, but, by law, they do not satisfy the mandatory EFT requirements for SDI and PIT deposits and will be subject to a 10 percent noncompliance penalty.

An employer identified as a mandatory EFT filer who is represented by a reporting agent, payroll service, or accounting firm, is responsible for informing them of the requirement to remit SDI and PIT deposits by EFT.

NOTE: Employers who met the mandatory requirements in a preceding fiscal year, and received notice from EDD, will not be sent future notification letters.

VOLUNTARY PARTICIPATION

Employers not identified as mandatory participants who want to voluntarily remit DE 88 deposits by EFT may complete an *EFT Authorization Agreement* (DE 26). Upon approval, the EFT Unit mails the participant a letter confirming the payment method selected and provides the effective date of participation. Voluntary participants may submit a DE 88 coupon and check without being subject to noncompliance penalty.

If you are a voluntary participant and your filing status changes to mandatory, you will be notified by letter in October. It will not be necessary to register again unless you change your bank or method of reporting.

II. PROGRAM PARTICIPATION (CONTINUED)

WITHDRAWAL FROM EFT

Voluntary participants who want to withdraw completely from the EFT program must provide a written request to EDD's EFT Unit (see address and fax number inside the front cover of this guide). They will receive a written confirmation once the withdrawal from the program is completed.

III. PAYMENT REPORTING METHODS

TYPES OF PAYMENT METHODS

There are two reporting methods for making EFT payments:

- Automated Clearing House (ACH) debit method.
- Automated Clearing House (ACH) credit method.

After deciding on a payment reporting method, complete and submit an *EFT Authorization Agreement* (DE 26). See *Section IV, EFT Registration*, for complete information.

ACH DEBIT METHOD:

DEFINITION

The ACH Debit method transfers funds to EDD by the employer authorizing the state to electronically debit the employer's bank account for the amount(s) reported to the EDD's data collector. There are three debit method options for initiating a payment:

- Telephone reporting option – Contact the data collector by toll-free number provided in your registration confirmation letter. After accessing the automated phone system with a security code and the EDD account number, follow the prompts to report tax payment information, **or**
- PC reporting option (modem to modem) – Using a PC with a modem, provide payment information using the data collector's easy-to-use software, which can be obtained at the telephone number provided in your registration confirmation letter. Payment information is exported via modem to the data collector for payment initiation, **or**
- Internet reporting option – The data collector provides a secure Web site for initiating payments. The Web site address is provided in your registration confirmation letter. Follow onscreen prompts to enter payment information. The Web site also provides payment history for all ACH Debit method users.

Complete instructions for using any of the three options are in *Section VI, ACH Debit Instructions*.

COST

EDD does not charge any fees to employers for using the ACH Debit method.

SECURITY CODE

All three options of the ACH Debit method require a security code to report a payment to the data collector. After the DE 26 is submitted selecting the EFT Debit method, EDD provides registered users with a temporary four-digit security code in a confirmation letter. **All Debit method users must change the generic code to a four-digit security code of their choice, by telephone, before payments can be reported.**

III. PAYMENT REPORTING METHODS (CONTINUED)

ACH DEBIT METHOD (Continued)

SECURITY CODE (Continued)

- Access the data collector's phone system at the telephone number provided in your registration confirmation letter.
- Follow script directions to establish your own four-digit security code.
- Enter the temporary security code, then your own security code, as prompted.
- Telephone option payers may continue with the phone call to make a payment, or make a payment at a later time.
- PC (modem to modem) and Internet option payers must hang up and initiate a payment through their chosen payment option.
- The new security code may be changed at any time--call the data collector's access number and follow the prompts.
- If the security code is lost or forgotten, contact the EFT Unit at **(916) 654-9130** for assistance.

HOW TO REPORT A DEBIT PAYMENT

Contact the data collector as follows:

- Telephone reporting option – call the telephone number provided in your registration confirmation letter.
- PC reporting option – Use the data collector's software to enter and export payment information.
- Internet reporting option – Access the Web site address provided in your registration confirmation letter, and follow prompts to enter payment information.

When the transaction is complete, the data collector provides the payer a reference number and initiates the ACH transaction.

WHEN TO REPORT A DEBIT PAYMENT

Report payments to the data collector as follows:

- Telephone and PC (modem to modem) reporting options are available 24 hours a day, 7 days a week.
- The Internet reporting option is available 22 hours a day, 7 days a week. (There is a two-hour nightly maintenance period.) If you cannot access the Web site, try again later.

NOTE: Payments completed before 3:00 p.m., Pacific Standard Time settle the following business day. Payments completed after 3:00 p.m., Pacific Standard Time, cannot settle before the second business day following your call. Refer to the current tax year's *California Employer's Guide* (DE 44), Required Forms Section, *Payroll Tax Deposit* (DE 88), Due Dates for Quarterly Tax Deposits, Quarterly EFT Payment Chart for timely deposit dates.

III. PAYMENT REPORTING METHODS (CONTINUED)

ACH DEBIT METHOD (Continued)

CANCELLATIONS AND INQUIRIES

Cancel or inquire about a reported transaction by calling the data collector before 3:00 p.m., Pacific Standard Time, the day before the transaction settles. You are provided a reference number as proof of cancellation.

WAREHOUSING PAYMENTS

Payment information may be reported to the data collector up to 60 days before the payment settlement date. The warehousing option prompts you for the bank date on which you want your bank account debited. This is also the date your payment **settles** into the state's account.

NOTE: A bank account number change reported to EDD after a payment has been warehoused affects which bank account is debited when the warehoused payment settles. The bank account number that is registered on the settlement date is the account that is charged.

CHANGING BANK ACCOUNT INFORMATION

EDD's EFT system can only register one bank account number per employer account number. EDD cannot guarantee a specific date that your bank account change will be processed; therefore, it is important to work closely with the EFT Unit during this change by following the instructions below:

- Obtain an *Electronic Funds Transfer Authorization Agreement* (DE 26).
 - Complete Sections I and II.
 - Indicate when the last payment will settle out of the old bank account, and the due date of the next payment.
 - Sign and date Section IV (see sample on page 9.)
- **Fax** the completed DE 26 and a copy of a voided check or bank specification sheet with the new bank account information to the EFT Unit at (916) 654-7441.
- Keep both old and new bank accounts open until you receive a letter from the EFT Unit with confirmation that the change was made and the date that EFT reporting can resume.
 - Voluntary EFT filers who are unable to keep the old bank account open during the bank change process may mail a DE 88 coupon and check to remit payments until a confirmation letter is received from the EFT Unit.
 - Mandatory EFT filers who are unable to keep the old bank account open during the bank change process must contact the EFT Unit at (916) 654-9130 for an alternate payment process in order to avoid a 10 percent noncompliance penalty.** See in *Section V, General Information, Emergency Payment Procedures, Mandatory Filers Only.*

III. PAYMENT REPORTING METHODS (CONTINUED)

SAMPLE ACH DEBIT BANK CHANGE



ELECTRONIC FUNDS TRANSFER AUTHORIZATION AGREEMENT

See reverse for instruction

Department Use Only
Location
<input type="text"/>
Registration Date
<input type="text"/>

SECTION I

A. Business Name ABC – XYZ HOME STORE	B. Employer Account Number 123-4567-8
C. Business address (Number, Street, Box Number, City, State, Zip code) 2468 CAREFREE RD, ANYTOWN CA 90001	D. Business Phone (999) 345-6789
E. EFT Contact Person SAM PERSON	Title OWNER
E-Mail Address SPERSON@A-Z.COM	Phone Number (999) 345-6789
	Fax Number (999) 345-9101

SECTION II

ACH Debit

IMPORTANT: Attach a voided check or bank specification sheet

A. Bank Name FIRST NATIONAL BANK	
B. Bank Account Number 234 567 89101	C. Routing Transit Number 456789123
D. <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings	
E. For bank account changes only, complete the following and Fax to (916) 654-7441:	
<input type="checkbox"/> Settlement date of your last payment <u>10/30/03</u>	
<input type="checkbox"/> Due Date of your next Payment <u>11/6/03</u>	
<input type="checkbox"/> Will your old and new bank accounts be open with funds until completion of this bank change? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	

SECTION III

ACH Credit

You are authorizing your financial institution to transfer funds from your bank account to the Employment Development Department's bank account.

SECTION IV Authorization

Please read the following Authorization Agreement:

ACH Debit – I hereby authorize designated Financial Agents of the EDD to initiate debit entries to the financial institution account indicated above, for payments owed to the EDD upon request by taxpayer or his/her representative, using the ACH debit method.

ACH Credit – I hereby authorize the EFT contact person and the financial institutions involved in the processing of my Electronic Funds Transfer payments to receive confidential information necessary to effect my enrollment in the EFT program and to answer inquiries related to my payments.

A. Taxpayer Signature <i>Sam Person</i>	B. Title Owner	C. Date 11/3/03
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Return to Attention: EFT Unit, MIC 15 / Employment Development Department / P.O. Box 826880 / Sacramento CA 94280-0001
Phone: (916) 654-9130 / Fax: (916) 654-7441

DE 26 Rev. 6 (11-03)



III. PAYMENT REPORTING METHODS (CONTINUED)

ACH CREDIT METHOD

DEFINITION	The ACH Credit method allows you to transfer funds by instructing your bank to debit your bank account and transfer those funds to the state's bank account.
COST	The employer pays all costs charged by their bank for initiating ACH credit transactions.
RECORD FORMAT REQUIREMENTS	To report a tax payment correctly, it must be initiated with the Cash Concentration or Disbursement Plus Tax Payment Addenda (CCD+/TXP) format. This standard format was adopted for tax payments by the National Automated Clearing House Association (NACHA). The free-form portion of the TXP Addenda Record must be precisely structured as shown in the TXP Addenda Convention layout provided in <i>Section VII, ACH Credit Instructions</i> .
HOW TO REPORT A CREDIT PAYMENT	<p>Since your bank initiates your payment, contact them for specific procedures to report a tax payment. Provide them the ACH CCD+/TXP record formats and EDD's bank account information that EFT Unit provides you in your registration confirmation package.</p> <p>NOTE: If payments are made to more than one California state tax department, note that each has its own bank account number and requests different tax information for the "free-form area" of the TXP Addenda Record.</p> <p>See <i>Section VII, ACH Credit Instructions</i> for detailed information.</p>
WHEN TO REPORT A CREDIT PAYMENT	ACH Credit filers may need one additional processing day or more for their payments to settle timely. Check with your bank for information regarding their cutoff times for initiating payments. Refer to the current tax year's <i>California Employer's Guide</i> (DE 44), Required Forms Section, <i>Payroll Tax Deposit</i> (DE 88), Due Dates for Quarterly Tax Deposits, Quarterly EFT Payment Chart for timely deposit dates.
CANCELLATIONS, CORRECTIONS, BANK CHANGES, AND INQUIRIES	To cancel, correct or inquire about an ACH credit transaction, or to change bank account information, contact your bank.

HOW TO REGISTER

To begin remitting tax deposits by EFT:

- Obtain an *EFT Authorization Agreement* (DE 26) from one of the following:
 - Use the blank form in *Section IX, DE 26 and Instructions*, of this guide.
 - Print a form from EDD's Web site at www.edd.ca.gov. Select Forms and Publications.
 - Call EDD's Taxpayer Assistance Center toll-free at (888) 745-3886.
 - Call EFT Unit at (916) 654-9130.
- Complete all appropriate sections of the DE 26 and sign the form.
 - Sections I and IV are to be completed by all filers.
 - Section II is to be completed by ACH Debit method filers (see sample on page 13).
NOTE: Debit filers must attach a voided check for the bank account they want debited or a bank specification sheet with bank routing information.
 - Section III to be completed by ACH Credit method filers (see sample on page 14).
- Mail or fax completed form to EFT Unit (with voided check or bank specification sheet, if applicable):

EFT Unit, MIC 15
Employment Development Department
PO Box 826880
Sacramento, CA 94280-0001

FAX: (916) 654-7441

After the EFT Unit processes the DE 26, EFT mails a letter confirming the payment method selected and the date that you may begin paying by EFT. **Please read the letter carefully as it contains important information regarding the start date of your EFT participation, security code process or bank information and record format requirements, depending on whether you selected to be an ACH debit or credit filer.**

IV. EFT REGISTRATION (CONTINUED)

CHANGING PAYMENT REPORTING METHOD

To change your payment reporting method, complete and sign a new DE 26. *For example, you want to change from ACH Credit to ACH Debit.*

Mail or fax the DE 26 to the EFT Unit. You will receive a confirmation letter after the requested change is made.

NOTE: If changing from ACH Credit to ACH Debit, be sure to include a copy of a voided check or bank specification sheet.

IV. EFT REGISTRATION (CONTINUED)

SAMPLE ACH DEBIT REGISTRATION



**ELECTRONIC FUNDS TRANSFER
AUTHORIZATION AGREEMENT**

See reverse for instruction

Department Use Only
Location <input style="width: 100%;" type="text"/>
Registration Date <input style="width: 100%;" type="text"/>

SECTION I

A. Business Name ABC – XYZ HOME STORE	B. Employer Account Number 123-4567-8
C. Business address (Number, Street, Box Number, City, State, Zip code) 2468 CAREFREE RD, ANYTOWN CA 90001	D. Business Phone (999) 345-6789
E. EFT Contact Person SAM PERSON	Title OWNER
E-Mail Address SPERSON@A-Z.COM	Phone Number (999) 345-6789
	Fax Number (999) 345-9101

SECTION II

ACH Debit

IMPORTANT: Attach a voided check or bank specification sheet

A. Bank Name FIRST NATIONAL BANK	
B. Bank Account Number 234 567 89101	C. Routing Transit Number 456789123
D. <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings	
E. For bank account changes only, complete the following and Fax to (916) 654-7441: <input type="checkbox"/> Settlement date of your last payment _____ <input type="checkbox"/> Due Date of your next Payment _____ <input type="checkbox"/> Will your old and new bank accounts be open with funds until completion of this bank change? Yes _____ No _____	

SECTION III

ACH Credit

You are authorizing your financial institution to transfer funds from your bank account to the Employment Development Department's bank account.

SECTION IV Authorization

Please read the following Authorization Agreement: ACH Debit – I hereby authorize designated Financial Agents of the EDD to initiate debit entries to the financial institution account indicated above, for payments owed to the EDD upon request by taxpayer or his/her representative, using the ACH debit method. ACH Credit – I hereby authorize the EFT contact person and the financial institutions involved in the processing of my Electronic Funds Transfer payments to receive confidential information necessary to effect my enrollment in the EFT program and to answer inquiries related to my payments.		
A. Taxpayer Signature <i>Sam Person</i>	B. Title Owner	C. Date 10/1/03

Return to Attention: EFT Unit, MIC 15 / Employment Development Department / P.O. Box 826880 / Sacramento CA 94280-0001
 Phone: (916) 654-9130 / Fax: (916) 654-7441



IV. EFT REGISTRATION (CONTINUED)

SAMPLE ACH CREDIT REGISTRATION



ELECTRONIC FUNDS TRANSFER AUTHORIZATION AGREEMENT

See reverse for instruction

Department Use Only	
Location	<input type="text"/>
Registration Date	<input type="text"/>

SECTION I

A. Business Name ABC – XYZ HOME STORE	B. Employer Account Number 123-4567-8
C. Business address (Number, Street, Box Number, City, State, Zip code) 2468 CAREFREE RD, ANYTOWN CA 90001	D. Business Phone (999) 345-6789
E. EFT Contact Person SAM PERSON	Title OWNER
E-Mail Address SPERSON@A-Z.COM	Phone Number (999) 345-6789
	Fax Number (999) 345-9101

SECTION II

ACH Debit

IMPORTANT: Attach a voided check or bank specification sheet

A. Bank Name	
B. Bank Account Number	C. Routing Transit Number
D. <input type="checkbox"/> Checking <input type="checkbox"/> Savings	
E. For bank account changes only, complete the following and Fax to (916) 654-7441:	
<input type="checkbox"/> Settlement date of your last payment _____	
<input type="checkbox"/> Due Date of your next Payment _____	
<input type="checkbox"/> Will your old and new bank accounts be open with funds until completion of this bank change? Yes _____ No _____	

SECTION III

ACH Credit

You are authorizing your financial institution to transfer funds from your bank account to the Employment Development Department's bank account.

SECTION IV Authorization

Please read the following Authorization Agreement:		
ACH Debit – I hereby authorize designated Financial Agents of the EDD to initiate debit entries to the financial institution account indicated above, for payments owed to the EDD upon request by taxpayer or his/her representative, using the ACH debit method.		
ACH Credit – I hereby authorize the EFT contact person and the financial institutions involved in the processing of my Electronic Funds Transfer payments to receive confidential information necessary to effect my enrollment in the EFT program and to answer inquiries related to my payments.		
A. Taxpayer Signature <i>Sam Person</i>	B. Title Owner	C. Date 10/1/03

Return to Attention: EFT Unit, MIC 15 / Employment Development Department / P.O. Box 826880 / Sacramento CA 94280-0001
Phone: (916) 654-9130 / Fax: (916) 654-7441



V. GENERAL INFORMATION

DUE DATES	Tax payment due dates are determined by the next banking day, semiweekly, monthly, or quarterly reporting criteria listed in the current tax year's <i>California Employer's Guide</i> (DE 44), Required Forms Section, <i>Payroll Tax Deposit</i> (DE 88), Withholding Deposits.
EMERGENCY PAYMENT PROCEDURES, MANDATORY FILERS ONLY	Mandatory EFT filers unable to make a timely payment by any EFT method may be authorized by the EFT Unit to make payment by Fedwire . Contact the EFT Unit at (916) 654-9130 before initiating a Fedwire. The EFT Unit will fax you a Wire Transfer Payment Request to initiate a Fedwire through your bank. You are responsible for initiation and receiving fees. For Fedwire errors, contact your bank on the day of Fedwire initiation.
PROOF OF PAYMENT	Proof of payment is the statement from your bank showing the actual transfer of funds from your bank account into the state's bank account. The reference number does not constitute proof of payment; it only assists in locating data transmission.
NONCOMPLIANCE PENALTY	If a <u>mandatory</u> EFT filer remits an SDI/PIT deposit by check and DE 88 coupon or another payment method, such as magnetic media or credit card, a penalty of 10 percent of the tax deposit amount plus applicable interest is charged, <u>even if the payment is timely</u> .
LATE PENALTY	If an EFT transaction does not settle timely, a penalty of 10 percent of the tax payment amount plus applicable interest is charged.
PENALTY AND INTEREST PAYMENTS	<p>If you failed to remit your payment on time and have not received an <i>Employer Account Statement</i> (DE 2176), you may self-assess penalty and interest and pay by EFT.</p> <p>If you receive a DE 2176 for penalty and interest due, remit payment by check with the return portion of the DE 2176 to ensure correct application of the payment to the liability.</p> <p>NOTE: If you report a late tax payment and want to pay self-assessed penalty and interest at the same time, you must initiate two separate transactions. The payroll date/quarter-end date on the penalty and interest payment must reflect the original payroll date/quarter-end date for the late payment, not the current payroll date/quarter-end date.</p> <p><u>For example:</u> <i>The late payment is for a monthly deposit for payroll date February 15, 2003 (quarter ending March 31, 2003), but is paid during quarter ending June 30, 2003. The correct date to use is the payroll date of February 15, 2003.</i></p> <p>For assistance in computing penalty and interest, contact EDD's Taxpayer Assistance Center toll-free at (888) 745-3886.</p>

V. GENERAL INFORMATION (CONTINUED)

REFUNDS

To claim a refund for an EFT payment, contact EDD's Taxpayer Assistance Center toll-free at (888) 745-3886.

CALIFORNIA DEPOSIT REQUIREMENTS

The timeliness for an EFT payment is determined by the settlement date (date the payment settles into the state's bank account) of the payment, which must normally be the next business day following the due date. Refer to the current tax year's *California Employer's Guide* (DE 44), Required Forms Section, *Payroll Tax Deposit* (DE 88), Due Dates for Quarterly Tax Deposits, Quarterly EFT Payment Chart for timely deposit dates.

If a deposit due date or last timely settlement date falls on a Saturday, Sunday, or legal holiday, the last timely settlement date is extended to the next business day.

HOLIDAYS

The holiday schedule for the current tax year is available on EDD's Web site at www.edd.ca.gov/taxrep/taxhol.htm or call EDD's Taxpayer Assistance Center toll-free at (888) 745-3886.

If a holiday falls on Saturday, the Friday preceding is considered a bank holiday. If a holiday falls on Sunday, the following Monday is considered a bank holiday.

VI. ACH DEBIT INSTRUCTIONS

This section provides detailed instructions for reporting EFT tax payments for each of the three ACH Debit payment options—by telephone, via modem on your PC, or through the Internet. You may also refer to the *EFT Quick Reference Telephone Script* (DE 530) mailed to you in your EFT information/registration package.

BEFORE YOU CALL

Prepare applicable information before initiating **any** ACH debit transaction through EDD's data collector:

Employer Account Number	Your eight-digit EDD account number.
Security Code	<p>Your <u>permanent</u> security code is needed to access the data collector's system to make a payment. <i>Section III, Payment Reporting Methods, Security Code</i>, provides complete instructions for changing the temporary security code to your permanent security code.</p> <p>If your security code is lost or forgotten, contact the EFT Unit at (916) 654-9130 for assistance.</p>
Tax Type Code	<p>SDI/PIT Deposits:</p> <ul style="list-style-type: none"> ▪ 01100 – Semiweekly deposit ▪ 01101 – Monthly deposit ▪ 01102 – Next banking day deposit ▪ 01104 – Quarterly Deposit <p>UI/ETT Payment</p> <ul style="list-style-type: none"> ▪ 01300 – Quarterly payment <p>Self-Assessed Penalty/Interest (P & I)</p> <ul style="list-style-type: none"> ▪ 20000 – Self-assessed P&I payment
Payroll Date	<ul style="list-style-type: none"> ▪ Semiweekly, monthly, or next banking day deposits (SDI/PIT) - indicate payroll date as MMDDYY. ▪ Quarterly SDI/PIT deposits and quarterly UI/ETT payments - indicate quarter-end date as MMDDYY. ▪ Penalty & Interest payments - indicate your original payroll date/quarter-end date as payroll date for the late payment being paid, <u>not</u> the current payroll date/quarter-end date.

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

BEFORE YOU CALL (Continued)

<p>Amounts for...</p>	<ul style="list-style-type: none"> ▪ SDI, PIT, and the total of both tax types ▪ UI, ETT, and the total of both tax types ▪ Penalty, interest, and the total of both amounts <p>Enter tax amounts based on the tax type code that you entered. The tax amount entered must equal the total of the two taxes (or P&I) you are paying. Credit amounts are not accepted.</p>
<p>Warehouse Debit Date</p>	<p>A payment may be warehoused up to 60 days by entering a future debit date. The warehouse date is the date your bank account is debited and the date the payment settles into the state's account.</p> <p>NOTE: Verify the timely settlement date for your payment before entering a warehouse date since this date determines the timeliness of your payment.</p>
<p>Verification Code</p>	<p>This code is a mathematical calculation to help ensure the accuracy of remittance amounts. For a transaction to be completed, your code must equal the system-generated code calculated by the data collector. The verification code does not identify transposed numbers.</p> <p><i>Example:</i> Assume a tax payment of \$75,150.55:</p> <ul style="list-style-type: none"> ▪ Total all digits in the tax payment: 7 + 5 + 1 + 5 + 0 + 5 + 5 = 28 ▪ Count the number of digits in your tax payment: 7,5,1,5,0,5,5 = 7 ▪ Add the two totals above. In this example, the verification code is: 35 (28 + 7).

POINTS TO REMEMBER FOR ALL ACH DEBIT TRANSACTIONS

- Each tax type code is a separate transaction.
- Do not add dollar signs or decimals.
- If no tax amount is due for a fund, enter 0 (zero).
- You cannot make a zero dollar deposit.
- Change the temporary security code to a new code of your choice, prior to reporting your first payment.

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

TELEPHONE REPORTING OPTION

To make a payment using the Telephone Option:

- Call the data collector's telephone number provided in your registration confirmation letter.
- Follow the prompts to enter and verify your payment information.

Points to remember for telephone reporting:

- Press the pound sign (#) after each entry.
- Data is repeated by the system after each entry. Press (#) if correct; press (*) if incorrect.
- Press the star (*) key three times any time during the recording to transfer to an operator.
- If three errors are made during a transaction, you are automatically referred to an operator by the system.

TELEPHONE SCRIPT

The telephone script below is provided for reference:

1. "Welcome to the California EFT System. If you are calling from a touch-tone phone, please press 1 now. If you have a rotary phone, please hold the line for operator assistance."
2. "To expedite your call, please press the pound sign (#) after each entry and after the system repeats your entry. If your entry or what you hear is not correct, press the star key (*) and the system will re-prompt that field. At any time during the recording, you may press the star key (*) three times to transfer to an operator."
3. "For BOE, press 1. **For EDD, press 2.** For FTB, press 3. For CDI, press 4. For PERS, press 5. For SCO, press 6. And for CalSTRS, press 7."
4. "To report a tax payment, press 1.
To perform a cancellation or inquiry, press 2.
To change a security code, press 3."
5. "Enter your 8-digit EDD Employer Account Number."
6. "Enter your Security Code."
7. "Enter your Tax Type Code."
– **Refer to page 17 for a list of tax type codes.**

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

TELEPHONE SCRIPT (Continued)

8. "Enter your Payroll Date/Quarter-End Date."
– The prompt will ask for the date based on the tax type code entered.

If you entered tax type codes 01100, 01101, 01102, or 20000 in step 7, enter the payroll date.

If you entered tax type codes 01104 or 01300 in step 7, enter the quarter-end date. Valid dates are 0331YY, 0630YY, 0930YY, and 1231YY.

9. "Enter your (disability insurance/unemployment insurance/penalty) amount." The prompt will ask for the amount based on the tax type code entered.
10. "Enter your (personal income tax/employment training tax/interest) amount." The prompt will ask for the amount based on the tax type code entered.
11. "Enter your total payment amount."
12. "Enter your verification code." (You must enter 2 or more digits based on the calculated formula; i.e., 06, 35, 135.)

NOTE: Step 13 is optional. If you are not warehousing your payment, press#.

13. "Enter the date you would like your bank account debited." Use MMDDYY format.
14. "Tax report accepted. Your reference number is _____. Please record this number for your records."
15. "To disconnect, press 1. To continue with additional functions, press 2." *If additional payments/tax type codes need to be entered, press 2 to return to the beginning of the script*

PERSONAL COMPUTER (PC) REPORTING OPTION

Upon request, the state's data collector will provide a software package to ACH debit filers as another method for initiating an EFT payment. The software is a simple communication package with import and export functions. It does not provide a database or retain prior payment information.

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

ORDER SOFTWARE

This software is designed for payroll services, reporting agents, and those who initiate more than 10 EFT payments at one time.

To order the software, call the data collector's phone number provided in your registration confirmation letter. The data collector provides detailed information necessary to install and use the software on your system and provides technical assistance Monday through Friday from 8:30 a.m. to 8:00 p.m., Eastern Standard Time.

SOFTWARE REQUIREMENTS

The minimum requirements to run the software are:

- Pentium class PC.
- Windows 95/98/ME, NT and XP 2000.
- Analog modem is required. Non-modem Internet connections, such as DSL, do not provide the export function needed to send data to the data collector.
- Windows Operating System Dial-Up Networking.
- Minimum of 32 MB RAM. 64 MB of RAM is recommended with recent versions of Windows.
- Data storage requires a minimum of 16 MB of additional Hard Disk space. For users transmitting large batches, at least 24 MB of Hard Disk space is recommended.

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

POINTS TO REMEMBER – PC REPORTING OPTION

Points for using the PC software program to make payments:

- To enter a New Payment, select **PAYMENTS, NEW**.
- To work with multiple payments, create an Import File in Notepad. The format for both Import and Export files is found in **HELP, LAYOUTS**. Payment information can be imported from your own software by utilizing an Import File.
- **PAYMENTS, PENDING** allows you to view the payments entered before transmitting.
- There is no limit to the number of payments that can be transmitted at one time.
- Completed payments are housed in an easy-to-access **PAYMENTS, ACCEPTED** file.
- Payments with errors are highlighted in red on the **PAYMENT, PENDING** screen, with easy-to-understand error codes.
- Accepted and Pending Payments can be sorted by state, tax type, due date, or any of the several other fields applicable to you.
- Print Payment Reports by choosing: “All,” “Pending,” or “Accepted” from **FILE, PRINT**.
- Select **EXPORT** to send completed payments into a Notepad or Excel file for easy record keeping.
- The on-screen **Help Menu** assists with any questions you may have.

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

INTERNET REPORTING OPTION

The Internet reporting option uses a Web site provided by the data collector. It offers an easy-to-use ACH Debit method of making tax payments using a PC with Internet connection. The Web site address is provided in your registration confirmation letter.

Currently registered EDD ACH Debit customers may use this payment option with the same permanent security code used for accessing the other debit payment options (telephone and PC with modem)—no additional registration is needed. However...

- Current EDD ACH Credit filers who want to use the Internet reporting option must file a new DE 26 to provide bank information.
- Current EDD Telefile Program filers who want to use the Internet reporting option should call the EFT Unit at **(916) 654-9130** to obtain a new temporary password and instructions for computing the verification code. No new registration is needed as long as the bank information is the same.

Additional features below are available to all EDD ACH Debit filers, even if payments are filed by telephone or by PC with modem. Access the data collector's Web site and log on with the EDD Employer Account Number and permanent security code. Select the appropriate button:

- **"Payment Inquiry"** button for viewing prior payments. It displays payment history for 600 days or 100 transactions, whichever comes first.
- **"FAQ"** button for the most frequently asked questions about the Internet payment process.

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

MINIMUM REQUIREMENTS

- Personal computer with Internet connection.
- Either Explorer 5.0 or Netscape 6.1 (or higher).
- A screen resolution of 1024 x 768 is recommended.

SECURITY

In addition to providing secure access with the use of a personal security code, the system utilizes the most advanced security connections for transmitting private information over the Internet. See *Section III, Payment Reporting Methods*, for complete instructions for changing the temporary security code to a permanent security code of your choice.

SYSTEM AVAILABILITY

The system is available for making payments 7 days a week, 22 hours a day. There is a nightly maintenance period of two hours in which the system is not available. **To avoid late penalties, initiate your payment early enough to ensure a timely settlement date.**

MAKE A PAYMENT (INTERNET)

- Be sure you are registered as an ACH Debit customer with EDD. See *Section IV, EFT Registration* for complete registration instructions.
- Before making the first payment, change the temporary security code **by telephone** to a permanent security code of your choice. See *Section III, Payment Reporting Methods, Security Code*, for complete instructions for changing the security code.
- Access Web site at the address provided in your registration confirmation letter.
- Log on using your **EDD Employer Account Number** and **four-digit permanent security code**.
- There are four easy onscreen steps to make your payment. Each step provides onscreen instructions and fields for data entry:
 1. Select Payment Option.
 2. Enter Payment Information.
 3. Confirm Payment Information.
 4. Receive Payment Acknowledgement.
- Have all information ready as described in *Before You Call* at the front of this section.
- Enter information, edit (if necessary) and submit the payment.
- Print the "Payment Acknowledgement" screen or note the reference number for your records.
- To make additional payments, select "New Payment" button and repeat the process.
- Select the "Log Off" button when finished.

VI. ACH DEBIT INSTRUCTIONS (CONTINUED)

CANCEL AN INTERNET PAYMENT

To **cancel** a payment, call the data collector's telephone number provided in your registration confirmation letter. See Section III, Payment Reporting Method, ACH Debit Method, Cancellations and Inquiries.

VII. ACH CREDIT INSTRUCTIONS

Your bank can tell you if any special equipment is required to report a payment.

ACH credit transactions must be transmitted in the NACHA approved Cash Concentration or Disbursement Plus Tax Payment Addenda (CCD+/TXP) format which are explained on the following pages. Each format has technical information needed by your bank and the state to process your ACH credit payment. **If you choose the ACH credit method, please give your bank a copy of pages 28-32.**

BEFORE INITIATING YOUR PAYMENT

Please refer to page 30 for the TXP Addenda Convention record format, which represents the layout of the information your bank will transmit with your tax payment. Prepare applicable information as listed below before initiating your ACH credit transaction through your bank.

Employer Account Number	Your eight-digit EDD account number.
Tax Type Code	<p>SDI/PIT Deposits:</p> <ul style="list-style-type: none"> ▪ 01100 – Semiweekly deposit ▪ 01101 – Monthly deposit ▪ 01102 – Next banking day deposit ▪ 01104 – Quarterly Deposit <p>UI/ETT Payment</p> <ul style="list-style-type: none"> ▪ 01300 – Quarterly payment <p>Self-Assessed Penalty/Interest (P & I)</p> <ul style="list-style-type: none"> ▪ 20000 – Self-assessed P&I payment
Tax Date	<ul style="list-style-type: none"> ▪ Semiweekly, monthly, or next banking day deposits (SDI/PIT) - indicate payroll date as YYMMDD. ▪ Quarterly SDI/PIT deposits and quarterly UI/ETT payments - indicate quarter-end date as YYMMDD. ▪ Penalty & Interest payments - indicate your original payroll date/ quarter-end date as payroll date for the late payment being paid, <u>not</u> the current payroll date/quarter-end date. Use YYMMDD format.

VII. ACH CREDIT INSTRUCTIONS (CONTINUED)

**BEFORE
INITIATING
YOUR PAYMENT
(Continued)**

Amounts for...	<ul style="list-style-type: none">▪ SDI, PIT, and the total of both tax types▪ UI, ETT, and the total of both tax types▪ Penalty, interest, and the total of both amounts <p>Enter tax amounts based on the tax type code that you entered. The tax amount entered must equal the total of the two taxes (or P&I) you are paying. Credit amounts are not accepted.</p>
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VII. ACH CREDIT INSTRUCTIONS (CONTINUED)

INFORMATION FOR YOUR FINANCIAL INSTITUTION

NACHA RECORD FORMATS FOR CCD+ ENTRIES

National Automated Clearing House Association record formats for CCD+ entries flow in the following order:

File Header Record

Company/Batch Header Record

Entry Detail Record

Addenda Record (Carries an 80-character free-form field)

Company Batch

File Control Record

For more specific information on NACHA formats, specifications, and definitions, you may refer to the NACHA rule book. You may obtain a copy of the NACHA rule book from your bank or Western Payment Alliance at www.wespay.org or call (415) 433-1230.

VII. ACH CREDIT INSTRUCTIONS (CONTINUED)

CCD+ TRANSACTION ENTRY DETAIL RECORD

FIELD	DATA ELEMENT NAME	CONTENTS	LENGTH	POSITION
1	Record Type Code	"6"	1	01-01
2	Transaction Code	Numeric	2	02-03
3	* Receiving DFI Identification	Numeric	8	04-11
4	Check digit	Numeric	1	12-12
5	** DFI Account Number	Alphanumeric	17	13-29
6	Amount	\$\$\$\$\$\$\$¢¢	10	30-39
7	*** Taxpayer ID #	Numeric	15	40-54
8	Individual Name	Your Business Name	22	55-76
9	Discretionary Data	Alphanumeric	2	77-78
10	Addenda Record Indicator	Numeric	1	79-79
11	Trace Number Indicator	Numeric	15	80-94

* Fields 3 and 4 contain the routing transit number for EDD's bank. These numbers will be provided to you in your registration confirmation package.

** This field contains EDD's bank account number. This number will be provided to you in your registration confirmation package.

*** This field contains your EDD eight-digit employer account number.

VII. ACH CREDIT INSTRUCTIONS (CONTINUED)

TXP ADDENDA CONVENTION

FIELD	FIELD NAME	LENGTH	CONTENTS
	Segment Identifier		TXP
	Separator		*
1	Taxpayer ID#	8	XXXXXXXX
	Separator		*
2	* Tax Type Code	5	XXXXX
	Separator		*
3	Date	6	YYMMDD
	Separator		*
4	Amount Type	1	T
	Separator		*
5	Amount	1-10	\$\$\$\$\$\$\$\$¢¢
	Separator		*
6	Amount Type	1	T
	Separator		*
7	Amount	1-10	\$\$\$\$\$\$\$\$¢¢
	Separator		*
8	Amount Type	1	T
	Separator		*
9	Amount	1-10	\$\$\$\$\$\$\$\$¢¢
	Separator		*
10	Taxpayer Verification #	1-6	XXXXXX
	Terminator		\

*** For State Disability Insurance and Personal Income Tax Withholdings**

- 01100 - Semiweekly Deposit
- 01101 - Monthly Deposit
- 01102 - Next Banking Day Deposit
- 01104 - Quarterly SDI/PIT Deposit

Unemployment Insurance and Employment Training Tax

- 01300 - Quarterly UI/ETT Payment

Self-Assessed Penalty and Interest

- 20000 - Penalty and Interest Payment

VII. ACH CREDIT INSTRUCTIONS (CONTINUED)

DESCRIPTION OF THE TXP RECORD FIELDS

<u>Field #</u>	<u>Description</u>
1	This field contains the taxpayer's EDD employer account number. Do not add hyphens or spaces between numbers.
2	This field contains the code for the type of payment being made. Use one of the following codes: 01100 -for semiweekly SDI/PIT deposits 01101 -for monthly SDI/PIT deposits 01102 -for next banking day SDI/PIT deposits 01104 -for quarterly SDI/PIT deposits 01300 -for quarterly UI/ETT payments 20000 -for self-assessed penalty and interest payments
3	This field contains the tax date for which the taxpayer is remitting. For semiweekly, monthly, next banking day, and self-assessed penalty and interest payments, enter the payroll date in YYMMDD format. For quarterly SDI/PIT deposits and quarterly UI/ETT payments, use the quarter-end date . Valid dates are March 31, June 30, September 30, and December 31 in YYMMDD format.
4	This field contains the amount type "T" for the first amount.
5	This field contains the first dollar amount being remitted. Do not add dollar signs or decimals. If no tax amount is due, enter 0. For tax type codes 01100, 01101, 01102, or 01104, enter your state disability insurance amount. For tax type code 01300, enter your unemployment insurance amount. For tax type code 20000, enter your penalty amount.

Continued

VII. ACH CREDIT INSTRUCTIONS (CONTINUED)

DESCRIPTION OF THE TXP RECORD FIELDS (continued)

<u>Field #</u>	<u>Description</u>
6	This field contains the amount type "T" for the second amount.
7	This field contains the second dollar amount being remitted. Do not add dollar signs or decimals. If no tax amount is due, enter 0. For tax type codes 01100, 01101, 01102, or 01104, enter your personal income tax amount. For tax type code 01300, enter your employment training tax amount. For tax type code 20000, enter your interest amount.
8	This field contains the amount type "T" for the total amount.
9	This field contains the total dollar amount of the remittance. Do not add dollar signs or decimals.
10	This field is reserved for EDD's use; leave blank or zero fill.

Below is an example of a record transmitted for an EDD tax payment:

705TXP*11111111*01100*001231*T*0000459204*T*0000960185*T*0001419389*000000\

VIII. GLOSSARY OF TERMS AND ACRONYMS

ACH	Automated Clearing House (ACH) means any Federal Reserve Bank or other entity that operates as a clearing house for electronic debit or credit entries pursuant to an agreement with an association which is a member of the National ACH Association.
ACH Credit	ACH credit is a method by which monies are transferred electronically through the ACH network. ACH credit means an ACH transaction in which taxpayers, through their own bank, originate transactions debiting their own bank account and crediting the state's bank account for the amount of the tax payments.
ACH Debit	ACH debit is a method by which monies are transferred electronically through the ACH network. ACH debit means an ACH transaction in which the state, through its depository bank, originates an ACH transaction debiting the designated taxpayer's bank account and crediting the state's bank account for the amount of the tax payment.
Business Day	A business day is any banking day except those that the Internal Revenue Service observes as a holiday. The holiday schedule for the current tax year is available on EDD's Web site at www.edd.ca.gov/taxrep/taxhol.htm or call the Taxpayer Assistance Center toll-free at (888) 745-3886.
CCD+	Cash Concentration or Disbursement Plus Addenda (CCD+) is a standard addenda entry for ACH credit or debit transactions.
Data Collector	The data collector is responsible for the collection of the taxpayer's payment information for ACH debit transactions.
EFT	Electronic Funds Transfer (EFT) is a generic term used to describe any ACH or wire transfer.
Fedwire	Fedwire is a wire transfer system provided by the Federal Reserve System that has same-day finality and primarily carries large-dollar amounts instantaneously. This method is for mandatory EFT filers only.
Initiation Date	The date an EFT filer instructs a financial institution or the state's data collector to process a transfer of funds.
NACHA	The National Automated Clearing House Association (NACHA) is the association that establishes the standards, rules, and procedures that enable depository financial institutions to exchange ACH payments on a national basis.

VIII. GLOSSARY OF TERMS AND ACRONYMS (CONTINUED)

Reference Number	A number provided by the data collector to callers using the ACH debit method. The number is given after a caller has provided the information needed to report a payment and can be used to aid the data collector in tracing a payment.
Settlement Date	The date and exchange of funds with respect to an entry is reflected on the books of the Federal Reserve Bank(s); the date your bank account is debited.
TXP	The Tax Payment (TXP) Banking Convention Record Format is used with the NACHA CCD+ application. It contains the DE 88 information needed to process your payment.
WAREHOUSING	The electronic storage of debit or credit transactions by an ACH operator or financial institution. Payment information may be reported up to 60 days before the payment settlement date.

IX. FORM DE 26 AND INSTRUCTIONS



ELECTRONIC FUNDS TRANSFER AUTHORIZATION AGREEMENT

See reverse for instruction

Department Use Only
Location
Registration Date

SECTION I

Table with 2 columns: A. Business Name, B. Employer Account Number, C. Business address, D. Business Phone, E. EFT Contact Person, Title, Phone Number, E-Mail Address, Fax Number.

SECTION II

ACH Debit

IMPORTANT: Attach a voided check or bank specification sheet

Form for ACH Debit with fields: A. Bank Name, B. Bank Account Number, C. Routing Transit Number, D. Checking/Savings, E. For bank account changes only...

SECTION III

ACH Credit

You are authorizing your financial institution to transfer funds from your bank account to the Employment Development Department's bank account.

SECTION IV Authorization

Authorization Agreement text and signature fields: A. Taxpayer Signature, B. Title, C. Date.

Return to Attention: EFT Unit, MIC 15 / Employment Development Department / P.O. Box 826880 / Sacramento CA 94280-0001
Phone: (916) 654-9130 / Fax: (916) 654-7441



IX. FORM DE 26 AND INSTRUCTIONS

INSTRUCTIONS

- Marking Instructions:**
- Use black or blue ink only.
 - Please type or print legibly.

SECTION I

General Information (All information must be completed)

- Business Name** – Enter the business name as registered with EDD.
- Employer Account Number** – Enter the eight-digit state employer account number assigned by the State EDD.
- Business Mailing Address** – Enter the mailing address where EDD correspondence and forms should be sent.
- Business Phone** – Enter daytime business phone number.
- EFT Contact Person** – Enter name, title, phone number, E-MAIL address and FAX number of person authorized to provide EDD staff information that relates to EFT payment or inquiry.

SECTION II

Complete only if you are registering for the ACH Debit method or changing the bank account number that is use for debiting.

Important: You must attach a voided check or bank specification sheet from the account to be debited. Your check is used for verification of the correct bank account and routing transit number s.

- Bank Name** – Enter the designated bank name.
- Bank Account number** – Enter the bank account number. (not to exceed 17 digits)
- Routing Transit Number** – Enter the nine-digit routing transit number.
- Checking or Savings** – Indicate checking or savings account. Check only one box.
- Bank Change Only** – This information will help ease the registration transition from the old to the new bank account and will decrease the time needed for the processing of your bank account change.

SECTION III

Complete only if you are registering for the ACH Credit method.

SECTION IV

AUTHORIZATION – This section must be completed.

- Signature** – The taxpayer must sign this section to authorize participation in the EFT program.
- Title** – Enter the title of the person who signed the form.
- Date** – Enter the date signed.

Please do not initiate your payment(s) until you receive a confirmation letter from EDD. If you need to make payment(s) immediately, please call (916) 654-9130 for assistance.