

# HOUSEHOLD

## EMPLOYER'S GUIDE 2008

## 2008 Payroll Tax Rates, Taxable Wage Limits, and Maximum Benefit Awards

### Unemployment Insurance (UI)

The UI taxable wage limit for 2008 is \$7,000 per employee. The UI tax rate for new employers is 3.4 percent (.034) for up to three years.\* The UI tax rate for experienced employers varies based on each employer's experience and the balance in the UI Fund. The 2008 maximum weekly benefit award is \$450. Please refer to page 9 for additional information.

### Employment Training Tax (ETT)

The 2008 ETT rate is 0.1 percent (.001) on the first \$7,000 of each employee's wages.\* Please refer to page 9 for additional information.

### State Disability Insurance (SDI) and Paid Family Leave (PFL)

The 2008 SDI tax rate (which includes PFL) is 0.8 percent (.008).\* The SDI taxable wage limit is \$86,698 per employee, per year. The 2008 maximum weekly SDI/PFL benefit award is \$917. PFL is a component of SDI. Please refer to page 9 for additional information.

### California Personal Income Tax (PIT) Withholding

You are not required to withhold PIT from your household employees' wages. However, if you agree to withhold PIT for any of your household employees, PIT withholding is based on the amount of wages paid, the number of withholding allowances claimed by the employee, and the payroll period. Please refer to pages 9 and 10 for additional information.

\*UI, ETT, and SDI rate information is available on our 24-hour automated call system at (916) 653-7795.

## What's New in 2008?

- The California PIT deposit threshold is \$400. For additional information on your deposit requirements, please refer to page 47.
- Expanded online filing available through EDD's e-Services at <https://eddservices.edd.ca.gov>.

## Important Information

**Tax Seminars:** EDD continues to partner with other agencies to provide you with the information you need to comply with California payroll tax laws. If you would like to attend a seminar, go to [www.edd.ca.gov/Payroll\\_Tax\\_Seminars/](http://www.edd.ca.gov/Payroll_Tax_Seminars/).

**Telefile:** An interactive voice response system designed especially for employers with a small number of employees, like many household employers. For additional information, please see page 59.

**e-Services:** Employers can now register, file reports, make deposits, change address, and/or inactivate their account using the Internet. For more information, please see page 58 or go to our Web site at <https://eddservices.edd.ca.gov>.

**Values of Meals and Lodging:** If you provide meals and/or lodging to your employee(s), please see page 13.

**Quick and Easy Access to Tax Help, Forms, and Publications:** Please see page 1 for instructions on how to obtain payroll tax forms and assistance from the Internet, fax, telephone, or Employment Tax Offices.

**Workers' Compensation Insurance:** If you have employees, you are required by law to have workers' compensation insurance coverage. Please refer to page 71 for additional information.

**Wage and Tax Statements (Forms W-2):** You must provide federal Forms W-2 to your employee(s) each year by January 31; however, California does not require the state copies. For more information, please refer to page 61.

**Paid Family Leave (PFL)** provides benefits to individuals who take time off from work to care for a seriously ill child, spouse, parent, or registered domestic partner or to bond with a new child. For more information, see page 69.



Arnold Schwarzenegger  
Governor

Dear Household Employer:

The Employment Development Department (EDD) understands today's employers are very busy so we continuously seek ways to improve our processes and technology to make it easier to comply with California's payroll tax laws.

Our newest effort is the expansion of our e-Services, which allows employers to update addresses and inactivate accounts over the Internet. These new services complement our existing services which allow employers to report quarterly tax information, report new employees, and pay deposits online. To take advantage of these services, visit <https://eddservices.edd.ca.gov>. For additional information, refer to page 58 in this guide.

We also offer both Web-based and classroom tax education seminars. To access a Web-based seminar or to locate a seminar near you, visit our Web site at [www.edd.ca.gov/Payroll\\_Tax\\_Seminars/](http://www.edd.ca.gov/Payroll_Tax_Seminars/)

If you would like additional information or copies of our forms and publications, visit the EDD Web site at [www.edd.ca.gov](http://www.edd.ca.gov). You also may call us toll-free at (888) 745-3886 or visit one of our Employment Tax Offices located throughout California. Office locations are listed on page 1.

Sincerely,

PATRICK W. HENNING  
Director  
Employment Development Department

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## QUICK AND EASY ACCESS TO TAX HELP, FORMS, AND PUBLICATIONS



### e-Services

- Register as an Employer
- File Reports
- Pay Deposits
- Make Address Changes
- Inactivate Your Account

Using the Internet at  
<https://eddservices.edd.ca.gov>



### Telephone

Toll-free from the U.S. or Canada:  
**(888) 745-3886**  
Hearing impaired: (800) 547-9565  
Outside U.S. or Canada:  
(916) 464-3502

Staff is available Monday through Friday from 8 a.m. to 5 p.m., Pacific time (PT) to answer your questions.



### Personal Computer

Access EDD's Web site at  
[www.edd.ca.gov](http://www.edd.ca.gov) to:

- Download and order forms, instructions, and publications at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm).
- Obtain answers to Frequently Asked Questions at [www.edd.ca.gov/Payroll\\_Taxes/FAQs.htm](http://www.edd.ca.gov/Payroll_Taxes/FAQs.htm).
- Obtain information on payroll tax seminars at [www.edd.ca.gov/Payroll\\_Tax\\_Seminars/](http://www.edd.ca.gov/Payroll_Tax_Seminars/).
- Obtain information for tax professionals at [www.edd.ca.gov/Payroll\\_Taxes/Tax\\_News\\_for\\_Tax\\_Professionals.htm](http://www.edd.ca.gov/Payroll_Taxes/Tax_News_for_Tax_Professionals.htm).
- Send comments and questions to EDD online at [http://www.edd.ca.gov/About\\_EDD/Contact\\_EDD.htm](http://www.edd.ca.gov/About_EDD/Contact_EDD.htm) (click on "ask EDD").

Access the California Tax Service Center Web site at [www.taxes.ca.gov](http://www.taxes.ca.gov) for federal and California tax information for businesses and individuals.



### Fax on Demand

Call (877) 547-4503 to get most tax forms, publications, and information sheets faxed to you. You can also listen to recorded messages on various payroll tax topics. Request Document No. 1001 for a catalog of all available documents.



### Walk-In Offices

For information and advice on your payroll tax responsibilities, visit your local Employment Tax Office between 8 a.m. and 5 p.m., PT, Monday through Friday:

Anaheim	2099 S. State College Blvd., #401, 92806
Escondido	240 West 2 <sup>nd</sup> Avenue, 92025
Fresno	1050 "O" Street, 93721
Oakland	7700 Edgewater Drive, Suite 100, 94621
Redding	1255 Shasta Street, 96001
Sacramento	3321 Power Inn Road, Suite 220, 95826
San Bernardino	464 West 4 <sup>th</sup> Street, Suite 454A, 92401
San Diego	3110 Camino Del Rio South, Suite 100, 92108
San Jose	906 Ruff Drive, 2 <sup>nd</sup> Floor, 95110
Santa Fe Springs	10330 Pioneer Blvd., Suite 150, 90670
Van Nuys	6150 Van Nuys Blvd., Room 210, 91401

### Self-Service Offices

Tax forms and a free direct-line telephone are available from 8 a.m. to 5 p.m., PT, at our self-service offices.

Bakersfield	1800 30 <sup>th</sup> Street, Suite 390, 93301
Capitola	2045 40 <sup>th</sup> Avenue, Suite A, 95010
Chico	240 West 7 <sup>th</sup> Street, 95928
El Centro	1550 West Main Street, 92243
Eureka	409 "K" Street, Suite 202, 95501
Los Angeles	5401 S. Crenshaw Blvd., 90043
Modesto	3340 Tully Road, Suite E-10, 95350
Monterey	480 Webster Street, Suite 150, 93940
Riverside	1180 Palmyrita Avenue, Suite B, 92507
San Francisco	745 Franklin Street, Suite 400, 94102
San Luis Obispo	3196 South Higuera Street, Suite C, 93401
Santa Rosa	50 "D" Street, Room 415, 95404
Vallejo	1440 Marin Street, 94590
Ventura	4820 McGrath Street, Suite 250, 93003

### Forms and Publications

For a listing of forms and publications, access EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm).

**2008 CALENDAR OF FILING DATES**

Delinquent if Not Postmarked or Received by	Annual Taxpayers	Quarterly Taxpayers
January 31, 2008	<ul style="list-style-type: none"> <li>• File <i>Quarterly Report of Wages and Withholdings for Employers of Household Workers</i> (DE 3BHW) for quarter ending December 31, 2007</li> <li>• File <i>Employer of Household Worker(s) Annual Payroll Tax Return</i> (DE 3HW) with payment for 2007</li> <li>• Furnish <i>Wage and Tax Statements</i> (Forms W-2) to employees for 2007. (See page 61 for additional information.)</li> </ul>	<ul style="list-style-type: none"> <li>• File <i>Payroll Tax Deposit</i> (DE 88) with payment for quarter ending December 31, 2007</li> <li>• File <i>Quarterly Wage and Withholding Report</i> (DE 6) for quarter ending December 31, 2007</li> <li>• File <i>Annual Reconciliation Statement</i> (DE 7) for 2007</li> <li>• Furnish <i>Wage and Tax Statements</i> (Forms W-2) to employees for 2007. (See page 61 for additional information.)</li> </ul>
April 30, 2008	<ul style="list-style-type: none"> <li>• File DE 3BHW for quarter ending March 31</li> </ul>	<ul style="list-style-type: none"> <li>• File DE 88 with payment for quarter ending March 31</li> <li>• File DE 6 for quarter ending March 31</li> </ul>
July 31, 2008	<ul style="list-style-type: none"> <li>• File DE 3BHW for quarter ending June 30</li> </ul>	<ul style="list-style-type: none"> <li>• File DE 88 with payment for quarter ending June 30</li> <li>• File DE 6 for quarter ending June 30</li> </ul>
October 31, 2008	<ul style="list-style-type: none"> <li>• File DE 3BHW for quarter ending September 30</li> </ul>	<ul style="list-style-type: none"> <li>• File DE 88 with payment for quarter ending September 30</li> <li>• File DE 6 for quarter ending September 30</li> </ul>
February 2, 2009	<ul style="list-style-type: none"> <li>• Furnish Forms W-2 to employees for 2008. (See page 61 for additional information.)</li> </ul>	<ul style="list-style-type: none"> <li>• Furnish Forms W-2 to employees for 2008. (See page 61 for additional information.)</li> </ul>
February 2, 2009	<ul style="list-style-type: none"> <li>• File DE 3BHW for quarter ending December 31, 2008</li> <li>• File DE 3HW with payment for 2008</li> </ul>	<ul style="list-style-type: none"> <li>• File DE 88 with payment for quarter ending December 31, 2008</li> <li>• File DE 6 for quarter ending December 31, 2008</li> <li>• File DE 7 for 2008</li> </ul>

## WHO IS A HOUSEHOLD EMPLOYER?

If you pay wages to people who work in or around your home, you may be considered a household employer. Your household employment may take place in a variety of settings, such as a:

- House
- Apartment
- Boat or mobile home
- Summer or winter home
- Condominium
- Local college club
- Local chapter of a college fraternity or sorority
- Hotel room (when the worker is employed by you, not the hotel)

Private homes include fixed places of residence, apartments, and hotel rooms in which an individual or family resides. Private homes do not include premises used primarily as a business enterprise, such as a residential care home, boarding house, or hospital.

Examples of workers who should be considered household employees are listed on page 8.

When you have paid \$750 in cash wages in a calendar quarter to people who work in or around your home as your employees, you have 15 days to register with EDD. (See the examples on page 4 to help you determine when to register.) To register with EDD, complete a *Registration Form for Employers of Household Workers* (DE 1HW).

There are two types of household employers: **annual** taxpayers and **quarterly** taxpayers. The flowchart on page 5 will help you determine if you should register as an annual taxpayer or a quarterly taxpayer.

Once registered, EDD will send you wage reporting forms each quarter. The four quarters in a year are:

Quarter	Months in the Quarter
1 <sup>st</sup>	January, February, March
2 <sup>nd</sup>	April, May, June
3 <sup>rd</sup>	July, August, September
4 <sup>th</sup>	October, November, December



## WHEN SHOULD YOU REGISTER AS AN EMPLOYER?

You must register with EDD as a household employer for California payroll tax purposes when you have paid cash wages totaling \$750 or more in one calendar quarter to one or more people who work as employees in or around your home.

The amount of wages you pay in a calendar quarter will determine the payroll taxes you are required to withhold and pay.

If You Pay (in a Quarter)	Then
\$750 to \$999.99*	Withhold State Disability Insurance (SDI).
\$1,000 or more**	Withhold SDI. In addition, pay Unemployment Insurance (UI) and Employment Training Tax (ETT).

\*If wages fall below \$750 in a following quarter, you must continue to withhold SDI from your employees' wages through the remainder of the current year and through the following year.

\*\*If wages fall below \$1,000 in a following quarter, you must continue to withhold SDI from your employees' wages and pay UI and ETT through the remainder of the current year and through the following year.

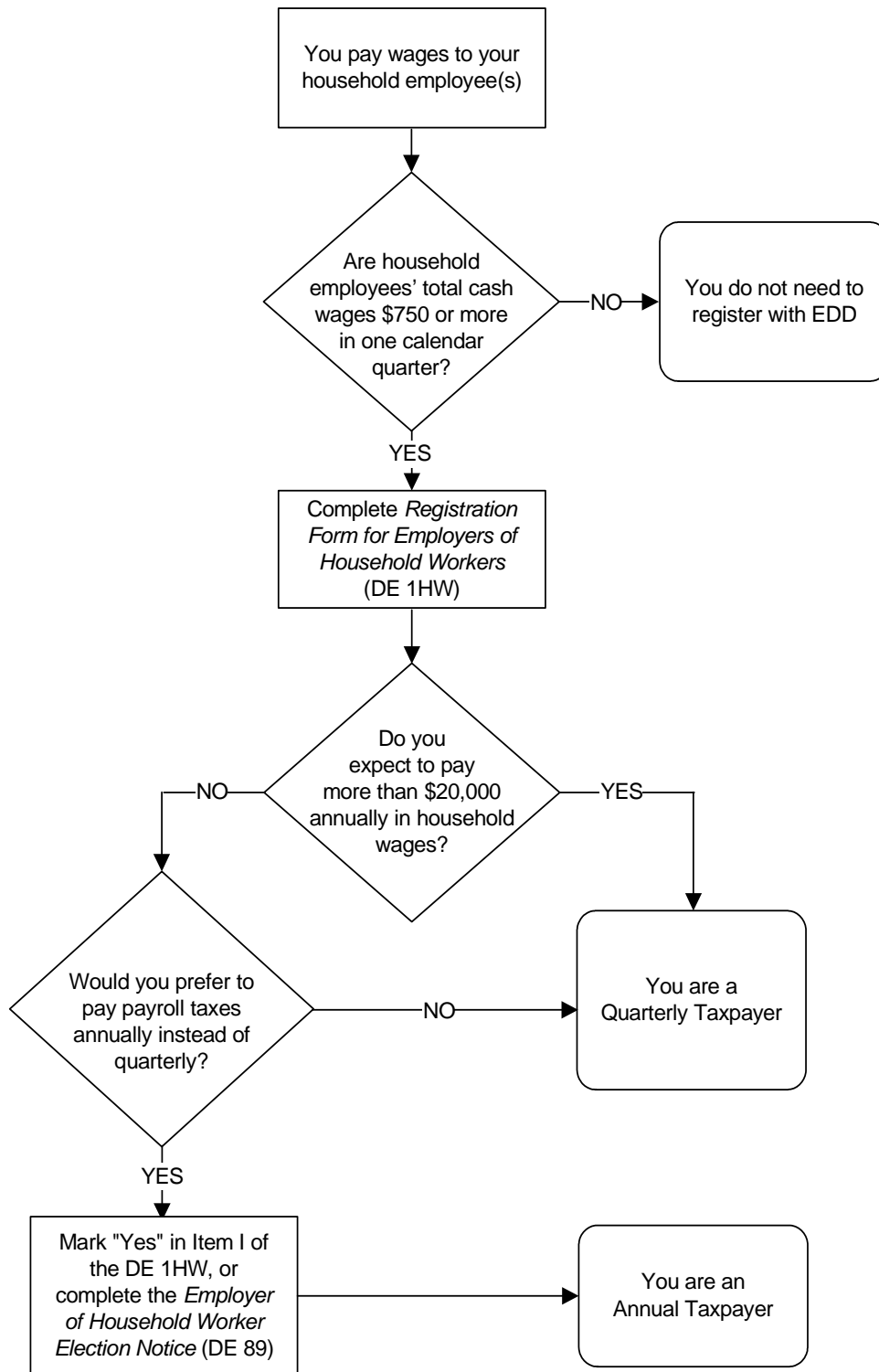
Cash wages include both checks and cash. Do not include noncash wages, such as meals and lodging, when calculating whether you have reached \$750 in cash wages. For a complete definition of cash and noncash wages, please see "What Are Wages?" on page 12.

The following examples will help you decide when you must register with EDD, begin reporting employee wages and withholdings, and paying payroll taxes:

Cash Wages	Meals & Lodging	Am I Required to Register?
\$700	\$149	You are <b>not required</b> to register, report employee wages, or withhold/pay any California payroll taxes because the cash wage limit of \$750 <b>in a quarter</b> has not been met (the value of meals and lodging is not included in reaching the \$750 cash wage limit).
\$750	\$75	You <b>must</b> register, report employee wages, and withhold SDI on the entire \$825. You are not required to pay UI and ETT because the cash wage limit of \$1,000 <b>in a quarter</b> has not been met.
\$900	\$150	You <b>must</b> register, report employee wages, and withhold SDI on the entire \$1,050. You are not required to pay UI and ETT because the cash wage limit of \$1,000 <b>in a quarter</b> has not been met (the value of meals and lodging is not included in reaching the \$1,000 cash wage limit).
\$1,000	\$100	You <b>must</b> register, report employee wages, and pay UI and ETT and withhold SDI on the entire \$1,100 because you have met the \$1,000 cash wage limit <b>in a quarter</b> .

You **are** required to report employee wages that are subject to California Personal Income Tax (PIT), but you **are not** required to withhold PIT unless you and your employee(s) agree that you will do so. See page 12 for information regarding PIT wages and page 10 for information on PIT withholding.

Guide to Household Employer Registration



**NOTE:** If your total wages exceed \$20,000 during the year, you must notify EDD immediately that you need to change to quarterly taxpayer. See page 30 for information on changing from an annual taxpayer to a quarterly taxpayer.

## HOW TO REGISTER AS AN EMPLOYER

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To register with EDD as a household employer, obtain a *Registration Form for Employers of Household Workers* (DE 1HW). A completed sample DE 1HW and instructions are located on page 7. You may also register online using EDD's e-Services at <https://eddservices.edd.ca.gov>. A DE 1HW may be obtained from the following sources:

- Online at [www.edd.ca.gov/pdf\\_pub\\_ctr/de1hw.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de1hw.pdf).
- Fax on Demand at (877) 547-4503, Document No. 1040.
- Taxpayer Assistance Center at (888) 745-3886.
- Employment Tax Office (listed on page 1).

When you have completed the DE 1HW, mail or fax it to:

**Employment Development Department  
Account Services Group, MIC 28  
P.O. Box 826880  
Sacramento, CA 94280-0001**

**Fax: (916) 654-9211**

Once registered, you will be notified by mail of your eight-digit EDD employer account number (example: 000-0000-0).

If you need your EDD employer account number immediately, call Tele-Reg at (916) 654-8706 to receive the number over the telephone.

If you have questions about registering as a household employer, please call the Taxpayer Assistance Center at (888) 745-3886.

FOR ILLUSTRATIVE PURPOSES ONLY



This form will be the basic record of your ACCOUNT. DO NOT FILE THIS FORM UNTIL YOU HAVE PAID WAGES OF \$750. Please read the INSTRUCTIONS below before completing this form. PLEASE PRINT OR TYPE. Return this form to: **→**  
 If you are an agency providing household workers for clients, you must file a Registration Form for Commercial Employers (DE 1).

EMPLOYMENT DEVELOPMENT DEPARTMENT  
 ACCOUNT SERVICES GROUP, MIC 28  
 P.O. BOX 826880  
 SACRAMENTO CA 94280-0001  
 (916) 654-7041 FAX (916) 654-9211  
 www.edd.ca.gov

REGISTRATION FORM FOR EMPLOYERS OF HOUSEHOLD WORKERS

ACCOUNT NUMBER						DEPT. USE	QUARTER	ON-LINE PROCESS DATE	TAS CODE

Industry specific registration forms are required relative to each type of employer. Please use the appropriate form to register.  
 Commercial/Pacific Maritime/Fishing Boat DE1 Household Workers DE 1HW  
 Agricultural DE 1AG Non-Profit DE 1NP  
 Government/Public Schools/Indian Tribes DE 1GS Personal Income Tax Only DE 1P

<b>A. HAVE YOU EVER BEEN REGISTERED WITH THIS DEPARTMENT?</b> <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES		<b>IF YES, ENTER EMPLOYER ACCOUNT NUMBER, BUSINESS NAME AND ADDRESS</b> ACCOUNT NUMBER BUSINESS NAME ADDRESS			
<b>B. EMPLOYER NAME(S)</b>		<b>SOCIAL SECURITY NUMBER</b>		<b>DRIVER'S LICENSE NUMBER</b>	
JAMES JONES		911-11-1111		A1234567	
JANE JONES		922-22-2222		B1234567	
<b>C. MAILING ADDRESS</b> P.O. BOX 12345		<b>CITY</b> ANYTOWN	<b>STATE</b> CA	<b>ZIP CODE</b> 12345	<b>BUSINESS PHONE</b> (555) 123-7899
IN CARE OF:		<b>D. EMPLOYEE WORK SITE ADDRESS</b> 123 MYHOUSE STREET, ANYTOWN, CA 12345			<b>COUNTY</b> PISMO
<b>E. TYPE OF ORGANIZATION</b>		INDIVIDUAL <input type="checkbox"/> HUS/WIFE <input checked="" type="checkbox"/> CORPORATION <input type="checkbox"/> OTHER <input type="checkbox"/>		Federal I.D. Number	
<b>F. INDICATE QUARTER AND YEAR IN WHICH YOU FIRST PAID \$750 BUT NOT MORE THAN \$999 IN CASH WAGES:</b> <input type="checkbox"/> Jan-Mar 20 <input type="checkbox"/> Apr-June 20 <input type="checkbox"/> July-Sept 20 <input type="checkbox"/> Oct-Dec 20 <input type="checkbox"/> NONE					<b>Number of Employees</b>
<b>G. INDICATE QUARTER AND YEAR IN WHICH YOU FIRST PAID \$1,000 OR MORE IN CASH WAGES:</b> <input checked="" type="checkbox"/> Jan-Mar 2008 <input type="checkbox"/> Apr-June 20 <input type="checkbox"/> July-Sept 20 <input type="checkbox"/> Oct-Dec 20 <input type="checkbox"/> NONE					<b>Number of Employees</b> 2
<b>H. WILL YOU WITHHOLD PERSONAL INCOME TAX FROM ANY EMPLOYEE WAGES?</b> <input checked="" type="checkbox"/> NO <input type="checkbox"/> YES					
<b>I. DO YOU ELECT TO PAY CALIFORNIA EMPLOYMENT TAXES ON AN ANNUAL BASIS?</b> <input type="checkbox"/> NO <input type="checkbox"/> YES SEE INSTRUCTIONS FOR MORE INFORMATION.					
<b>J. DECLARATION</b> These statements are hereby declared to be correct to the best knowledge and belief of the undersigned. Signature <i>James Jones</i> Date 01/10/08 Residence Phone (555) 123-7899 Title EMPLOYER Residence Address 123 MYHOUSE STREET ANYTOWN CA 12345 (Owner, Partner, Officer, etc.) Street City State ZIP Code					
<b>K. PAYROLL TAX EDUCATION</b> Attend a payroll tax seminar that will help you understand how, what, and when to report state payroll taxes. Visit our Web site at <a href="http://www.edd.ca.gov/taxsem">www.edd.ca.gov/taxsem</a> or call us at (888) 745-3886 for more information.					

**INSTRUCTIONS:** You must fill out this form to register with EDD within 15 days of employing and paying household workers cash wages totaling \$750 or more in any calendar quarter. Complete all sections as follows:

- A. Check no or yes box and provide additional information for yes answers.
- B. Enter full name, social security number and driver's license number of the employer(s) of the household worker(s).
- C. Enter the address where EDD correspondence and forms should be sent.
- D. Enter address where household worker performs duties if different than mailing address. Enter county of work location.
- E. Check the appropriate box, if other, please specify. Enter federal identification number(s) if not assigned, enter "applied for".
- F. Check the appropriate box when you first paid \$750 or more in cash wages. Enter total number of household employees working for you. These wages are subject to state disability insurance withholding (includes Paid Family Leave amount).
- G. Check the appropriate box when you first paid \$1,000 or more in cash wages, or check none. Enter the total number of employees working for you. These wages are subject to Unemployment Insurance and Employment Training Taxes and State Disability Insurance withholdings. Both household worker and household employer must agree if personal income tax is withheld from worker's wages.
- H. Check the appropriate box.
- I. If you will pay \$20,000 or less in wages per year, you may elect to pay California employment taxes on an annual basis. (The sum of all subject wages, cash or non-cash, paid to all employees must be no more than \$20,000 per year.) Wage information paid to your employees must be reported on a quarterly basis on a form which will be supplied to you. If you pay more than \$20,000 in a year, the election will be terminated and you will be required to file quarterly tax returns for the remainder of the year and submit a new election if you wish to participate in the program in the future.
- J. This declaration must be signed by one of the persons listed in B.
- K. EDD provides educational opportunities for taxpayers to learn how to report employees' wages and pay taxes, pointing out the pitfalls that create errors and unnecessary billings. Help is only a telephone call or Web site away.

We will notify you of your EDD account number by mail. To help you understand your tax withholding and filing responsibilities, you will be sent a **Household Employer's Guide, DE 8829**. You can also contact your nearest Employment Tax Office as listed in the white pages of the telephone directory.

## WHO ARE HOUSEHOLD EMPLOYEES?

Household employees are workers that you hire to work in and around your home. Refer to the chart below for a list of workers and whether they are or are not considered household employees. A household employee may perform services on a temporary or less than full-time basis.

These Are Household Employees <sup>1</sup>	These Are Not Household Employees
<ul style="list-style-type: none"> <li>- Baby-Sitters</li> <li>- Butlers</li> <li>- Caretakers</li> <li>- Chauffeurs</li> <li>- Cooks<sup>2</sup></li> <li>- Crews of Private Yachts</li> <li>- Gardeners<sup>3</sup></li> <li>- Governesses/Governors</li> <li>- Home Health Care Workers</li> <li>- Housekeepers</li> <li>- Janitors</li> <li>- Laundry Workers</li> <li>- Maids</li> <li>- Pilots of Private Airplanes for Family Use</li> <li>- Valets</li> <li>- Waiters/Waitresses<sup>2</sup></li> <li>- Pool Maintenance Persons<sup>4</sup></li> </ul>	<ul style="list-style-type: none"> <li>- Carpenters</li> <li>- Electricians</li> <li>- Librarians</li> <li>- Musicians</li> <li>- Nurses Leased From a Nursing Registry</li> <li>- Painters</li> <li>- Plumbers</li> <li>- Private Secretaries</li> <li>- Tutors</li> <li>- Your Minor Children (under 18 years old)<sup>5</sup></li> <li>- Your Parents<sup>5</sup></li> <li>- Your Spouse<sup>5</sup></li> <li>- Your Registered Domestic Partner<sup>5</sup></li> <li>- Workers Leased From an Employee Leasing Service<sup>6</sup></li> <li>- Workers Provided by Independent Businesses (for example: a janitorial service, catering service, gardening service, or pool maintenance service)</li> </ul>

<sup>1</sup> This list is **not** intended to be a complete list of household employees.

<sup>2</sup> Unless employed by a catering service.

<sup>3</sup> Unless employed by a gardening service.

<sup>4</sup> Unless employed by a pool maintenance service.

<sup>5</sup> Under certain conditions, your minor children (under 18 years old), parents, spouse, or registered domestic partner may be considered employees.

<sup>6</sup> As long as the requirements of California Unemployment Insurance Code (CUIC), Section 606.5 are met.

To obtain the *Information Sheet: Household Employment* (DE 231L), access EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231l.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231l.pdf) or request Document No. 3210 from our Fax on Demand at (877) 547-4503. You may also contact the Taxpayer Assistance Center at (888) 745-3886 to obtain a DE 231L or for assistance in determining whether the people who work for you are independent contractors or household employees.

2008 Payroll Tax Chart				
Payroll Tax	Who Pays	Taxable Wages	Tax Rate	Maximum Tax
<b>Unemployment Insurance (UI)</b>	Employer	First \$7,000 of wages per employee, in a calendar year.	New employer tax rate is 3.4 percent (.034) for up to three years. Following this period, the tax rate is calculated annually based on each employer's previous UI experience.	\$434 per employee, per year (calculated at the highest UI tax rate of 6.2 percent).  Your maximum UI tax amount will be less if your rate is less than 6.2 percent.
<b>Employment Training Tax (ETT)</b>	Employer	First \$7,000 of wages per employee, in a calendar year.	Set by law at 0.1 percent (.001) of UI taxable wages for employers with positive UI reserve account balances.	\$7 per employee, per year
<b>State Disability Insurance (SDI) and Paid Family Leave (PFL)</b>  (PFL is a component of SDI and is included in the SDI tax rate.)	Employee. Employer withholds SDI from employee wages; employers are responsible for SDI not withheld from employee wages. If the employer pays SDI for employee(s), see page 12.	First \$86,698 of wages per employee, in a calendar year.	The 2008 tax rate is 0.8 percent (.008).  Set by the California State Legislature, the SDI rate may change each year. The EDD notifies employers of the new rate each December.	\$693.58 per employee, in a calendar year.
<b>California Personal Income Tax (PIT)</b>	Employee. Household employers are not required to withhold PIT from employee wages unless <b>both</b> the employer and employee agree to withhold the tax. However, the employee is still responsible for reporting wages and paying any PIT due to the California Franchise Tax Board.	Normally, all PIT wages (cash and noncash)	PIT is withheld based on each <i>Employee's Withholding Allowance Certificate</i> (Form W-4 or DE 4) and the withholding schedules in the <i>California Employer's Guide</i> (DE 44), available by calling the Taxpayer Assistance Center at (888) 745-3886. The tables are also on EDD's Web site at <a href="http://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm#2008PITWithholdingSchedules">www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm#2008PITWithholdingSchedules</a> .	No maximum

### Withholding California Personal Income Tax

If a household employee wishes to have California Personal Income Tax (PIT) withheld from his or her wages **and** you agree to withhold it, you need to report and send the PIT withheld to EDD.

To have California PIT withheld, your employee(s) must complete a federal *Employee's Withholding Allowance Certificate* (Form W-4) or State *Employee's Withholding Allowance Certificate* (DE 4). You can refer your employee(s) to the online calculator at [www.taxes.ca.gov/de4.xls](http://www.taxes.ca.gov/de4.xls) (Microsoft Excel required), which prints the DE 4 after calculating the withholding allowances.

The PIT withholding tables are located at [www.edd.ca.gov/Payroll\\_Taxes/Rates\\_and\\_Withholding.htm#2008PITWithholdingSchedules](http://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm#2008PITWithholdingSchedules) on EDD's Web site, and are available in the *California Employer's Guide* (DE 44).

To obtain a DE 4 or DE 44, access EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm) or call the Taxpayer Assistance Center at (888) 745-3886. You may also obtain the DE 4 from our Fax on Demand at (877) 547-4503 (Document No. 1090).

Meals and lodging are excluded from PIT wages and withholding if you provide meals and lodging to your employee(s) because it is convenient for you **and**:

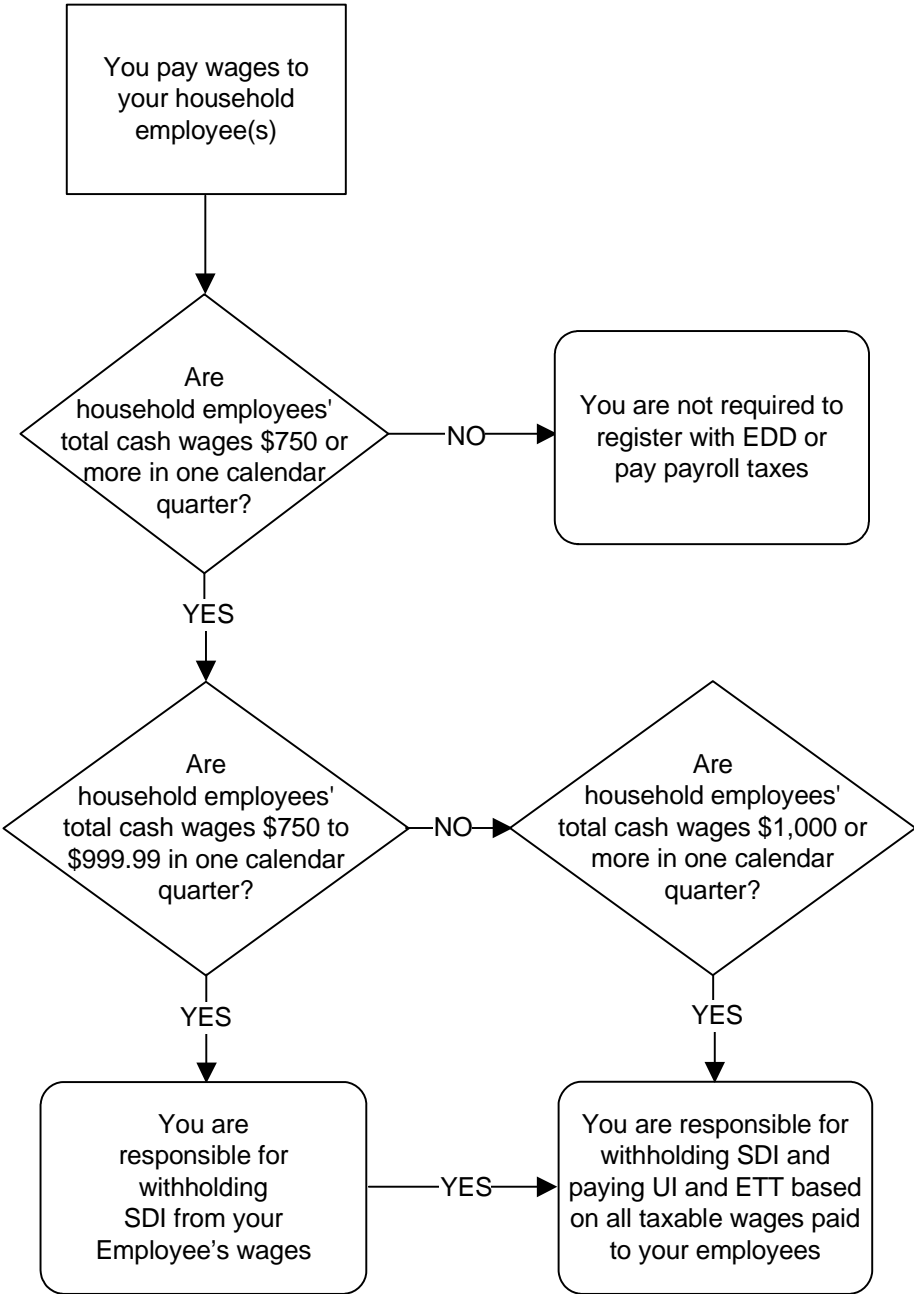
- meals are furnished on your premises  
**and/or**
- lodging is furnished on your premises and required as a condition of employment.

**Example:** A governess eats and lives in your home so she can take care of your children. The value of the meals and lodging would not be considered PIT wages, and PIT would not be withheld because the meals and lodging are furnished on your premises for your convenience. However, it would be included in total subject wages reported on the *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3BHW). For additional information download the *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 231PH) at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231ph.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231ph.pdf).

If the value of meals and lodging is considered PIT wages, these amounts must be added to the cash wages paid to your workers before computing the amount of PIT to withhold. Please see the "Values of Meals and Lodging" tables on page 13 to determine the cash value to report.

An employee's calendar year total for PIT wages should agree with the amount reported in Box 16 on the employee's *Wage and Tax Statement* (Form W-2). For additional information on Form W-2, see page 61. The PIT wages are reported separately from subject wages on the quarterly wage reports (DE 3BHW or DE 6) you will file with EDD. While household employers are not required to **withhold** PIT, they are required to **report** PIT wages.

Guide to Payroll Taxes





## WHAT ARE WAGES?

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Wages are all payments made to employees for personal services, whether paid by check, cash, or the reasonable cash value of noncash payments, such as meals and lodging. The method of payment and the frequency of the work do not change the taxability of wages paid to employees. Whether the employment is full-time, part-time, casual, or temporary, the taxability of wages paid to employees does not change. In addition, how employees are paid does not change the employer's responsibility for payroll taxes.

If you pay your employees' share of Social Security, Medicare, and/or State Disability Insurance (SDI) without deduction from their wages, these payments may also be wages. For more information, see *Information Sheet: Social Security/Medicare/SDI Taxes Paid by an Employer* (DE 231Q). It is available on EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231q.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231q.pdf), from Fax on Demand at (877) 547-4503 (Document No. 3330), or you may call the Taxpayer Assistance Center at (888) 745-3886.

### What Does "Subject Wages" Mean?

Generally, all wages are considered subject wages and are used to determine the amount of Unemployment Insurance (UI), SDI, and Paid Family Leave benefits a claimant should receive. Subject wages are the full amount of wages paid to an employee, regardless of the UI and SDI taxable wage limits. Refer to inside cover for 2008 taxable wage limits.

### What Are Personal Income Tax (PIT) Wages?

Personal Income Tax (PIT) wages are cash and noncash payments subject to State income tax. (Wages that must be reported on an individual's California income tax return are PIT wages.) Most payments for household employees' services should be reported as PIT wages. An employee's calendar year total for PIT wages should agree with the amount reported on the employee's federal *Wage and Tax Statement* (Form W-2) in Box 16 (State wages, tips, etc.). Household employers are not required to withhold PIT. However, they are required to report PIT wages for each household employee.

### What Is the Difference Between Subject Wages and PIT Wages?

In most situations, subject wages and PIT wages are the same. However, subject wages and PIT wages are reported separately on your EDD quarterly report.

For additional information, see the following information sheets, DE 231PH and DE 231PIT which are available on EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm#Publications](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm#Publications), from Fax on Demand at (877) 547-4503 (Document Nos. 3290 and 3300, respectively), or you may call the Taxpayer Assistance Center at (888) 745-3886:

- *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 231PH).
- *Information Sheet: Personal Income Tax Wages Reported on the Quarterly Wage and Withholding Report* (DE 231PIT).

## Values of Meals and Lodging

Meals and lodging provided to employees are wages. If your employees are covered under a contract of employment or union agreement, the taxable value of meals and lodging should not be less than the estimated value stated in that document. If the cash value is not stated in an employment contract or union agreement, please use the tables and information below to determine the value of the meals and/or lodging you provide to your employees. If you withhold Personal Income Tax (PIT) from your employees' wages, please refer to page 10.

Value of Meals					
Year	3 Meals per Day	Breakfast	Lunch	Dinner	Meal Not Identified
2008	\$ 9.60	\$ 2.10	\$ 2.90	\$ 4.60	\$ 3.35
2007	\$ 9.30	\$ 2.00	\$ 2.80	\$ 4.50	\$ 3.20
2006	\$ 9.15	\$ 2.00	\$ 2.80	\$ 4.35	\$ 3.20
2005	\$ 9.00	\$ 1.95	\$ 2.75	\$ 4.30	\$ 3.10

To calculate the value of lodging, multiply the amount you could rent the property for (ordinary rental value) by 66 2/3 percent (0.6667). Ordinary rental value may be calculated on a monthly or weekly basis. The chart below shows the minimum and maximum amounts to report for lodging.

Value of Lodging		
Year	Minimum per Week	Maximum per Month
2008	\$ 35.40	\$ 1,092
2007	\$ 33.80	\$ 1,041
2006	\$ 32.45	\$ 1,000
2005	\$ 31.05	\$ 957

For more information or to obtain the *Information Sheet: Household Employment* (DE 231L), access EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231l.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231l.pdf), Fax on Demand at (877) 547-4503 (Document No. 3210), or call the Taxpayer Assistance Center at (888) 745-3886.

## ARE YOU AN ANNUAL OR QUARTERLY TAXPAYER?

### How to Report and Pay Your Taxes

There are two types of household employers: **Annual** taxpayers and **Quarterly** taxpayers. The following table explains the requirements for filing payroll tax reports and making tax payments for each type:

	Annual Taxpayer	Quarterly Taxpayer
Requirements	Reports wages quarterly and pays taxes annually.  Please refer to page 15.	Reports wages quarterly and pays taxes quarterly.  Please refer to page 31.
Annual Wage Threshold	Pays household wages of \$20,000 or less annually and <b>elects</b> to be an annual taxpayer.	Pays household wages that exceed \$20,000 annually.  <b>or</b>  Pays household wages of \$20,000 or less annually and does <b>not</b> elect to be an annual taxpayer.
Forms Required:		
<ul style="list-style-type: none"> <li>Registration</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Registration Form for Employers of Household Workers</i> (DE 1HW).</li> <li>- <i>Employer of Household Worker Election Notice</i> (DE 89) if election is made after filing DE 1HW.</li> </ul>	<i>Registration Form for Employers of Household Workers</i> (DE 1HW).
<ul style="list-style-type: none"> <li>Each Quarter</li> </ul>	<i>Quarterly Report of Wages and Withholdings for Employers of Household Workers</i> (DE 3BHW).	<ul style="list-style-type: none"> <li>- <i>Payroll Tax Deposit</i> (DE 88) with payment.</li> <li>- <i>Quarterly Wage and Withholding Report</i> (DE 6).</li> </ul>
<ul style="list-style-type: none"> <li>Each Year</li> </ul>	<i>Employer of Household Worker(s) Annual Payroll Tax Return</i> (DE 3HW) with payment.	<i>Annual Reconciliation Statement</i> (DE 7).

## Overview

Household employers who pay \$20,000 or less in cash and noncash wages in one calendar year may elect to make one yearly payment for all California payroll taxes. You will **not** automatically be considered an annual taxpayer. If you do not elect to become an annual taxpayer, you are a quarterly taxpayer even if you pay \$20,000 or less in wages. If you elect to pay taxes annually, you must still report employee subject wages, Personal Income Tax (PIT) wages, and PIT withholdings **quarterly**.

Household employers may elect to become annual taxpayers using one of the following forms:

- **Registration Form for Employers of Household Workers** (DE 1HW)  
You may elect to become an annual taxpayer when you register with EDD by checking the “Yes” box in Item I on the DE 1HW.
- **Employer of Household Worker Election Notice** (DE 89)  
If you previously registered with EDD, you may complete the DE 89 and return it to EDD to become an annual taxpayer.

Annual taxpayers use the following forms to report employee wages and withholdings:

- **Quarterly Report of Wages and Withholdings for Employers of Household Workers** (DE 3BHW).
- **Employer of Household Worker(s) Annual Payroll Tax Return** (DE 3HW) – You also pay your payroll taxes with the DE 3HW.

Samples of completed forms are provided on the following pages.

## ***Employer of Household Worker Election Notice (DE 89)***

### Overview

**Purpose:** To elect the option to pay California payroll taxes annually instead of quarterly. If approved, the election is effective the first day of the calendar year in which the election is filed. If you pay more than \$20,000 in wages in a year, the election will be terminated, and you will be required to file and pay all payroll taxes owed for the year at the end of the calendar quarter.

**How to Obtain:** The DE 89 is available on EDD’s Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de89.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de89.pdf), from Fax on Demand at (877) 547-4503 (Document No. 1150), or you may call the Taxpayer Assistance Center at (888) 745-3886.

**ANNUAL TAXPAYERS**

**FOR ILLUSTRATIVE PURPOSES ONLY**



JAMES AND JANE JONES  
P.O. BOX 12345  
ANYTOWN, CA 12345

Date: 4/2/08

Account No. 000-0000-0

California law allows certain employers of household workers the option to pay California employment taxes for their household employees annually instead of quarterly. Information on wages paid to employees must still be reported on a quarterly basis on a form provided for this purpose. To be eligible to elect this option, an employer must:

- Be registered with this Department as an employer of household workers.
- Have no delinquent taxes or returns due to the Department.
- Intend to pay \$20,000 or less in wages in a calendar year to your household employees. (The sum of all subject wages, cash or noncash, paid to all employees must be no more than \$20,000 per year.)

To elect this option, complete the election notice at the bottom of this document and return it to the address indicated. You will be notified in writing of your election approval. If approved, the election is effective the first day of the calendar year in which the election is filed. If you pay more than \$20,000 in wages in a year, the election will be terminated and you will be required to file and pay all payroll taxes owed for the year at the end of the calendar quarter.

If you need assistance, call us toll-free at 1-888-745-3886 or visit your nearest Employment Tax Office, listed in our *Household Employer's Guide* (DE 8829) or on our Web site at [www.edd.ca.gov/taxrep/taxloc.htm#taxloc](http://www.edd.ca.gov/taxrep/taxloc.htm#taxloc). If you are hearing or speech impaired, please call us at 1-800-547-9565.

Please cut and return the bottom portion of this notice to the address below.  
You may also fax your election notice to (916) 654-9211.

**EMPLOYER OF HOUSEHOLD WORKER ELECTION NOTICE**

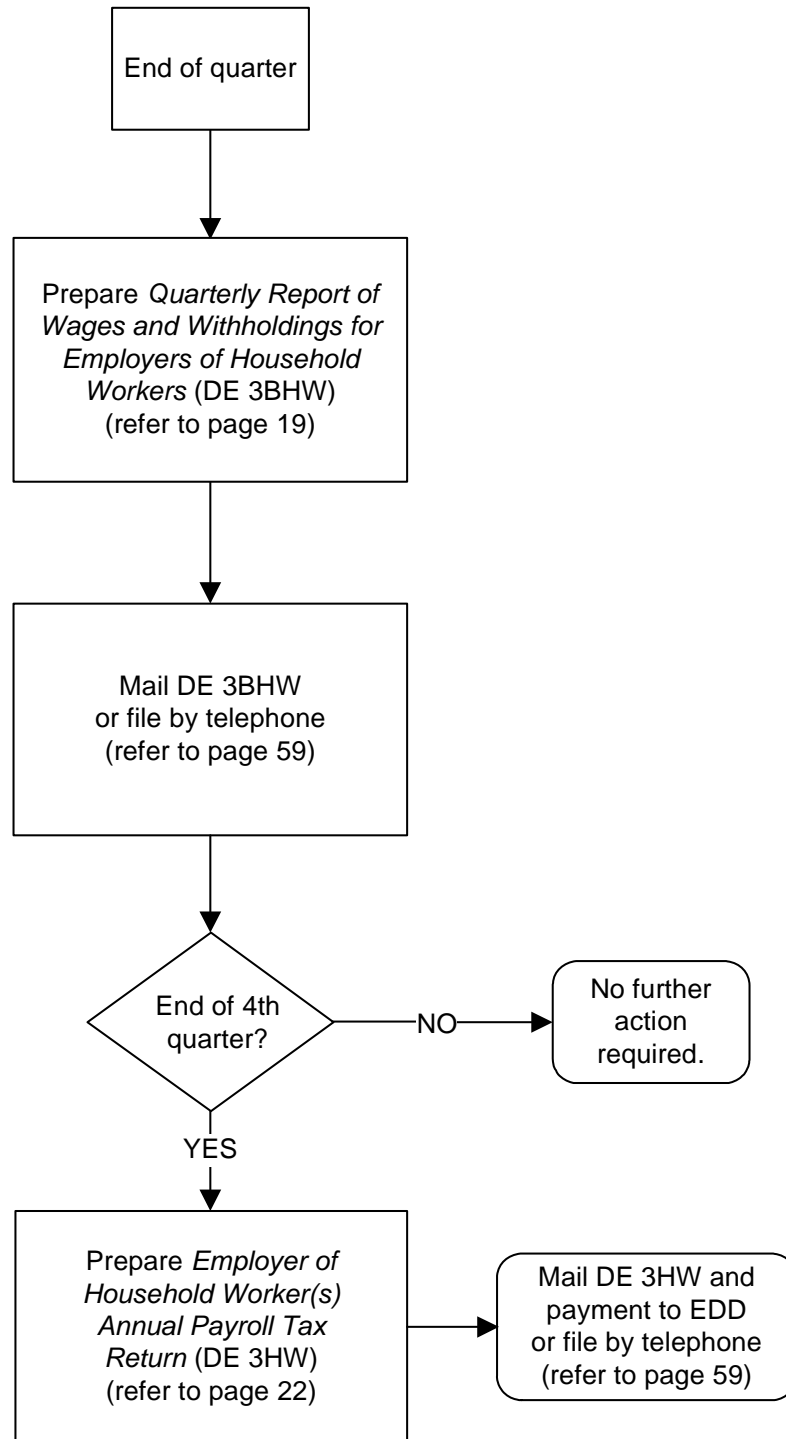
I am an employer of household workers and wish to elect to pay California employment taxes annually. I intend to pay no more than \$20,000 per year in wages to my workers. I understand that if I pay more than \$20,000 during the year, the election will be terminated and I will be required to file and pay all payroll taxes owed for the year at the end of that calendar quarter. I will also be required to file quarterly tax returns with payment for the remainder of the year. I will then need to file a new election to be eligible for this program in the future.

<u>Jane Jones</u>	<u>4/2/08</u>	<u>000-0000-0</u>
Signature	Date	Account Number
<u>JANE JONES</u>	<u>(555) 123-7899</u>	<u>P.O. BOX 12345</u>
Print Name	Telephone Number	Address
		<u>ANYTOWN CA 12345</u>
		City State ZIP Code

STATE OF CALIFORNIA  
EMPLOYMENT DEVELOPMENT DEPARTMENT, MIC 28  
PO BOX 826880  
SACRAMENTO CA 94280-0001

FOR ILLUSTRATIVE PURPOSES ONLY

## When to Prepare Payroll Tax Reports



***Quarterly Report of Wages and Withholdings  
for Employers of Household Workers (DE 3BHW)***

**Overview**

**Purpose:** Household employers who elect to pay taxes annually use the DE 3BHW to report employee quarterly wages subject to Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) taxes and Personal Income Tax (PIT) wages. If PIT is withheld, that amount is also reported on this form. Even though taxes are paid just once a year, wages must be reported each quarter by federal law. For any quarter that you do not have wages, check the “No Payroll This Quarter” box (Item B) and send the report to the address at the bottom of the form.

**How to Obtain:** The DE 3BHW is mailed to annual taxpayers in March, June, September, and December. Not having a form to complete is not considered “good cause” (see page 75) for filing your DE 3BHW late. To obtain another copy of this form, access EDD’s Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de3bhw.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de3bhw.pdf) or request Document No. 1082 from our Fax on Demand at (877) 547-4503. You may also call the Taxpayer Assistance Center at (888) 745-3886 to get another form or if you have any questions about completing the DE 3BHW.

**When Due:** The DE 3BHW is due after the end of each calendar quarter; see page 28 for specific due dates. For any quarter that you do not pay wages, check the “No Payroll” box (Item B) on the DE 3BHW and send it to EDD.

A completed sample DE 3BHW and instructions begin on page 19.

For information on reporting the DE 3BHW over the telephone, see “Telefile” on page 59.

FOR ILLUSTRATIVE PURPOSES ONLY



QUARTERLY REPORT OF WAGES AND WITHHOLDINGS FOR EMPLOYERS OF HOUSEHOLD WORKERS

APPROVED EXTENSION TO: \_\_\_\_\_

Instructions for completion are available on page 2 of this form.

PLEASE PRINT OR TYPE ALL INFORMATION IN BLACK INK - DO NOT ALTER PREPRINTED INFORMATION

QUARTER ENDED 6/30/08 DUE 7/1/08

DELINQUENT IF NOT POSTMARKED OR RECEIVED BY 7/31/08 YR 08 QTR 2

EMPLOYER ACCOUNT NUMBER 000-0000-0

JAMES AND JANE JONES  
P.O. BOX 12345  
ANYTOWN, CA 12345

DO NOT ALTER THIS AREA						
DEPT. USE ONLY	P1	C	T	S	W	A
	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Mo. Day Yr.			WIC		
	EFFECTIVE DATE					

A. NUMBER OF EMPLOYEES full-time and part-time who worked during or received pay subject to UI for payroll period which includes the 12th of the month.

B.  No Payroll This Quarter

1ST MONTH 2 2ND MONTH 2 3RD MONTH 2

C. SOCIAL SECURITY NUMBER <u>944-44-4444</u>	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) <u>MARY J PAYNE</u>	E. TOTAL SUBJECT WAGES <u>4,000.00</u>	F. PIT WAGES <u>4,000.00</u>	G. PIT WITHHELD <u>0.00</u>
C. SOCIAL SECURITY NUMBER <u>955-55-5555</u>	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) <u>CINDY V SMITH</u>	E. TOTAL SUBJECT WAGES <u>1,000.00</u>	F. PIT WAGES <u>1,000.00</u>	G. PIT WITHHELD <u>0.00</u>
C. SOCIAL SECURITY NUMBER	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	E. TOTAL SUBJECT WAGES	F. PIT WAGES	G. PIT WITHHELD
C. SOCIAL SECURITY NUMBER	D. EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)	E. TOTAL SUBJECT WAGES	F. PIT WAGES	G. PIT WITHHELD
H. GRAND TOTAL SUBJECT WAGES <u>5,000.00</u>	I. GRAND TOTAL PIT WAGES <u>5,000.00</u>	J. GRAND TOTAL PIT WITHHELD <u>0.00</u>		

K. I declare that the information herein is true and correct to the best of my knowledge and belief.

Signature Jan Jones Title EMPLOYER Phone (555) 123-7899 Date 7/20/08  
(Employer, Accountant, Preparer, etc.)

You have received this *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3BHW) in lieu of the *Quarterly Wage and Withholding Report* (DE 6), because you have elected to pay taxes for your household workers on an annual basis. This form will be mailed to you quarterly, and an *Annual Payroll Tax Return for Employers of Household Workers* (DE 3HW) will be mailed to you in the fourth quarter. This annual process is only available to employers who pay \$20,000 or less in household wages during the calendar year. If your wage estimate is understated and you do pay more than \$20,000 in wages in the calendar year, please follow the instructions on page 2 of this form under the "QUESTIONS" topic.

You must file this report even if you had no payroll by marking Item B and indicating "0" in each of the three boxes in Item A and in the Grand Total Boxes, Items H, I, and J.

MAIL TO: State of California / Employment Development Department / P.O. Box 826221 / MIC 28B / Sacramento, CA 94230-6221



**Quarterly Report of Wages and Withholdings  
for Employers of Household Workers (DE 3BHW)**

**Instructions**

You must file this form even if you had no payroll. If you had no payroll, see Item B below. Complete all items on the DE 3BHW as follows:

- A. For each of the three months in the quarter, enter the number of full-time and part-time employees who worked during or received wages subject to Unemployment Insurance (UI) tax for the payroll period that includes the 12th of the month. If you had no UI-subject employees for that period, enter zero (0) in the box that applies to the month(s) that you had no UI-subject employees. Blank boxes will be identified as missing information.
- B. If you had no payroll during the quarter, check this box. Enter zero (0) in the Grand Total boxes, Items H, I, and J, and complete Item K.
- C. Enter the social security number (SSN) of each employee to whom you paid wages during the quarter. If an employee does not have an SSN, leave the SSN box blank and **take immediate steps to secure an SSN from the employee**. Report the employee's SSN to EDD on a *Tax and Wage Adjustment Form* (DE 678) as soon as possible (see page 29).
- D. Enter the full first name, middle initial (if any), and last name of each employee.
- E. Enter the total amount of cash and noncash wages (including cents) paid to each employee during the quarter. **Do not** use commas or dollar signs. Noncash wages include meals and lodging (see "Values of Meals and Lodging" on page 13). Generally, all wages paid to household employees are subject wages (see "What Does 'Subject Wages' Mean?" on page 12). Please call the Taxpayer Assistance Center at (888) 745-3886 if you have questions regarding subject wages.
- F. Enter the total amount of all wages (including cents) paid during the quarter that are subject to Personal Income Tax (PIT), even if you did not withhold PIT. Generally, all wages paid to household employees are considered PIT wages (see "What Are Personal Income Tax Wages?" on page 12). If you provide meals and/or lodging for your household employees, refer to page 13. You must enter the total subject wages (Item E) and PIT wages, even if they are the same.
- G. Enter the amount of PIT (including cents) withheld from each employee's wages during the quarter.
- H. Enter the total subject wages (Item E) paid to all employees.
- I. Enter the total PIT wages (Item F) paid to all employees.
- J. Enter the total PIT withheld (Item G) paid to all employees.
- K. Sign the form, and enter your title, telephone number, and the date signed.

**NOTE:** The person preparing this form or the person responsible for the information on this form **must** sign Item K.

## FOR ILLUSTRATIVE PURPOSES ONLY

***Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW)*****Overview**

**Purpose:** Household employers who have elected to pay taxes annually use the DE 3HW to send Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) withheld to EDD. If Personal Income Tax (PIT) is withheld, that amount is also sent to EDD with this form.

**How to Obtain:** The DE 3HW is mailed to annual taxpayers in December. Not having a form to complete is not considered “good cause” (see page 75) for filing your DE 3HW late. To obtain another copy of this form, access EDD’s Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de3hw.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de3hw.pdf) or request Document No. 1084 from our Fax on Demand at (877) 547-4503. You may also call the Taxpayer Assistance Center at (888) 745-3886 to get another form or if you have any questions about completing the DE 3HW.

**When Due:** For 2008, the DE 3HW is due January 1, 2009, and must be postmarked or received by February 2, 2009. If you are unable to pay all or part of your taxes on time, you must still file your DE 3HW. Penalty and interest will be charged on late payroll tax payments and reports.

**Tax Rates:** Your UI, ETT, and SDI rates will be entered on the preprinted DE 3HW mailed to you. If you paid \$1,000 or more in cash wages in a quarter during the year and your DE 3HW does not show UI and ETT rates, please call (888) 745-3886.

**NOTE:** If your total wages exceed \$20,000 during the year, you must notify EDD immediately that you need to change to a quarterly taxpayer. See page 30 for information on changing from an annual taxpayer to a quarterly taxpayer.

A completed sample DE 3HW and instructions begin on page 22.

For information on reporting the DE 3HW over the telephone, see “Telefile” on page 59.

**ANNUAL TAXPAYERS**

**FOR ILLUSTRATIVE PURPOSES ONLY**



**EMPLOYER OF HOUSEHOLD WORKER(S)  
ANNUAL PAYROLL TAX RETURN**

APPROVED EXTENSION TO: \_\_\_\_\_

PLEASE TYPE OR PRINT ALL INFORMATION IN BLACK INK-DO NOT ALTER PREPRINTED INFORMATION

YEAR ENDED 12/31/08

DUE 1/1/09

DELINQUENT IF NOT POSTMARKED OR RECEIVED BY 2/2/09

YEAR
2008

JAMES AND JANE JONES  
P.O. BOX 12345  
ANYTOWN, CA 12345

**00000000**  
EMPLOYER ACCOUNT NO.

Examples created using 2007 rates refer to inside cover for 2008 rate information.

DO NOT ALTER THIS AREA									
DEPT. USE ONLY	P1	P2	C	P	U	S	T	A	
EFFECTIVE DATE		Mo.	Day	Yr.					
		=	=	=					

**DETAILED INSTRUCTIONS ARE LOCATED ON PAGE 2**

CHECK BOX IF:

- No Wages Paid This Year
- No Longer Have Household Employees (Date) \_\_\_\_\_
- Revert to Quarterly Reporting (Date) \_\_\_\_\_

**A. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR** →

**19,000.00**

**B. EMPLOYER'S UNEMPLOYMENT INSURANCE (UI) TAXES**  
(Total Employee Wages up to \$7,000 per employee per calendar year)

WAGES		UI%		
(B1)	14,000.00	X	(B2)	3.4
		(multiplied by)	=	(B3)
				476.00

**C. EMPLOYMENT TRAINING TAX (ETT)**  
(Total Employee Wages up to \$7,000 per employee per calendar year)

WAGES		ETT%		
(C1)	14,000.00	X	(C2)	0.1
		(multiplied by)	=	(C3)
				14.00

**D. EMPLOYEE STATE DISABILITY INSURANCE (SDI) TAXES**

Refer to publication Tax Rates, Wage Limits, and Value of Meals and Lodging (DE 3395) or our Web site at [www.edd.ca.gov/taxrep/de3395.pdf](http://www.edd.ca.gov/taxrep/de3395.pdf).

WAGES		SDI%		
(D1)	19,000.00	X	(D2)	0.60
		(multiplied by)	=	(D3)
				114.00

**E. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD**  
(Total PIT Withheld per Forms W-2)

**0.00**

**F. TOTAL TAXES DUE (Add Items B3, C3, D3, and E)** →

**604.00**

**G. LESS VOLUNTARY PREPAYMENT OF TAXES MADE DURING THE YEAR** →

**0.00**

**H. BALANCE OF TOTAL TAXES DUE** →

**604.00**

INCLUDE EMPLOYER ACCOUNT NUMBER ON YOUR CHECK. Do not staple check to return.  
Make check payable to EMPLOYMENT DEVELOPMENT DEPARTMENT

**I. Be sure to sign this declaration: I declare that the information herein is true and correct to the best of my knowledge and belief.**

Signature *James Jones* Title EMPLOYER Phone (555) 123-7899 Date 1/30/09  
(Employer, Accountant, Preparer, etc.)

## ***Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW)***

### **Instructions**

You must file this form even if you had no payroll.

**NOTE:** If you did not have payroll, check the appropriate box(es) and complete Line I.

**No Wages Paid This Year:** Check this box if you did not pay wages subject to Unemployment Insurance (UI), Employment Training Tax (ETT), and/or State Disability Insurance (SDI) taxes during the calendar year. Generally, all wages paid to household employees are subject to UI, ETT, and/or SDI taxes.

**No Longer Have Household Employees:** Check this box if you no longer have household employees and this is your final return. Enter the last date you paid wages.

**Revert to Quarterly Reporting:** Check this box if you have paid over \$20,000 in wages this year. Enter date that wages paid exceeded \$20,000.

Complete all lines on the DE 3HW as follows:

- A. Enter the total amount of cash and noncash wages (including cents) that you paid to employees during the year. Noncash wages include meals and lodging (see "Values of Meals and Lodging" on page 13). The total should equal the total of Item H on your quarterly DE 3BHW forms (page 19) filed for the year.
- B. The UI tax is paid on cash and noncash wages paid to each employee in each year up to UI taxable wage limit. Refer to inside cover for rate and taxable wage limits. Your UI tax rate will be given to you when you register with EDD or become subject to UI tax. Each December, EDD will notify you of your UI tax rate and the taxable wage limit for the upcoming year by sending a *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088).

Box B1. Enter the total UI cash and noncash wages for the year, up to UI taxable wage limit per employee.

Box B2. UI tax rate.

Box B3. Multiply Box B1 by Box B2, and enter the result in Box B3.

The following example shows how to compute UI taxes (for illustrative purposes only):

**Example:** Total UI taxable wages for the year are \$14,000.  
The UI tax rate is 3.4 percent (.034).

UI Taxable Wages	\$14,000
X     UI Tax Rate	x   .034
UI Taxes Due	\$476.00

**Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW)**

**Instructions (Continued)**

**NOTE:**

1. If, after paying \$1,000 in cash wages in one or more quarters in a calendar year, you begin paying your employees less than \$1,000 in the following quarters, you must continue sending UI, ETT, and SDI tax payments to EDD through December of the following year. Once you exceed the threshold on wages, you continue to be subject through the following year.
  2. The wages in Boxes B1 and C1 of your DE 3HW should be the same total wages on which you pay UI taxes. If any of your employees were paid more than \$7,000 during the year, the wages in Line A will be more than the wages in Boxes B1 and C1.
- C. The Employment Training Tax (ETT) rate is set by law at 0.1 percent (.001) on the same wages that are in Box B1. However, if you have a negative UI reserve account balance on June 30, you will not be required to pay ETT the following calendar year. The annual DE 2088 will show whether your rate is zero (0) or 0.1 percent (.001).

Box C1. Enter the total wages from Box B1.

Box C2. ETT rate.

Box C3. Multiply Box C1 by Box C2, and enter the result in Box C3.

The following example shows how to compute ETT (for illustrative purposes only):

**Example:** Total ETT taxable wages for the year are \$14,000.  
The ETT rate is 0.1 percent (.001).

ETT Taxable Wages	\$14,000
x            ETT Rate	x    .001
-----	-----
ETT Due	\$14.00

**Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW)****Instructions (Continued)**

- D. The SDI tax is deducted from each employee's wages and held by you until the DE 3HW is filed. Refer to inside cover for 2008 UI and SDI rates and taxable wage limits. The SDI tax is withheld from cash and noncash wages, including meals and lodging (see page 13), paid to each employee during the year up to the SDI taxable wage limit. Since annual taxpayers are limited to \$20,000 or less total wages annually, your SDI taxable wages will be the same as total wages paid (Line A); if you did not withhold SDI from your employees' wages, please see **NOTE** on page 26. If you have paid more than \$20,000 in wages to your household employees during the year, please refer to page 30 for information on how to change from an annual taxpayer to a quarterly taxpayer.

Box D1. Enter the total SDI cash and noncash wages for the year, up to SDI taxable wage limit per employee.

Box D2. SDI tax rate.

Box D3. Multiply Box D1 by Box D2, and enter the result in Box D3.

**NOTE:** Examples are created using 2007 rates. Refer to inside cover for 2008 rates. The following example shows how to compute SDI taxes (for illustrative purposes only):

**Example:** Total SDI taxable wages for the year are \$19,000.  
The SDI tax rate is 0.6 percent (.006).

SDI Taxable Wages	\$ 19,000
x <u>SDI Tax Rate</u>	x <u>0.006</u>
SDI Taxes Due	\$ 114.00

**NOTE:** If, after paying \$750 in cash wages in one or more quarters in a calendar year, you begin paying your employees less than \$750 in the following quarters, you must continue withholding SDI taxes from your employees' wages through December of the following year. The SDI withholdings must be sent to EDD once a year. Once you exceed the threshold on wages, you continue to be subject through the following year.

- E. As an employer of household workers, you are **not required** to withhold California Personal Income Tax (PIT) from employees' wages. You and your employees may voluntarily agree to withhold PIT. If PIT is withheld, enter the total amount withheld, which should equal the amount reported on the employees' *Wage and Tax Statements* (Forms W-2). This amount should also equal the total of Item J on your quarterly DE 3BHW forms (page 19) filed for the year.
- F. Enter the total of Boxes B3, C3, D3, and Line E.

***Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW)***

**Instructions (Continued)**

- G. If voluntary payments were made, enter the total of the deposit(s). If no payments were made, enter zero (0).
- H. Subtract Line G from Line F to find the amount of total taxes due. Enter this amount on Line H.
- I. Sign the form, and enter your title, telephone number, and the date signed.

**NOTE:** The person preparing this form or the person responsible for the information on this form **must** sign Line I.

If you pay the SDI tax without deducting it from your employees' wages, the amount of SDI you paid is considered an increase in the employees' wages and should be used to calculate UI, ETT, and SDI withholding. The additional amount should also be included as PIT wages and used to calculate the PIT withholding amount if you and any of your employees have agreed to withhold PIT.

If you pay Social Security and/or Medicare without deducting them from your employees' wages, these payments are not considered an increase in the employees' wages for UI, ETT, and SDI but **are** an increase in PIT wages that should be used to calculate the PIT withholding amount.

For assistance in calculating subject wages and PIT wages under these circumstances, see our *Information Sheet: Social Security/Medicare/SDI Taxes Paid by an Employer* (DE 231Q). To obtain the DE 231Q, access EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231q.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231q.pdf), request Document No. 3330 from our Fax on Demand at (877) 547-4503, or call the Taxpayer Assistance Center at (888) 745-3886.

## How to Calculate Taxable Wages

Unemployment Insurance (UI) tax and Employment Training Tax (ETT) are calculated up to the UI taxable wage limit of each employee's wages for the calendar year and are paid by the employer. For 2008, State Disability Insurance (SDI) tax is calculated up to the SDI taxable wage limit of each employee's wages for the calendar year. The employees in the following example are shown not reaching the SDI wage limit because employers paying wages exceeding \$20,000 annually must file quarterly, not annually. Refer to inside cover for 2008 UI/SDI rates and taxable wage limits.

**NOTE:** Examples were created using 2007 UI and SDI taxable wage limits.

**Example:** An employer has two employees, Sarah and Roger (for illustrative purposes only).

In the first quarter, Sarah is paid \$3,000 and Roger is paid \$2,000. The employer pays Unemployment Insurance (UI) tax and Employment Training Tax (ETT) on both employees' total wages since neither has reached the UI taxable wage limit. State Disability Insurance (SDI) is withheld from both employees' total wages.

<b>First Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b><u>UI/ETT</u></b>	<b><u>SDI</u></b>
Sarah	\$3,000.00	\$3,000.00
Roger	<u>2,000.00</u>	<u>2,000.00</u>
Total Taxable Wages	\$5,000.00	\$5,000.00

In the second quarter, Sarah is paid \$6,000 and Roger is paid \$1,000. The employer pays UI and ETT on only \$4,000 of Sarah's wages since she has reached the UI taxable wage limit for UI/ETT. The employer pays UI and ETT on Roger's total wages since the UI taxable wage limit has not been met. The employer withholds SDI from both employees' total wages since neither has reached the annual SDI taxable wage limit.

<b>Second Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b><u>UI/ETT</u></b>	<b><u>SDI</u></b>
Sarah	\$4,000.00	\$6,000.00
Roger	<u>1,000.00</u>	<u>1,000.00</u>
Total Taxable Wages	\$5,000.00	\$7,000.00

In the third quarter, Sarah is paid \$1,000 and Roger is paid \$2,000. The employer continues to pay UI and ETT taxes on Roger's wages since he has not reached the UI taxable wage limit. The employer withholds SDI from both employees' total wages since neither has reached the SDI taxable wage limit.

<b>Third Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b><u>UI/ETT</u></b>	<b><u>SDI</u></b>
Sarah	\$ 0.00	\$1,000.00
Roger	<u>2,000.00</u>	<u>2,000.00</u>
Total Taxable Wages	\$2,000.00	\$3,000.00

In the fourth quarter, Sarah is paid \$1,000 and Roger is paid \$3,000. The employer pays UI and ETT on \$2,000 of Roger's wages; Roger has now reached the UI taxable wage limit. The employer withholds SDI from both employees' total wages since neither was paid more than the SDI taxable wage limit in the calendar year.

<b>Fourth Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b><u>UI/ETT</u></b>	<b><u>SDI</u></b>
Sarah	\$ 0.00	\$1,000.00
Roger	<u>2,000.00</u>	<u>3,000.00</u>
Total Taxable Wages	\$2,000.00	\$4,000.00



**2008 Due Dates and Delinquency Dates**

**NOTE:** When the last timely date falls on a Saturday, Sunday, or legal holiday, the “delinquent if not postmarked or received by” date falls on the next business day.

<b>Form</b>	<b>Filing Due Dates</b>	<b>Delinquent if Not Postmarked or Received by</b>
<i>Quarterly Report of Wages and Withholdings for Employers of Household Workers (DE 3BHW)</i>	April 1, 2008 for filing period of January, February, and March	April 30, 2008
	July 1, 2008 for filing period of April, May, and June	July 31, 2008
	October 1, 2008 for filing period of July, August, and September	October 31, 2008
	January 1, 2009 for filing period of October, November, and December	February 2, 2009
<i>Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW) (with payment)</i>	January 1, 2009 for year of 2008	February 2, 2009

If you cannot pay all or part of your taxes on time, you must still file the DE 3HW. Penalty and interest will be charged on late payroll tax payments and reports.

**NOTE:**

- When your DE 3BHW or DE 3HW is mailed to EDD, the postmark date is used to determine if your form is timely.
- For any quarter that you do not have wages to report, you must check the “No Payroll This Quarter” box (Item B) on the front of the DE 3BHW and send the form to EDD. If you have any questions, please call the Taxpayer Assistance Center at (888) 745-3886.

## Correcting Prior Reports

Use the chart below to correct your EDD reports with the *Tax and Wage Adjustment Form* (DE 678).

	Reason for Adjustment	How to Make an Adjustment
Correcting prior <i>Quarterly Report of Wages and Withholdings for Employers of Household Workers</i> (DE 3BHW)	Incorrect employee social security number (SSN) reported.	Complete DE 678, Section I and make two entries in Section V. For the first entry, enter the quarter, incorrect SSN, employee name, and enter zeros in total subject wages, PIT wages, and PIT withheld fields. For the second entry, enter the quarter, correct SSN, employee name, total subject wages, PIT wages, and PIT withheld.
	Incorrect employee name reported.	Complete DE 678, Section I and make two entries in Section V. For the first entry, enter the quarter, SSN, incorrect employee name, and enter zeros in total subject wages, PIT wages, and PIT withheld fields. For the second entry, enter the quarter, SSN, correct employee name, total subject wages, PIT wages, and PIT withheld.
	Incorrect wages and/or PIT information for employees previously reported.	Complete DE 678, Sections I and V. Enter correct wages and/or PIT information for each employee <b>by quarter</b> . Information provided in annual amounts will be returned unprocessed. <b>NOTE:</b> If DE 3HW has been filed with incorrect information, also complete Section III.
	No SSN reported for employee.	Complete DE 678, Section I and make two entries in Section V. For the first entry, enter the quarter, all zeros (000-00-0000) for the SSN, enter employee name, and enter zeros for total subject wages, PIT wages, and PIT withheld. For the second entry, enter the quarter, SSN, employee name, total subject wages, PIT wages, and PIT withheld.
	Employee(s) not previously reported.	Complete DE 678, Sections I and V. Report the employees, their SSNs, total subject wages, PIT wages, and PIT withheld <b>by quarter</b> . <b>NOTE:</b> If DE 3HW has been filed with incorrect information, also complete Section III.
Correcting prior <i>Employer of Household Worker(s) Annual Payroll Tax Return</i> (DE 3HW)	Provided incorrect UI, ETT, SDI, and/or PIT information.	Complete DE 678, Sections I, III, and IV, with the correct information. <b>NOTE:</b> If taxes are due, send a payment for the taxes due plus penalty and interest, if any, with the DE 678.

Detailed DE 678 instructions are provided on the *Instructions for Completing the Tax and Wage Adjustment Form* (DE 678-I). To obtain the DE 678 and DE 678-I please access EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm#Forms](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm#Forms) or request Document Nos. 1240 and 1250 from our Fax on Demand at (877) 547-4503. For questions about when or how to use the form, adjusting previously reported payroll taxes or wages, or to order forms, please call the Taxpayer Assistance Center at (888) 745-3886.

A completed sample DE 678 is shown on pages 52 and 53.

## **No Longer Paying Wages**

If you stop employing people to work in your home and do not intend to hire anyone in the future, you must send EDD a final DE 3BHW and DE 3HW with payment of any taxes due within 10 days. If you plan to employ people to work in your home in the future but have no payroll this quarter, mark "No Payroll This Quarter" (Item B) on the DE 3BHW and send the form to EDD. To obtain these forms, access EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm), use the Internet Order Form at [www.edd.ca.gov/Forms/default.asp](http://www.edd.ca.gov/Forms/default.asp), access our Fax on Demand at (877) 547-4503 (Document Nos. 1082 and 1084), or call the Taxpayer Assistance Center at (888) 745-3886.

## **When to Change From an Annual Taxpayer to a Quarterly Taxpayer**

If your total wages exceed \$20,000 during the year, you must notify EDD immediately. Please call the Taxpayer Assistance Center at (888) 745-3886, and an EDD representative will assist you in changing to a quarterly taxpayer.

As a quarterly taxpayer, you will no longer prepare a DE 3BHW and DE 3HW. Each quarter, you will complete a *Quarterly Wage and Withholding Report* (DE 6). You will begin sending a *Payroll Tax Deposit* (DE 88) coupon along with your tax payment to EDD at least quarterly. If you are required to change to a quarterly taxpayer mid-year, you must file a DE 3HW to cover the quarters you were an Annual Taxpayer. An *Annual Reconciliation Statement* (DE 7) must be filed in January 2009 for the quarters in 2008 that you were a quarterly taxpayer (the quarters you used a DE 6 to report employee wages and withholding). In the following years, you will no longer file a DE 3HW.

For an explanation of the responsibilities of a quarterly taxpayer, please refer to the "Quarterly Taxpayers" section of this guide, beginning on page 31. This section includes examples of completed forms and instructions for completing the forms.

## Overview

If your total annual wages (both cash and noncash) are more than \$20,000 or if you do not elect to become an annual taxpayer, you must file wage reports quarterly and pay taxes at least quarterly. You must also file an annual reconciliation of payroll taxes.

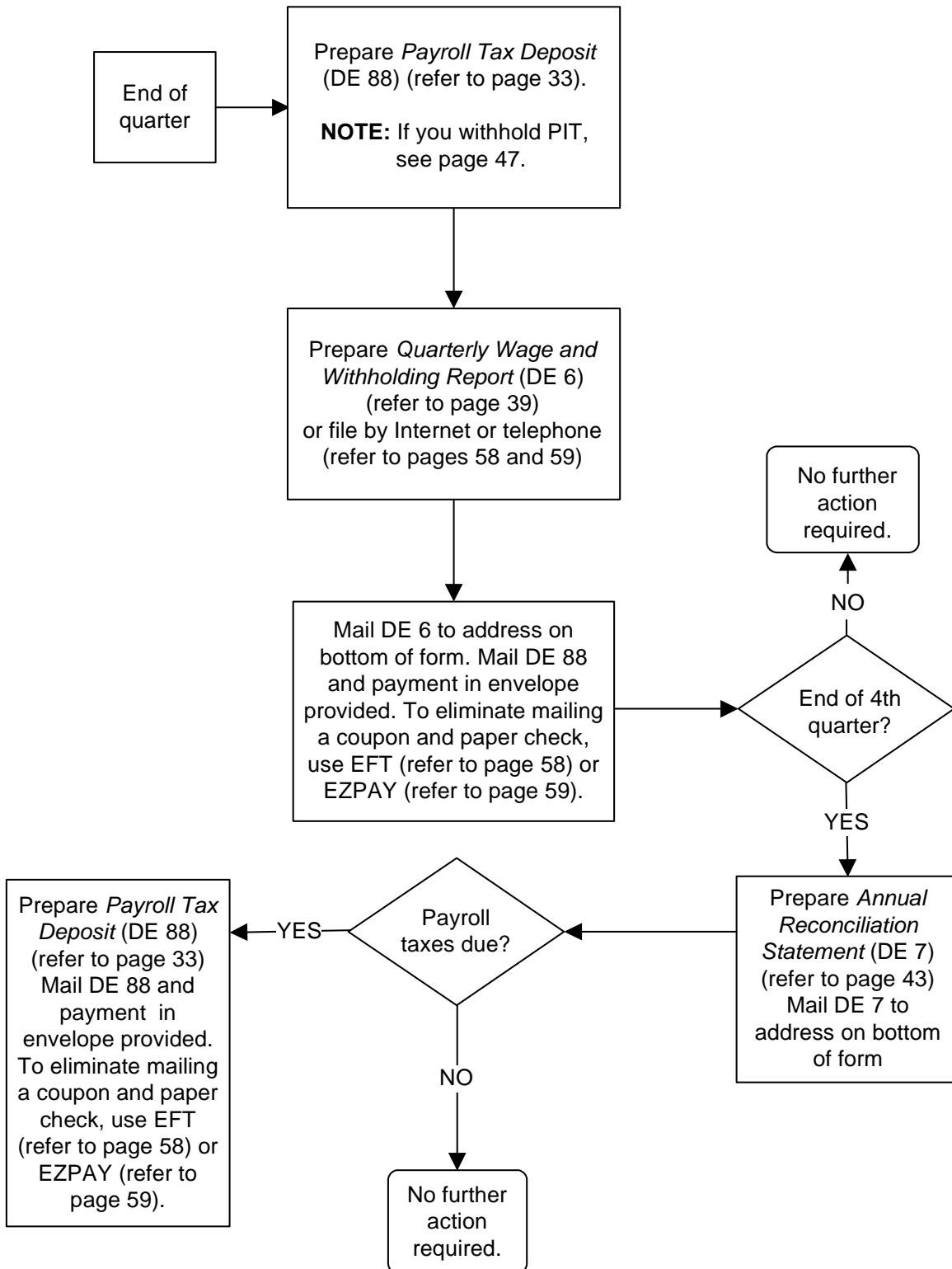
As a quarterly taxpayer, you must complete the following forms:

- ***Payroll Tax Deposit*** (DE 88).
- ***Quarterly Wage and Withholding Report*** (DE 6).
- ***Annual Reconciliation Statement*** (DE 7).

Samples of completed forms are provided on the following pages.

EDD offers a full range of online services for filing and paying State payroll taxes. See our available e-Services on page 58.

### When to Prepare Payroll Tax Reports



## ***Payroll Tax Deposit (DE 88)***

### **Overview**

**Purpose:** Household employers who are quarterly taxpayers use the *Payroll Tax Deposit (DE 88)* coupon to pay Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance (SDI) withheld to EDD. If Personal Income Tax (PIT) is withheld, that amount is also sent to EDD with this coupon.

**How to Obtain:** The DE 88 booklet is mailed to quarterly taxpayers each year by March. Newly registered employers will be mailed a DE 88 booklet containing preprinted coupons about six weeks after registering with EDD. Preprinted envelopes are provided with the booklets.

**Do not** use another employer's DE 88 coupon. The coupons in your booklet are encoded with your employer account number. If you use another employer's coupon, your payment will be applied to that employer's account.

Use the postcard at the back of the DE 88 booklet to order additional booklets. Allow six to eight weeks for delivery. If you no longer have a reorder postcard, mail your request to:

**Employment Development Department  
Document Management Group, MIC 96  
Attn: Forms Request Desk  
P.O. Box 826880  
Sacramento, CA 94280-0001**

The DE 88 booklet can also be ordered by telephone at (916) 654-7041 or (888) 745-3886.

You may print a blank *Payroll Tax Deposit* coupon (DE 88ALL) from our Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de88all.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de88all.pdf).

**When Due:** If you do not withhold PIT or if accumulated PIT withholdings are less than \$350, taxes must be paid each quarter by the deposit due dates shown in the table on page 47. If accumulated PIT withholdings are \$350 or more, deposits of PIT and SDI withheld may be due more often than once a quarter. For additional information, refer to page 47.

**Tax Rates:** The DE 88 booklet has your UI, ETT, and SDI tax rates preprinted on the coupons. If you paid \$1,000 or more in cash wages in a quarter during 2007 and your DE 88 coupon does not show UI and ETT rates, please call (888) 745-3886.


A completed sample DE 88 and instructions begin on page 34.

You may file online using EDD's e-Services at <https://eddservices.edd.ca.gov>.

**QUARTERLY TAXPAYERS**

**FOR ILLUSTRATIVE PURPOSES ONLY**

(TYPE OR PRINT IN BLACK INK ONLY)



**1. PAY DATE:**  
MUST BE COMPLETED

0 3 3 1 0 8

(Last PAY DATE covered by deposit)

Employer Name  
**JAMES AND JANE JONES**

Employer DBA

Indicate your Account Number here; Please enter on your check

0 0 0    0 0 0 0 0    0

**2. DEPOSIT SCHEDULE:**  
(MUST MARK ONE BOX)

NEXT BANKING DAY

SEMIWEEKLY

MONTHLY

QUARTERLY

**3. QUARTER COVERED** 0 8 1

**4. DEPOSIT AMOUNTS:**

Rate	Tax								
A) 3.4 %	UI			2	3	8	0	0	
B) .10 %	ETT				7		0	0	
C) .6 %	SDI			2	1	6	0	0	
D)	California PIT					0	0	0	
E)	Penalty								
F)	Interest								
<b>TOTAL PAID</b>		\$			4	6	1	0	0

EMPLOYMENT DEVELOPMENT DEPARTMENT

Examples created using 2007 rates refer to inside cover for 2008 rate information.

01880698

PREPARER'S SIGNATURE

X *Taxstones*

TELEPHONE NO.

(555) 123-7899

DEPARTMENT USE ONLY

DE 88ALL Rev. 16 (1-04) (INTERNET)

**Instructions**

**NOTE:** Examples were created using 2007 rates. Refer to inside cover for 2008 rates.

**Name and Address** Verify that your name and address are printed correctly on the front cover of the *Payroll Tax Deposit (DE 88)* booklet. To change or correct your name and/or address, please use the *Change of Address or Business* form in the back of the booklet. You may change your address using EDD's e-Services at <https://eddservices.edd.ca.gov>.

**Account Number** Verify that your account number is printed correctly on the DE 88 coupon.

Complete all items on the DE 88 as follows:

**Pay Date**

- If you withheld less than \$350 in PIT from your employees' wages during the quarter, enter the last day of the quarter.
- If you withheld \$350 or more in PIT from your employees' wages, enter the last day of the payroll month in which the accumulated PIT reached \$350.

**Deposit Schedule** Check either the quarterly box (if you withheld less than \$350 in PIT) or the monthly box (if you withheld \$350 or more in PIT).

**Quarter Covered** Enter the year and quarter to which the payment should be applied; for example, enter "08" in the first two boxes and "1" in the last box for a payment for the first quarter of 2008.

**Payroll Tax Deposit (DE 88)**

**Instructions (Continued)**

- Deposit Amounts**
- Box A: Multiply the UI taxable wages by the UI rate, and enter the result in Box A. If you paid \$1,000 or more in cash wages in a quarter during the year, or previous year, and your DE 88 coupon does not show UI and ETT rates, please call (888) 745-3886.
  - Box B: Multiply the UI taxable wages by the ETT rate, and enter the result in Box B.
  - Box C: Multiply the SDI taxable wages by the SDI rate, and enter the result in Box C. Refer to inside cover for 2008 rates.
  - Box D: If you withhold California PIT from your employees' wages, enter the total PIT withheld during the period in Box D.

**If your payment is timely, penalty and interest are not due, skip to Box G.**

- Box E: Call the Taxpayer Assistance Center at (888) 745-3886 for assistance in calculating penalties.
- Box F: Call the Taxpayer Assistance Center at (888) 745-3886 for assistance in calculating interest.
- Box G: Add Boxes A, B, C, D, E, and F. Enter this amount in Box G. This is the total amount due.

**Preparer/  
Telephone**

Sign your name, and enter your telephone number.



**How to Calculate Taxable Wages**

Unemployment Insurance (UI) tax and Employment Training Tax (ETT) are calculated up to the UI taxable wage limit of each employee's wages per year and are paid by the employer. State Disability Insurance (SDI) tax is calculated up to the SDI taxable wage limit of each employee's wages in 2008 and is withheld from the employee's wages.

**NOTE:** Examples were created using 2007 UI and SDI taxable wage limits.

**Example:** An employer has two employees, Jane and John (for illustrative purposes only).

In the first quarter, Jane is paid \$8,000 and John is paid \$5,000. The employer pays Unemployment Insurance (UI) tax and Employment Training Tax (ETT) taxes on \$7,000 of Jane's wages and all of John's wages. The employer will not pay UI and ETT taxes for Jane for the remainder of the year since she has reached the UI taxable wage limit. State Disability Insurance (SDI) is withheld from both employees' total wages.

<b>First Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b>UI/ETT</b>	<b>SDI</b>
Jane	\$ 7,000.00	\$ 8,000.00
John	<u>5,000.00</u>	<u>5,000.00</u>
Total Taxable Wages	\$12,000.00	\$13,000.00

In the second quarter, Jane is paid \$25,000 and John is paid \$1,000. The employer pays UI and ETT on John's total wages since the UI taxable wage limit has not been met. The employer withholds SDI from both employees' total wages since neither has reached the SDI taxable wage limit.

<b>Second Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b>UI/ETT</b>	<b>SDI</b>
Jane	\$ 0.00	\$25,000.00
John	<u>1,000.00</u>	<u>1,000.00</u>
Total Taxable Wages	\$ 1,000.00	\$26,000.00

In the third quarter, Jane is paid \$25,000 and John is paid \$8,000. The employer pays UI and ETT on \$1,000 of John's wages; he has now reached the UI taxable wage limit. The employer withholds SDI from both employees' total wages since neither has reached the SDI taxable wage limit.

<b>Third Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b>UI/ETT</b>	<b>SDI</b>
Jane	\$ 0.00	\$25,000.00
John	<u>1,000.00</u>	<u>8,000.00</u>
Total Taxable Wages	\$ 1,000.00	\$33,000.00

In the fourth quarter, Jane is paid \$30,000 and John is paid \$15,000. The employer only withholds SDI taxes on \$25,389 of Jane's wages since she reached the SDI limit. The employer withholds SDI from John's total wages since he was not paid more than the SDI taxable wage limit in the calendar year.

<b>Fourth Quarter</b>	<b><u>Taxable Wages</u></b>	<b><u>Taxable Wages</u></b>
	<b>UI/ETT</b>	<b>SDI</b>
Jane	\$0.00	\$25,389.00
John	<u>0.00</u>	<u>15,000.00</u>
Total Taxable Wages	\$0.00	\$40,389.00

## How to Compute

### State Disability Insurance (SDI) Withholding

The SDI tax rate (which includes Paid Family Leave) for calendar year 2008 is available on the inside cover. The SDI tax is withheld from each employee's wages of all cash and noncash wages paid to each employee in 2008 up to the SDI taxable wage limit. Noncash wages include meals and lodging (see "Values of Meals and Lodging" tables on page 13). If you do not withhold SDI from your employees' wages, see **NOTE 2** below.

If SDI tax is withheld from your employees' wages, a *Payroll Tax Deposit* (DE 88) coupon **must** be sent to EDD at least once each quarter, postmarked or received by the dates listed in the table on page 47. If you withhold more than \$500 in Personal Income Tax (PIT) from your employees during a quarter, please call the Taxpayer Assistance Center at (888) 745-3886 to determine when to send your SDI and PIT payment to EDD.

**Example:** Total SDI taxable wages for the quarter are \$13,000 (for illustrative purposes only). Examples were created using 2007 rates. Refer to inside cover for 2008 rates.

SDI Taxable Wages	\$13,000
x <u>SDI Tax Rate</u>	x <u>.006</u>
SDI Taxes Due	\$ 78.00 (Enter this amount in Box C)

#### NOTE:

1. If, after paying \$750 in cash wages in one or more quarters in a calendar year, you begin paying your employees less than \$750 in the following quarters, you must continue withholding SDI taxes from your employees' wages through December of the following year. Once you exceed the threshold on wages, you continue to be subject through the following year.
2. If you pay the SDI tax without deducting it from your employees' wages, the amount of SDI you paid is considered an increase in the employees' wages and must be used to calculate Unemployment Insurance (UI), Employment Training Tax (ETT), and SDI withholding. The additional amount must also be included as PIT wages and used to calculate the PIT withholding amount if you and any of your employees have agreed to withhold PIT.

If you pay Social Security and/or Medicare taxes without deducting them from your employees' wages, these payments are not considered an increase in the employees' wages for UI, ETT, and SDI but **are** an increase in PIT wages that must be used to calculate the PIT withholding amount.

For assistance in calculating subject wages and PIT wages under these circumstances, see our *Information Sheet: Social Security/Medicare/SDI Taxes Paid by an Employer* (DE 231Q). To obtain the DE 231Q, please access our Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231q.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231q.pdf) or call our Fax on Demand (Document No. 3330) at (877) 547-4503. You may call the Taxpayer Assistance Center at (888) 745-3886 to order the DE 231Q or to answer any questions.

## How to Compute

### Unemployment Insurance (UI) Tax and Employment Training Tax (ETT)

If you pay cash wages of \$1,000 or more in one quarter to household workers, in addition to withholding State Disability Insurance (SDI), you must pay UI tax and ETT at the following rates:

- The UI tax rate for new employers or those newly subject to UI is 3.4 percent (.034). Your tax rate will be given to you when you register with EDD or become subject to UI. Your tax rates (UI, ETT, and SDI) are updated once each year with a *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) mailed to you in December, showing the rates for the upcoming year. The UI tax is paid on cash and noncash wages paid to each employee in 2008 up to the UI taxable wage limit. Refer to inside cover for 2008 UI rate and taxable wage limit. Noncash wages include meals and lodging (see “Values of Meals and Lodging” on page 13).
- The ETT rate is set by law at 0.1 percent (.001) on your UI taxable wages. However, if you have a negative UI reserve account balance on June 30, you will not be required to pay ETT the following calendar year. The annual DE 2088 will show whether your rate is zero (0) or 0.1 percent (.001).

The UI tax and ETT amounts are paid by you, the employer, and are not withheld from your employees’ wages.

Your payroll taxes and a *Payroll Tax Deposit* (DE 88) coupon **must** be sent to EDD each quarter, postmarked or received by the dates listed on the table on page 47.

**Example:** Total UI taxable wages for the quarter are \$12,000 (for illustrative purposes only). The UI tax rate is 3.4 percent (.034). The ETT rate is 0.1 percent (.001). Examples were created using standard starting rates, your UI rates may differ.

UI Taxable Wages	\$12,000
x <u>UI Tax Rate</u>	x <u>.034</u>
UI Taxes Due	\$ 408.00 (Enter in Box A)
UI Taxable Wages	\$12,000
x <u>ETT Rate</u>	x <u>.001</u>
ETT Due	\$ 12.00 (Enter in Box B)

**NOTE:**

1. If, after paying \$1,000 in cash wages in one or more quarters in a calendar year, you begin paying your employees less than \$1,000 in the following quarters, you must continue sending UI, ETT, and SDI tax payments to EDD through December of the following year. Once you exceed the \$1,000 threshold on wages, you are subject through the following year.

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## ***Quarterly Wage and Withholding Report (DE 6)***

### **Overview**

**Purpose:** Household employers who are quarterly taxpayers must use the DE 6 to report employee wages subject to Unemployment Insurance, Employment Training Tax, and State Disability Insurance taxes and Personal Income Tax (PIT) wages. If PIT is withheld, that amount is also reported on this form.

**How to Obtain:** The DE 6 is mailed to quarterly taxpayers in March, June, September, and December. Not having a form to complete is not considered “good cause” (see page 75) for filing your DE 6 late. To obtain a copy of this form, access EDD’s Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de6.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de6.pdf). You may also call the Taxpayer Assistance Center at (888) 745-3886 to obtain this form or if you have questions about completing the DE 6.

**When Due:** The DE 6 is due after the end of each quarter; see page 48 for specific due dates. For any quarter that you do not pay wages, check the “No Payroll” box (Item C) on the DE 6 and send it to EDD. If you are unable to pay all or part of your taxes on time, you must still file your DE 6. Penalty and interest will be charged on late payroll tax payments and reports.

A completed sample DE 6 and instructions begin on page 40.

EDD offers a full range of online services for filing and paying State payroll taxes. See our available e-Services on page 58.

**QUARTERLY TAXPAYERS**

**FOR ILLUSTRATIVE PURPOSES ONLY**



**QUARTERLY WAGE AND WITHHOLDING REPORT**

PLEASE TYPE THIS FORM PER INSTRUCTIONS ON REVERSE  
You must FILE this report even if you had no payroll. If you had no payroll, complete items C or D and P.



00060198

Page number \_\_\_\_\_ of \_\_\_\_\_

QUARTER ENDED 06/30/2008

DUE 07/01/2008

DELINQUENT IF NOT POSTMARKED OR RECEIVED BY 07/31/2008

YR 08 QTR 2

EMPLOYER ACCOUNT NO.  
00000000

JAMES AND JANE JONES  
P.O. BOX 12345  
ANYTOWN, CA 12345

**DO NOT ALTER THIS AREA**

P1  C  T  S  W  A

EFFECTIVE DATE  
Mo. Day Yr. WIC

A. EMPLOYEES full-time and part-time who worked during or received pay subject to UI for the payroll period which includes the 12th of the month.

1st Mo.	2nd Mo.	3rd Mo.
2	2	2

B.  Check this box if you are reporting ONLY Voluntary Plan DI wages on this page. Report PIT Wages and PIT Withheld, if appropriate. (See instructions for item B.)

C.  NO PAYROLL D.  OUT OF BUSINESS/FINAL REPORT  
Date \_\_\_\_\_

E. SOCIAL SECURITY NUMBER 944444444	F. EMPLOYEE NAME (FIRST NAME) MARY	(M.I.) (LAST NAME) J PAYNE
G. TOTAL SUBJECT WAGES 25000.00	H. PIT WAGES 25000.00	I. PIT WITHHELD 345.10

E. SOCIAL SECURITY NUMBER 955555555	F. EMPLOYEE NAME (FIRST NAME) CINDY	(M.I.) (LAST NAME) V SMITH
G. TOTAL SUBJECT WAGES 1000.00	H. PIT WAGES 1000.00	I. PIT WITHHELD 0.00

E. SOCIAL SECURITY NUMBER	F. EMPLOYEE NAME (FIRST NAME)	(M.I.) (LAST NAME)
G. TOTAL SUBJECT WAGES	H. PIT WAGES	I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER	F. EMPLOYEE NAME (FIRST NAME)	(M.I.) (LAST NAME)
G. TOTAL SUBJECT WAGES	H. PIT WAGES	I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER	F. EMPLOYEE NAME (FIRST NAME)	(M.I.) (LAST NAME)
G. TOTAL SUBJECT WAGES	H. PIT WAGES	I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER	F. EMPLOYEE NAME (FIRST NAME)	(M.I.) (LAST NAME)
G. TOTAL SUBJECT WAGES	H. PIT WAGES	I. PIT WITHHELD

E. SOCIAL SECURITY NUMBER	F. EMPLOYEE NAME (FIRST NAME)	(M.I.) (LAST NAME)
G. TOTAL SUBJECT WAGES	H. PIT WAGES	I. PIT WITHHELD

J. TOTAL SUBJECT WAGES THIS PAGE 26000.00	K. TOTAL PIT WAGES THIS PAGE 26000.00	L. TOTAL PIT WITHHELD THIS PAGE 345.10
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M. GRAND TOTAL SUBJECT WAGES 26000.00	N. GRAND TOTAL PIT WAGES 26000.00	O. GRAND TOTAL PIT WITHHELD 345.10
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P. I declare that the information herein is true and correct to the best of my knowledge and belief.

Preparer's Signature Jane Jones Title EMPLOYER Phone (555) 123-7899 Date 07/14/2008  
(Owner, Accountant, Preparer, etc.)

DE 6 Rev. 4 (2-04) (INTERNET) MAIL TO: State of California / Employment Development Department / P.O. Box 826288 / Sacramento, CA 94230-6288

**Quarterly Wage and Withholding Report (DE 6)**

**Instructions**

You must file this form even if you had no payroll. Complete all items on the DE 6 as follows:

**NOTE:** If you did not have payroll, see Item C below.

- A. For each of the three months in the quarter, enter the number of full-time and part-time employees who worked during or received wages subject to Unemployment Insurance (UI) tax for the payroll period that includes the 12th of the month. If you had no UI-subject employees for that period, enter zero (0) in the box that applies to the month(s) that you had no UI-subject employees. Blank boxes will be identified as missing information.
- B. Check this box **only** if you have an approved Voluntary Disability Insurance Plan for your employees (most household employers use the State Disability Insurance plan and do not check this box).
- C. If you had no payroll during the quarter, check this box. Also complete Items D (if applicable) and P, and enter zero (0) in the Grand Total boxes, Items M, N, and O.
- D. Check this box if you no longer have household employees and this is your final report.
- E. Enter the social security number (SSN) of each employee to whom you paid wages during the quarter. If an employee does not have an SSN, leave the SSN box blank and **take immediate steps to secure an SSN from the employee**. Report the employee's SSN to EDD on a *Tax and Wage Adjustment Form* (DE 678) as soon as possible (see page 52).
- F. Enter the full first name, middle initial (if any), and last name of each employee.
- G. Enter the total amount of cash and noncash wages (including cents) paid to each employee during the quarter. **Do not** use commas or dollar signs. Noncash wages include meals and lodging (see "Values of Meals and Lodging" on page 13). Generally, all wages paid to household employees are subject wages (see "What Does 'Subject Wages' Mean?" on page 12). Please call the Taxpayer Assistance Center at (888) 745-3886 if you have questions regarding subject wages.
- H. Enter the total amount of all wages (including cents) paid during the quarter that are subject to Personal Income Tax (PIT), even if you did not withhold PIT. Generally, all wages paid to household employees are considered PIT wages (see "What Are Personal Income Tax Wages?" on page 12). If you provide meals and/or lodging for your household employees, refer to page 13. You must enter the total subject wages (Item G) and PIT wages, even if they are the same.
- I. Enter the amount of PIT (including cents) withheld from each employee's wages during the quarter.
- J. Enter the total subject wages (Item G) for **each** separate page.

***Quarterly Wage and Withholding Report (DE 6)***

**Instructions (Continued)**

- K. Enter the total PIT wages (Item H) for **each** separate page.
- L. Enter the total PIT withheld (Item I) for **each** separate page.
- M. On page 1 or the last page, enter the grand total of subject wages (Item J) for all pages for the quarter.
- N. On page 1 or the last page, enter the grand total of PIT wages (Item K) for all pages for the quarter.
- O. On page 1 or the last page, enter the grand total of PIT withheld for all employees (Item L) for all pages for the quarter.
- P. Sign the form, and enter your title, telephone number, and the date signed.

**NOTE:** The person preparing this form or the person responsible for the information on this form **must** sign Item P.

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## Annual Reconciliation Statement (DE 7)

### Overview

**Purpose:** Household employers who are quarterly taxpayers use the DE 7 annually to reconcile payments of payroll taxes and the total subject wages reported during the year. Do not send your payment with the DE 7. If you discover that additional taxes are due, prepare a *Payroll Tax Deposit* (DE 88) and submit it with the payment.

**How to Obtain:** The DE 7 is mailed to quarterly taxpayers in December. Not having a form to complete is not considered “good cause” (see page 75) for filing your DE 7 late. To obtain another copy of this form, access EDD’s Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de7.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de7.pdf). Call the Taxpayer Assistance Center at (888) 745-3886 to obtain a form or if you have questions about completing the DE 7.

**When Due:** For 2008, the DE 7 is due January 1, 2009, and must be postmarked or received by February 2, 2009. If Line J on your DE 7 shows taxes due, prepare a *Payroll Tax Deposit* (DE 88) and include the correct payment quarter. Send the DE 88 and the payment in a preprinted DE 88 envelope. Your DE 88 and payment **must** be mailed in a **separate** envelope from your DE 7. If you are unable to pay all or part of your taxes on time, you must still file your DE 7. Penalty and interest will be charged on late payroll tax payments and reports.

**Tax Rates:** Your Unemployment Insurance (UI), Employment Training Tax (ETT), and State Disability Insurance rates will be entered on the preprinted DE 7 mailed to you. If you paid \$1,000 or more in cash wages in a quarter during the year, or previous year and your DE 7 does not show UI and ETT rates, please call (888) 745-3886.

A completed sample DE 7 and instructions begin on page 44.



**QUARTERLY TAXPAYERS**

**FOR ILLUSTRATIVE PURPOSES ONLY**



**ANNUAL RECONCILIATION STATEMENT**



PLEASE TYPE THIS FORM - DO NOT ALTER PREPRINTED INFORMATION

00070104

YEAR ENDED 12/31/2008 DUE 01/01/2009 DELINQUENT IF NOT POSTMARKED OR RECEIVED BY 02/02/2009 YEAR 2008

EMPLOYER ACCOUNT NO. 00000000

JAMES AND JANE JONES  
P.O. BOX 12345  
ANYTOWN, CA 12345

**DO NOT ALTER THIS AREA**

DEPT. USE ONLY	P1	P2	C	P	U	S	A
	:	:	:	:	:	:	:
	T	:	:	:	:	:	:
	:	:	:	:	:	:	:

EFFECTIVE DATE: Mo.      Day      Yr.     

FEIN                      CHECK BOX IF: **A. NO WAGES PAID THIS YEAR**   
 ADDITIONAL FEINS                      **B. OUT OF BUSINESS**  Date             

C. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR 40,000:00

D. UNEMPLOYMENT INSURANCE (UI) (Total Employee Wages up to              per employee per calendar year)  
 (D1) UI % 3.4 TIMES (D2) UI TAXABLE WAGES 14,000:00 = (D3) UI CONTRIBUTIONS 476:00

E. EMPLOYMENT TRAINING TAX (ETT)  
 (E1) ETT % 0.1 TIMES UI Taxable Wages (D2)                      = (E2) ETT CONTRIBUTIONS 14:00

F. STATE DISABILITY INSURANCE (SDI) (Total Employee Wages up to \$              per employee per calendar year)  
 (F1) SDI % 0.60 TIMES (F2) SDI TAXABLE WAGES 40,000:00 = (F3) SDI EMPLOYEE CONTRIBUTIONS WITHHELD 240:00

Examples created using 2007 rates refer to inside cover for 2008 rate information.

G. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD 345:10  
 H. SUBTOTAL (Add Items D3, E2, F3, and G) 1,075:10  
 I. LESS: CONTRIBUTIONS AND WITHHOLDINGS PAID FOR THE YEAR (DO NOT INCLUDE PENALTY AND INTEREST PAYMENTS)               
 J. TOTAL TAXES DUE OR OVERPAID (Item H minus Item I) 1,075:10

If amount due, prepare a Payroll Tax Deposit (DE 88), include the correct payment quarter, and mail to: Employment Development Department, P.O. Box 826276, Sacramento, CA 94230-6276. Mailing payments with DE 7 delays payment processing and may result in erroneous penalty and interest charges. Mandatory EFT filers must remit all SDI/PIT deposits by EFT to avoid a noncompliance penalty.

K. Be sure to sign this declaration: I declare that the information herein is true and correct to the best of my knowledge and belief.  
 Signature Jane Jones Title OWNER Phone (555) 123-7899 Date 01/19/2009  
 (Owner, Accountant, Preparer, etc.)

SIGN AND MAIL TO: State of California / Employment Development Department / P.O. Box 826286 / Sacramento CA 94230-6286  
 DE 7 Rev. 5 (4-07) (INTERNET) Page 1 of 2 CU

**Annual Reconciliation Statement (DE 7)**

**Instructions**

You must file this form even if you had no payroll. Complete all lines on the DE 7 as follows:

**NOTE:** If you did not have payroll, check Box A (and Box B, if applicable) only and complete Line K.

**Verify or enter your Federal Employer Identification Number (FEIN)**, if you have one. If the number is not correct, line it out and enter the correct number. If you have more than one FEIN relating to your EDD employer account number, enter the additional FEINs in the spaces indicated.

- A. Check this box if you did not pay wages subject to Unemployment Insurance (UI) or State Disability Insurance (SDI) taxes during the calendar year. Generally, all wages paid to household employees are subject to UI and/or SDI taxes. Please call the Taxpayer Assistance Center at (888) 745-3886 if you have questions regarding subject wages.
- B. Check this box if you no longer have household employees and this is your final statement. Enter the last date you paid wages.
- C. Enter the total amount of cash and noncash wages (including cents) that you paid to employees during the year. Noncash wages include meals and lodging (see "Values of Meals and Lodging" on page 13). The total should equal the total of Item M on your *Quarterly Wage and Withholding Report* (DE 6) forms (page 40) filed for the year.
- D. The UI tax is paid on cash and noncash wages paid to each employee in each year up to the UI taxable wage limit. Your UI tax rate will be given to you when you register with EDD or become subject to UI tax. Each December, EDD will notify you of your UI tax rate and taxable wage limit for the upcoming year by sending a *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088).

Box D1. UI tax rate.

Box D2. Enter the total UI cash and noncash wages for the year, up to the UI taxable wage limit per employee. Do not include wages exempt from UI taxes. If you have questions regarding exempt wages, please call the Taxpayer Assistance Center at (888) 745-3886.

Box D3. Multiply Box D1 by Box D2, and enter the result in Box D3.

- E. The Employment Training Tax (ETT) rate is set by law at 0.1 percent (.001) on the same wages that are in Box D2. However, if you have a negative UI reserve account balance on June 30, you will not be required to pay ETT the following calendar year. The annual DE 2088 will show whether your rate is zero (0) or 0.1 percent (.001).

Box E1. ETT rate.

Box E2. Multiply Box E1 by Box D2, and enter the result in Box E2.

## ***Annual Reconciliation Statement (DE 7)***

### **Instructions (Continued)**

**NOTE:** Examples were created using 2007 rates. Refer to inside cover for 2008 rates.

- F. The 2008 State Disability Insurance (SDI) tax rate (which includes Paid Family Leave) and taxable wage limit can be found on the inside cover. The SDI tax is withheld on cash and noncash wages, including meals and lodging (see page 13), paid to each employee during the year up to the SDI taxable wage limit. If you did not withhold SDI from your employees' wages, please see **NOTE 2** on page 37.

Box F1. SDI tax rate. (Refer to inside cover for current year's rate.)

Box F2. Enter the total SDI cash and noncash wages for the year, up to \$86,698 per employee.

Box F3. Multiply Box F1 by Box F2, and enter the result in Box F3.

- G. As an employer of household workers, you are **not required** to withhold California Personal Income Tax (PIT) from employees' wages. You and your employees may voluntarily agree to withhold PIT. If PIT is withheld, enter the total amount withheld, which should equal the amount reported on the employees' *Wage and Tax Statements* (Forms W-2). This amount should also equal the total of Item O on your *Quarterly Wage and Withholding Report* (DE 6) forms (page 40) filed for the year.

- H. Enter the total of Boxes D3, E2, F3, and Line G.

- I. Enter the total of all UI, ETT, SDI, and PIT payments for 2008.

**NOTE: Do not** include any payments made during the year for any prior years or payments of penalty and interest.

- J. Subtract Line I from Line H; this should be zero (0) if all payments have been properly paid. If an amount is due, prepare a *Payroll Tax Deposit* (DE 88) and include the correct payment quarter. Send the DE 88 with a check or money order. **Do not** mail the DE 88 and payment in the same envelope with the DE 7 as a delay in processing of the return and/or payment may occur.

- K. Sign the form, and enter your title, telephone number, and the date signed.

**NOTE:** The person preparing this form or the person responsible for the information on this form **must** sign Line K.

**2008 Due Dates and Delinquency Dates**

**Withholding Deposits**

<b>Form</b>	<b>Calendar Quarter</b>	<b>If You Have Accumulated PIT Withholding of</b>	<b>PIT and SDI Deposit Due by<sup>2</sup></b>
<i>Payroll Tax Deposit (DE 88)</i>	January, February, and March (1 <sup>st</sup> Quarter)	Less than \$350	April 30, 2008 <sup>3</sup>
		\$350 - \$400 <sup>1</sup>	15 <sup>th</sup> of the following month
	April, May, and June (2 <sup>nd</sup> Quarter)	Less than \$350	July 31, 2008 <sup>3</sup>
		\$350 - \$400 <sup>1</sup>	15 <sup>th</sup> of the following month
	July, August, and September (3 <sup>rd</sup> Quarter)	Less than \$350	October 31, 2008 <sup>3</sup>
		\$350 - \$400 <sup>1</sup>	15 <sup>th</sup> of the following month
	October, November, and December (4 <sup>th</sup> Quarter)	Less than \$350	February 2, 2009 <sup>3</sup>
		\$350 - \$400 <sup>1</sup>	15 <sup>th</sup> of the following month

<sup>1</sup>If you withhold more than \$400 in PIT, please call the Taxpayer Assistance Center at (888) 745-3886 to determine the correct due date of your tax payment.

<sup>2</sup>If the deposit due date falls on a Saturday, Sunday, or a legal holiday, the due date is extended to the next business day.

<sup>3</sup>For household employers who have paid \$1,000 or more in wages in a calendar quarter, a deposit of Unemployment Insurance and Employment Training Tax not previously paid is also due each quarter by these due dates (refer to page 38).

**NOTE:** When your DE 88 is mailed to EDD, the postmark date is used to determine if your payment is timely. Penalty and interest will be charged on late payroll tax payments and reports.

**2008 Due Dates and Delinquency Dates**

**Quarterly and Annual Reports**

<b>Form</b>	<b>Filing Due Dates</b>	<b>Delinquent if Not Postmarked or Received by</b>
<i>Quarterly Wage and Withholding Report (DE 6)</i>	April 1, 2008 for filing period of January, February, and March	April 30, 2008
	July 1, 2008 for filing period of April, May, and June	July 31, 2008
	October 1, 2008 for filing period of July, August, and September	October 31, 2008
	January 1, 2009 for filing period of October, November, and December	February 2, 2009
<i>Annual Reconciliation Statement (DE 7)</i>	January 1, 2009 for year of 2008	February 2, 2009

If you cannot pay all or part of your taxes on time, you must still file the DE 6 and DE 7. Penalty and interest will be charged on late payroll tax payments and reports.

**NOTE:**

- When your DE 6 or DE 7 is mailed to EDD, the postmark date is used to determine if your form is timely.
- For any quarter that you do not have wages to report, you must check the “No Payroll” box (Item C) on the front of the DE 6 and send the form to EDD. If you have any questions, please call the Taxpayer Assistance Center at (888) 745-3886.

## Correcting Prior Reports

The following two charts clarify when to notify EDD of adjustments and how to make them.

	Reason for Adjustment	How to Make an Adjustment
Correcting prior <i>Payroll Tax Deposit</i> (DE 88) coupon	Overpaid UI, ETT, SDI, and/or PIT on a DE 88 <b>prior</b> to filing your <i>Annual Reconciliation Statement</i> (DE 7).	On the next DE 88 for the <b>same calendar year</b> , regardless of quarter, reduce the amount of taxes due by the amount of the overpayment. <b>Do not</b> show credits on the DE 88.
	Overpaid UI, ETT, SDI, and/or PIT on a DE 88 <b>prior</b> to filing DE 7 <b>and</b> it is not feasible to offset the overpayment against your next deposit.	File one <i>Tax and Wage Adjustment Form</i> (DE 678) for each tax deposit for which you are requesting a refund.  <b>NOTE:</b> This is for a refund <b>prior</b> to filing your year-end DE 7.
	Overpaid UI, ETT, SDI, and your DE 7 <b>was filed</b> .	<b>Do not</b> file a <i>Tax and Wage Adjustment Form</i> (DE 678) if the DE 7 was filed with correct information. The overpayment will be refunded if your account does not have an outstanding liability.
	Overwithheld PIT and <ul style="list-style-type: none"> <li>• DE 7 was filed</li> <li>• Form W-2 was issued to the employee.</li> </ul>	<p><b>Do not</b></p> <ul style="list-style-type: none"> <li>• Refund PIT overwithholding to the employee,</li> <li>• Change the California PIT withholding amount shown on the Form W-2, or</li> <li>• File a claim for refund with EDD.</li> </ul> <p>The employee will receive a credit for the PIT overwithholdings when filing a California State income tax return with the Franchise Tax Board (FTB).</p>
	Underpaid UI, ETT, SDI, or PIT prior to filing DE 7.	File a DE 88, and pay the amount due, including penalty and interest. Indicate the delinquent quarter on the DE 88.
	Underpaid UI, ETT, SDI, or PIT and your DE 7 was filed.	Complete a DE 88, and pay the additional amount due for the quarter, including penalty and interest, if any, <b>or</b> when you receive an <i>Employer Account Statement</i> (DE 2176) in the mail, pay the balance due.
	Allocated the wrong amounts to specific taxes on a DE 88.	<b>Do not adjust.</b> The EDD will make the necessary adjustments at the end of the year when your DE 7 is filed.

**Correcting Prior Reports (Continued)**

When written permission is obtained from an employee, you are authorized to adjust any over- or underwithholding of California PIT from the employee if the adjustment is made within the same calendar year and before the IRS Form W-2 is issued. You should obtain a receipt from the employee whenever a credit adjustment or repayment of overwithheld tax is made.

Overwithheld SDI and/or PIT must be credited or refunded to your employee before you can take a credit or receive a refund from EDD.

**NOTE:** A claim for credit or refund must be filed within three years of the delinquent date for the quarter or year being adjusted.

**Correcting Prior Reports (Continued)**

	<b>Reason for Adjustment</b>	<b>How to Make an Adjustment</b>
Correcting prior <i>Quarterly Wage and Withholding Report</i> (DE 6)	Incorrect employee social security number (SSN) reported.	Complete DE 678, Section I, and make two entries in Section V. For the first entry, enter the quarter, incorrect SSN, employee name, and enter zeros in total subject wages, PIT wages, and PIT withheld fields. For the second entry, enter the quarter, correct SSN, employee name, total subject wages, PIT wages, and PIT withheld.
	Incorrect employee name reported.	Complete DE 678, Section I, and make two entries in Section V. For the first entry, enter the quarter, SSN, incorrect employee name, and enter zeros in total subject wages, PIT wages, and PIT withheld fields. For the second entry, enter the quarter, SSN, correct employee name, total subject wages, PIT wages, and PIT withheld.
	Incorrect wages and/or PIT information for employees previously reported.	Complete DE 678, Sections I and V. Enter correct wages and/or PIT information for each employee <b>by quarter</b> . Information provided in annual amounts will be returned unprocessed.  <b>NOTE:</b> If DE 7 has been filed with incorrect information, also complete Section III.
	No SSN reported for employee.	Complete DE 678, Section I, and make two entries in Section V. For the first entry, enter the quarter, all zeros (000-00-0000) for the SSN, enter employee name, and enter zeros for total subject wages, PIT wages, and PIT withheld. For the second entry, enter the quarter, SSN, employee name, total subject wages, PIT wages, and PIT withheld.
	Employee(s) not previously reported.	Complete DE 678, Sections I and V. Report the employees, their SSNs, total subject wages, PIT wages, and PIT withheld <b>by quarter</b> .  <b>NOTE:</b> If DE 7 has been filed with incorrect information, also complete Section III.
Correcting prior <i>Annual Reconciliation Statement</i> (DE 7)	Provided incorrect UI, ETT, SDI, and/or PIT information.	Complete DE 678, Sections I, III, and IV, with the correct information.  <b>NOTE:</b> If taxes are due, send a payment for the tax amount plus penalty and interest, if any, with the DE 678.

Detailed DE 678 instructions are provided on the *Instructions for Completing the Tax and Wage Adjustment Form* (DE 678-I). To obtain the DE 678 and DE 678-I, access EDD’s Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm#Forms](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm#Forms) or request Document Nos. 1240 and 1250 from our Fax on Demand at (877) 547-4503. For questions about when or how to use the form, adjusting previously reported payroll taxes or wages, or to order forms, please call the Taxpayer Assistance Center at (888) 745-3886.

A completed sample DE 678 is shown on pages 52 and 53.



**QUARTERLY TAXPAYERS**

**FOR ILLUSTRATIVE PURPOSES ONLY**



**TAX AND WAGE ADJUSTMENT FORM**

**STATUTE OF LIMITATIONS**  
 A claim for refund or credit must be filed within three years of the last timely filing date of the year being adjusted

**SECTION I:**

BUSINESS NAME JAMES AND JANE JONES

ADDRESS P.O. BOX 12345

CITY, STATE, ZIP ANYTOWN, CA 12345

REASON FOR ADJUSTMENT UNDERSTATED 4TH QUARTER WAGES BY \$ 2,000, DID NOT REPORT ONE EMPLOYEE

EMPLOYER ACCOUNT NO. 000-0000-0

TAX YEAR 2007

**SECTION II: REQUEST FOR REFUND OF OVERPAYMENT ON PAYROLL TAX DEPOSIT PRIOR TO FILING OF DE7/DE3HW.**  
 Provide the following information and complete Items B through H in Section III, with correct deposit information.

PAY DATE: 

M	M	D	D	Y	Y

 YEAR: 

YY	Q

 QTR: 


AMOUNT PREVIOUSLY PAID \$ 

--	--	--	--	--	--

**SECTION III: REQUEST FOR REFUND OR ANNUAL RECONCILIATION RETURN ADJUSTMENTS**

A. TOTAL SUBJECT WAGES PAID THIS CALENDAR YEAR .....> (A) 

88,000.00
-----------

B. UNEMPLOYMENT INSURANCE (UI) TAXES

UI RATE 3.4 % X 

16,000.00
-----------

 = (B) 

544.00
--------

C. EMPLOYMENT TRAINING TAX (ETT) RATE OF 0.1 % X UI TAXABLE WAGES = (C) 

16.00
-------

D. STATE DISABILITY INSURANCE (SDI) TAXES (includes Paid Family Leave amount)

SDI RATE .6 % X 

88,000.00
-----------

 = (D) 

528.00
--------

E. CALIFORNIA PERSONAL INCOME TAX (PIT) WITHHELD .....> (E) 

--

F. SUBTOTAL (Add Items B, C, D and E) .....> (F) 

1,088.00
----------

G. LESS: CONTRIBUTIONS AND WITHHOLDINGS PAID FOR THE YEAR .....> (G) 

1,000.00
----------

  
 (DO NOT INCLUDE PENALTY AND INTEREST PAYMENTS)

H. LESS: ERRONEOUS SDI CONTRIBUTIONS NOT REFUNDED TO THE EMPLOYEE(S) .....> (H) 

--

  
 (COMPLETE SECTION IV).

I. TOTAL TAXES DUE OR OVERPAID (ITEM F MINUS ITEM G PLUS ITEM H)  
 IF TAXES ARE DUE, SUBMIT PAYMENT WITH THIS FORM (DO NOT USE DE 88) .....> (I) 

88.00
-------

  
 IF SDI OR PIT WITHHOLDINGS ARE OVERPAID, COMPLETE SECTION IV.

Complete reverse side of this form if the adjustment changes what you reported on the Quarterly Wage and Withholding Report (DE 6).

**SECTION IV: STATE DISABILITY INSURANCE (SDI) AND CALIFORNIA PERSONAL INCOME TAX (PIT) OVERPAYMENTS**

SDI and PIT deductions are employee contributions. The EDD cannot refund these contributions to you unless you first refund the erroneous deductions to the employee(s).

1. Was the overpayment withheld from the wages of employee(s)?  Yes  No

2. If yes, was this amount refunded to the employee(s)?  Yes  No

• If the overpayment has not been refunded because employee(s) are no longer employed and you are unable to locate, EDD will need further information. On a separate page list: Social Security Number, employee(s) name, last known address, and amount of SDI not refunded.

• If you have not issued W-2s, EDD will allow PIT wage and withholding credit adjustments. Please enter changes in Section V.

If you have issued W-2s, the employee will receive a credit for the PIT overwithholdings when filing his/her California Income Tax Return (Form 540) with the Franchise Tax Board. Do not refund PIT overwithholdings to the employee. Do not change the California PIT withholding amount shown on the Form W-2. Do not file a claim for refund with EDD. For additional information see Instruction Sheet (DE 678-I), Section IV.

Signature Jane Jones Title EMPLOYER Phone ( 555 ) 123-7899 Date 02/15/08  
 (Owner, Accountant, Preparer, etc.)

FOR ILLUSTRATIVE PURPOSES ONLY



TAX AND WAGE ADJUSTMENT FORM

BUSINESS NAME JAMES AND JANE JONES

EMPLOYER ACCOUNT NO.

000-0000-0

**SECTION V: QUARTERLY WAGE AND WITHHOLDING ADJUSTMENTS**

Enter amounts that should have been reported, if unchanged leave field blank. Correcting the Social Security Number or Name requires two entries. See Instruction Sheet (DE 678-I), Section V, for further information and instructions.

QUARTER 07/4	SOCIAL SECURITY NUMBER 966-66-6666	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST) THOMAS T TAYLOR		
		TOTAL SUBJECT WAGES 2,000.00	PIT WAGES 2,000.00	PIT WITHHELD 0.00
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD
QUARTER	SOCIAL SECURITY NUMBER	EMPLOYEE NAME (FIRST, MIDDLE INITIAL, LAST)		
		TOTAL SUBJECT WAGES	PIT WAGES	PIT WITHHELD

## **No Longer Paying Wages**

If you stop employing people to work in your home and do not intend to hire anyone in the future, you must send EDD a final DE 6, DE 7, and DE 88 with payment of any taxes due within 10 days. If you plan to employ people to work in your home in the future but have no payroll this quarter, mark "No Payroll" (Item C) on the DE 6 and send the form to EDD. To obtain these forms, access EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Forms\\_and\\_Publications.htm](http://www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm), order them using our Internet Order Form at [www.edd.ca.gov/Forms/default.asp](http://www.edd.ca.gov/Forms/default.asp), or call the Taxpayer Assistance Center at (888) 745-3886.

Registered employers may inactivate their account online using EDD's e-Services at <https://eddservices.edd.ca.gov>.

All employers are required to report new employees to the New Employee Registry (NER). The NER assists California’s Department of Child Support Services and Department of Justice in locating parents to collect delinquent child support payments. Employers are required to report the actual start-of-work date (not the date hired) for each newly hired employee so that the NER data can be cross-matched to the Unemployment Insurance (UI) benefit file. This will result in the early prevention and detection of UI benefit overpayments.

**How to Obtain:** New employers receive a *Report of New Employee(s)* (DE 34) as part of their new employer package. You may also file online using EDD’s e-Services at <https://eddservices.edd.ca.gov>. To obtain additional DE 34 forms access EDD’s Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de34.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de34.pdf), or contact the Taxpayer Assistance Center at (888) 745-3866 or (916) 657-0529.

**When Due:** You must report all newly hired employees (refer to “Who Are Household Employee’s?” on page 8) within 20 days of the start-of-work date. If an employee returns to work after a layoff or leave of absence and is required to complete a new IRS *Employee’s Withholding Allowance Certificate* (Form W-4), you must report the employee as a new hire. If the returning employee was not formally terminated or removed from payroll records, you do not need to report the employee as a new hire.

The following information must be included when reporting new employees:

Employer Information	Employee Information
<ul style="list-style-type: none"> <li>• EDD Employer Account Number</li> </ul>	<ul style="list-style-type: none"> <li>• First Name, Middle Initial, Last Name</li> </ul>
<ul style="list-style-type: none"> <li>• Federal Employer Identification Number (FEIN)</li> </ul>	<ul style="list-style-type: none"> <li>• Social Security Number (SSN)</li> </ul>
<ul style="list-style-type: none"> <li>• Business Name</li> </ul>	<ul style="list-style-type: none"> <li>• Home Address</li> </ul>
<ul style="list-style-type: none"> <li>• Business Address</li> </ul>	<ul style="list-style-type: none"> <li>• Start-of-Work Date</li> </ul>
<ul style="list-style-type: none"> <li>• Business Telephone Number</li> </ul>	
<ul style="list-style-type: none"> <li>• Contact Person</li> </ul>	

See sample DE 34 form on page 57.

**Filing an Informal Report**

If you are unable to obtain a DE 34 form by the due date, you may file an informal report or a copy of the employee’s Form W-4 to avoid penalty and interest charges. Your informal report should include all the information listed in the above table.

## **REPORTING NEW EMPLOYEES**

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Mail or fax your new employee information to:

**Employment Development Department  
Document Management Group, MIC 96  
P.O. Box 997016  
West Sacramento, CA 95799-7016**

**Fax: (916) 319-4400**

**NOTE:** If the people who work in your home are independent contractors, you do not need to report them to EDD (refer to “Who Are Household Employees?” on page 8). The requirement for businesses and government entities to report independent contractors does not apply to household employers.

If you are not sure if the people who work in your home are employees or independent contractors, please call the Taxpayer Assistance Center at (888) 745-3886 for assistance.

REPORTING NEW EMPLOYEES

FOR ILLUSTRATIVE PURPOSES ONLY



REPORT OF NEW EMPLOYEE(S)

See detailed instructions on reverse side. Please type or print. NOTE: Report new employees within 20 days of start of work.



00340600

DATE 030808 D Y Y	CA EMPLOYER ACCOUNT NO. 00000000	BRANCH CODE	FEDERAL ID NO. 111111111
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BUSINESS NAME JAMES AND JANE JONES	CONTACT PERSON JANE JONES	TELEPHONE NO. (555) 123-7899
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ADDRESS P.O. BOX 12345 ANYTOWN, CA 12345	CITY	STATE	ZIP
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EMPLOYEE FIRST NAME CINDY	MI V	EMPLOYEE LAST NAME SMITH	UNIT/APT 5
SOCIAL SECURITY NO. 95555555	STREET NO. 222	STREET NAME MAPLE STREET	START-OF-WORK DATE 022608 D Y Y
CITY ANYTOWN	STATE CA	ZIP 12345	

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	UNIT/APT
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	START-OF-WORK DATE M M D D Y Y
CITY	STATE	ZIP	

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	UNIT/APT
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	START-OF-WORK DATE M M D D Y Y
CITY	STATE	ZIP	

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	UNIT/APT
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	START-OF-WORK DATE M M D D Y Y
CITY	STATE	ZIP	

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	UNIT/APT
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	START-OF-WORK DATE M M D D Y Y
CITY	STATE	ZIP	

EMPLOYEE FIRST NAME	MI	EMPLOYEE LAST NAME	UNIT/APT
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	START-OF-WORK DATE M M D D Y Y
CITY	STATE	ZIP	

DE 34 Rev. 5 (12-04) (INTERNET)

MAIL TO: Employment Development Department / P.O. Box 997016, Document Management Group, MIC 96 West Sacramento, CA 95799-7016 or Fax to (916) 319-4400

## FILING OPTIONS

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The EDD offers a range of e-Services to file payroll tax reports and pay tax deposits. This eliminates the need for mailing reports or sending a deposit coupon and paper check. In addition to filing electronically, EDD also offers filing by Telefile, which allows you to file reports and make payments by telephone.



### **e-Services features:**

- Simple online registration using your EDD employer account number, UI tax rate, and ZIP Code to create your own User ID and password.
- Easy-to-use, step-by-step instructions.
- Ability to view and edit draft reports prior to submission.
- Immediate confirmation of successful filing.
- Ability to view and print reports previously submitted online.
- Retains a filing history of reports filed online.
- Change address or inactivate accounts.

## - Pay

### **Electronic Funds Transfer**

Electronic Funds Transfer (EFT) allows you to transfer funds from your bank account, with payment information, to the State's bank account.

There are two EFT payment methods:

- ACH debit – Using this method, taxpayers report their payment information by telephone, Internet, or personal computer (PC) with modem.
- ACH credit – Using this method, taxpayers report their payment information to their bank, usually by PC or through a program offered by their bank.

For more information or to obtain an *EFT Program Information Guide* (DE 27) and *EFT Authorization Agreement* (DE 26), access EDD's Web site at [www.edd.ca.gov/Payroll\\_Taxes/Electronic\\_Filing\\_Registration\\_and\\_Payment\\_Information.htm#EFT](http://www.edd.ca.gov/Payroll_Taxes/Electronic_Filing_Registration_and_Payment_Information.htm#EFT) or contact the EFT Unit at (916) 654-9130.

## EZPAY

EZPAY allows you to use a major credit card to pay your *Payroll Tax Deposits* (DE 88s), either on the Internet or by touch-tone telephone, eliminating the need to send a DE 88 coupon and check or money order. EZPAY accepts American Express, Discover, MasterCard, and Visa. There is a convenience fee to use this service (2.5 percent of the tax payment). The EZPAY Program is not considered an Electronic Funds Transfer (EFT) method of payment, so it may not satisfy the EFT mandatory requirements. For more information regarding the EZPAY Program, visit our Web site at [www.edd.ca.gov/Payroll\\_Taxes/Electronic\\_Filing\\_Registration\\_and\\_Payment\\_Information.htm#EZPAY](http://www.edd.ca.gov/Payroll_Taxes/Electronic_Filing_Registration_and_Payment_Information.htm#EZPAY) or call the Taxpayer Assistance Center at (888) 745-3886.



## EZREG

EZREG is a secure Web site that allows new employers to register online with EDD. The newly registered employer will receive their California employer account number and tax rate information immediately upon successful registration. Registered employers can also change their address or inactivate their account using EZREG. For more information on EZREG, go to EDD's e-Services on our Web site at <https://eddservices.edd.ca.gov> or call the Taxpayer Assistance Center at (888) 745-3886, outside U.S. or Canada call (916) 464-3502.

## Additional Filing Options

### Telefile

The EDD's Telefile Program is an interactive voice response system designed for employers with a small number of employees to file tax and wage reports and pay employment taxes by telephone. Newly registered employers with seven or less employees will automatically receive a Telefile Invitation package that includes their temporary four-digit Personal Identification Number (PIN), *Tax Telefile Information Guide* (DE 747), and the *Telefile Remittance Authorization Agreement* (DE 26T) in the mail.

### How Telefile works

Use a touch-tone telephone for the fastest, easiest method to access the Telefile system. The *Tax Telefile Information Guide* (DE 747) explains how to use your telephone to file your tax reports and payments. You must first register on the Telefile system using your eight-digit EDD employer account number and temporary PIN. Once registered with Telefile, previously reported employee information is available, and the system will prompt you to verify employee information, report wages, delete employees, and add employees. Rotary-dial telephone users can use Telefile by selecting the Voice Response option from the Telefile Main Menu.



## FILING OPTIONS

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### Reports that can be filed:

#### Annual Taxpayers

- *Quarterly Report of Wages and Withholdings for Employers of Household Workers* (DE 3BHW)
- *Annual Payroll Tax Return for Employers of Household Workers* (DE 3HW) – authorized ACH debit customers only

#### Quarterly Taxpayers

- *Payroll Tax Deposit* (DE 88) coupon – authorized ACH debit customers only
- *Quarterly Wage and Withholding Report* (DE 6)

### Telefile system features:

- Telefile is voluntary and customers are still sent paper reports in the mail.
- Available 24 hours a day, 7 days a week (excluding scheduled maintenance).
- Toll-free telephone numbers for Telefile access and customer service.
- Voice response option available for rotary dial telephone users.
- No cost to you.
- Quickly updates your account.
- Eliminates mailing reports or checks.
- Wage and withholding reports, supplemental reports, and payments may be filed for the current and five previous quarters; annual reports may be filed for the current and one prior year.
- Available in English and Spanish.
- Calculates quarterly deposit amounts (except Personal Income Tax).
- Entries are verified by the caller.
- Previously reported employees are maintained in the Telefile system for easy wage and withholding reporting.

### Register for Telefile

To find out more about Telefile or to request a Telefile Invitation package, please call (800) 796-3524, Monday through Friday, 8 a.m. to 5 p.m., Pacific time. Please have your eight-digit EDD employer account number ready when you call. You may also e-mail Electronic Systems Customer Service at [ecom@edd.ca.gov](mailto:ecom@edd.ca.gov) or request Document No. 4300 from our Fax on Demand at (877) 547-4503 to obtain additional information on using Telefile.

## FEDERAL WAGE AND TAX STATEMENT (FORM W-2)

As an employer, you are required to prepare a federal *Wage and Tax Statement* (Form W-2) for each of your employees. You must provide your employees with Form W-2 by February 2, 2009. Prepare the Form W-2 on the federal/state four-part paper form.

If you need information on Form W-2 reporting requirements, refer to the Internal Revenue Service (IRS) *Employer's Tax Guide* (Publication 15, Circular E). For federal instructions on completing Form W-2, refer to IRS publication *Instructions for Forms W-2 and W-3*. To obtain these publications, access IRS' Web site at [www.irs.gov](http://www.irs.gov) or call IRS at (800) 829-3676.

In addition to the federal information required, you must include California Personal Income Tax (PIT) wages, PIT, and State Disability Insurance (SDI) withheld in the following Form W-2 boxes:

FORM W-2	
Box	Enter
Box 16 (State wages, tips, etc.)	California PIT wages
Box 17 (State income tax)	California PIT withheld (if any)
Box 19 (Local income tax)	The abbreviation "CASDI" and SDI withheld

### NOTE:

- If Box 19 has local taxes, use Box 14, Other. If **no** boxes are available, you are required to provide your employees with a separate written statement containing:
  - Name of household employer, address, and federal and EDD employer account numbers.
  - The employee's name, address, and social security number.
  - The amount of SDI withheld and/or paid directly by you.
- If the wages were **not** subject to SDI, show "CASDI 0" (zero).
- If you paid SDI taxes **without** withholding SDI from the employee's wages, you should show the SDI taxes as if they were withheld and increase the amount you report according to the formula shown on the *Information Sheet: Social Security/Medicare/SDI Taxes Paid By an Employer* (DE 231Q). To obtain a DE 231Q, access EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231q.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231q.pdf), request Document No. 3330 from our Fax on Demand at (877) 547-4503, or call the Taxpayer Assistance Center at (888) 745-3886.

Generally, the amount reported as California PIT wages on Form W-2 in Box 16 is the same as the federal wages (Box 1).

If you discover an error on a previously issued Form W-2, refer to the IRS publication *Instructions for Forms W-2c and W-3c* for instructions on completing an IRS *Corrected Wage and Tax Statement* (Form W-2c).

Send Forms W-2 and Forms W-2c to your employees and the Social Security Administration. **Do not** send the state copies of Forms W-2 and Forms W-2c to the State of California (EDD or Franchise Tax Board).

## WHAT PAYROLL RECORDS MUST BE KEPT?

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Employers are required to keep payroll records for at least four years. If you believe that you are **not** a subject employer or your employees are exempt, State law requires that you maintain records of payments made to people who provide household services for at least eight years in case of an employment tax audit.

Your records must provide a true and accurate account of all workers (employed, no longer employed, or on a leave of absence, and independent contractors) and all payments made. Records must include the following information for each worker:

- Worker's:
  - Full name (first name, middle initial, and last name).
  - Social security number.
- Date hired, rehired, or returned to work after a temporary layoff.
- Last date services were performed.
- Place of work.
- Money paid:
  - Dates and amounts of payment.
  - Pay period covered.
  - Cash or cash value of in-kind wages (such as meals, lodging, bonuses, and gifts) (see "Values of Meals and Lodging" on page 13).
- The amounts withheld from employee wages.
- Disbursement records showing payments to workers.
- Other information necessary to determine payments to workers.

You may use any payroll record that provides the information listed above. A sample Employee Earnings Record is provided on page 63.

If you have any questions about the records you must keep, please see *Information Sheet: Employment Tax Audit Process* (DE 231TA). This form is available on EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de231ta.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de231ta.pdf), or by Fax on Demand at (877) 547-4503 (Document No. 3410), or you may call the Taxpayer Assistance Center at (888) 745-3886.



### Your Reserve Account

If you pay \$1,000 or more in cash wages to household employees during a calendar quarter, you are required to pay Unemployment Insurance (UI) tax and Employment Training Tax (ETT) on each employee's wages up to the UI taxable wage limit, each calendar year. Your UI reserve account is a record of the UI taxes you have paid (credits) and the UI benefits that EDD has paid (charges) to people who no longer work for you or who qualified for reduced UI benefits when working less than full-time for you. Your UI reserve account is a "paper" account for recordkeeping purposes and has no cash value. The difference between the credits and charges is the reserve account balance, which may be positive or negative. It is used only to determine your annual UI tax rate. If you have a negative reserve account balance as of July 31, you will not have to pay ETT the following year.

### Tax Rate Notice

By December 31, you will receive the *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088), which shows your UI, ETT, and State Disability Insurance (SDI) tax rates and taxable wage limits for the upcoming year.

Your tax rates and taxable wage limits are also shown on the *Employer of Household Worker(s) Annual Payroll Tax Return* (DE 3HW) or *Annual Reconciliation Statement* (DE 7) sent to you by December 31 each year.

Any item on the DE 2088 can be protested except the ETT and SDI tax rates, which are specifically set by law. Your protest must be filed in writing within 60 days of the mail date shown on the notice. An extension of up to 60 days may be granted for "good cause" (see page 75) if your request is submitted before the protest deadline. When filing your protest, you must include your EDD employer account number, the specific item(s) being protested, and why you are protesting. Please mail your protest to:

**Employment Development Department  
Contribution Rate Group, MIC 4  
P.O. Box 826880  
Sacramento, CA 94280-0001**

For further information, please refer to the *Explanation of the Notice of Contribution Rates and Statement of Unemployment Insurance (UI) Reserve Account (DE 2088) for Calendar Year 2008 (DE 2088C)*, included with the DE 2088, or call the Taxpayer Assistance Center at (888) 745-3886. The DE 2088C is also available on our Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de2088c.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de2088c.pdf).

## Notices

When your former employee (“claimant”) applies for UI benefits, the last employer at the time the claim is filed (who may not be you) will receive a *Notice of UI Claim Filed* (DE 1101C/Z or DE 1101ER). This notice advises employers that the claimant has filed a UI claim and includes the reason the claimant stated for no longer working for the last employer.

If you have any information that would affect the claimant’s eligibility for UI benefits, please complete the form and return it to EDD within 10 days of the date the notice was mailed to you. If you believe that your UI reserve account should not be charged for the benefits, it is important that you provide information explaining why the claimant was terminated or the reasons the claimant gave for voluntarily quitting. The DE 1101C/Z and DE 1101ER have instructions that tell you how to complete the form. Your information is needed to determine if the claimant is eligible to receive UI benefits. **Failure to respond timely may result in an increase to your UI tax rate.**

If you respond to the notice within the 10 days and provide eligibility information, EDD will send you a *Notice of Determination and/or Ruling* (DE 1080EZ). A ruling advises you whether or not your UI reserve account will be charged for UI benefits if the claimant voluntarily quit or was discharged (fired).

If EDD finds that a claimant is eligible to receive UI benefits, a *Notice of Wages Used for Unemployment Insurance (UI) Claim* (DE 1545) is mailed to all base-period (see page 74) employers after the first benefit check is mailed to the claimant. If you are a base-period employer, you will receive a DE 1545. This notice will inform you of the wages used to establish the UI claim and the amount of potential charges to your UI reserve account because all or part of the benefits paid to the claimant may be charged to your UI reserve account.

If you believe that your UI reserve account should not be charged for the benefits, it is important that you complete the form and return it to EDD by the date indicated on the form. The DE 1545 contains instructions about how to complete the form. You will need to explain why your account should not be charged for the UI benefits. If you previously responded to a DE 1101C/Z or DE 1101ER for the same employee concerning the same separation or other issue, you do not need to return this form. However, if you would like to report new issues that may affect the claimant’s receipt of benefits, please complete the DE 1545 and return it as soon as possible.

When a claimant is approved for the California Training Benefits program, a *Notice of Potential Increased Liability for Training Extension Benefits* (DE 1545TE) is mailed to all base-period employers. This notice will inform you of the maximum amount of potential benefits payable, including training extension benefits, and the amount of potential charges to your UI reserve account. You are notified because all or part of the benefits paid to the claimant, including training extension benefits, may be charged to your UI reserve account. If you believe that your UI reserve account should not be charged for the benefits, it is important that you complete the form and return it to EDD by the date indicated on the form.

## UNEMPLOYMENT INSURANCE

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In an effort to maintain the integrity of the UI program, EDD investigates cases of potential imposter fraud and identity theft. You may receive a *Request for Additional Information* (DE 1326ER) as part of our investigation, asking you to validate information provided to us by an individual who has filed a claim for UI benefits. The DE 1326ER is mailed to the last employer and base-period employers to request additional identifying information to validate the identity of the individual. Your prompt response to the DE 1326ER will assist EDD in maintaining the integrity of the UI fund and help reduce your costs.

Additional information on protecting your employees and fighting imposter fraud is available on EDD's Web site at [www.edd.ca.gov/Unemployment/Fraud\\_Prevention.htm](http://www.edd.ca.gov/Unemployment/Fraud_Prevention.htm).

**NOTE:** You should keep copies of all your responses to EDD notices for your records.

### Notices of Determination, Ruling, or Modification

You will receive a notice from EDD in response to the information you reported on the DE 1101C/Z, DE 1101ER, or DE 1545 regarding a claimant's eligibility for UI benefits. Depending on the specific circumstances involved, you will receive one of the following notices:

Notice	Purpose
DE 1080EZ: - Notice of Determination	Sent to an employer who responds timely to a DE 1101C/Z, DE 1101ER, or DE 1545, or who submits timely correspondence with claimant eligibility information other than information regarding a voluntary quit or discharge.
- Notice of Determination/Ruling	Sent to an employer who responds timely to a DE 1101C/Z or DE 1101ER with information regarding a voluntary quit or discharge. This notice informs the employer whether or not their reserve account will be charged for UI benefits paid.
- Notice of Ruling	Sent to an employer who responds timely to a DE 1545 with information regarding separation(s) that occurred within the base period. This notice informs the employer whether or not their reserve account will be charged for UI benefits paid.
DE 1080M: - Notice of Modification	Sent to an employer who previously received a DE 1080EZ stating that the claimant was disqualified from receiving UI benefits. The purpose of this form is to inform the employer that the claimant's disqualification period has ended and the claimant has met the criteria required to receive UI benefits. This notice does not change the original ruling issued to the employer.

## Appeal Rights

You have the right to file an appeal if you do not agree with a decision made by EDD about your:

- Former employee's right to receive UI benefits.
- UI reserve account being charged for benefits paid to a former employee.

You must send your written appeal to EDD within 20 days of the date the decision was mailed to you. The EDD will send you an acknowledgment of receipt and registration of your appeal with the telephone number for the Office of Appeal hearing the case. The Office of Appeal will schedule a hearing with an Administrative Law Judge (ALJ). Both you and your former employee will be notified of the date, time, and place of the hearing at least 10 days before the hearing date. If you are filing an appeal to a *Notice of Ruling* (DE 1080EZ), the employee is not considered a party to the proceeding and is not notified of the hearing. The ALJ will conduct a hearing and give all interested parties the opportunity to present their evidence. The ALJ will consider the facts presented at the hearing and issue a written decision that is mailed to all concerned parties.

If you do not agree with the ALJ's decision, you may appeal to the California Unemployment Insurance Appeals Board (CUIAB). The CUIAB reviews appeals to decisions rendered by ALJs. Both the CUIAB and the ALJs operate impartially and independently of EDD.

The CUIAB provides the following publications to assist in filing an appeal and preparing for an administrative hearing:

- *Unemployment Appeals – A Guide for Claimants, Employers, and Their Representatives* (DE 1434)
- *Appeals Procedure* (DE 1433)

For copies of these publications, write to:

**California Unemployment Insurance Appeals Board  
Sacramento Office of Appeals  
2400 Venture Oaks Way, Suite 100  
Sacramento, CA 95833-4224**

If you have any questions about filing an appeal, please contact EDD at (800) 300-5616.

### ***Statement of Charges to Reserve Account (DE 428T)***

A *Statement of Charges to Reserve Account* (DE 428T) is mailed to you in October each year that you have benefit charges. It is for a one-year period that begins July 1 and ends June 30. This statement is an itemized list of charges to your reserve account for UI benefits paid to claimants of whom you were a base-period employer. You are a base-period employer if you paid wages to a claimant during the 12-month period used to establish his or her UI claim.

You may protest any charges on the DE 428T if you do not agree with them. Your protest must be in writing and received by EDD within 60 days of the mail date on the DE 428T. An extension of up to 60 days may be granted for "good cause" (see page 75) if your request is submitted before the protest deadline. An instruction sheet is included with your DE 428T to tell you how to file a protest.



***Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)***

The UI, ETT, and SDI tax rates and taxable wage limits may change each year. By December 31, EDD will send you a *Notice of Contribution Rates and Statement of UI Reserve Account (DE 2088)* to notify you of your tax rates and taxable wage limits for the upcoming year. Your 2008 notice will show the items used to determine your UI rate and the balance in your UI reserve account as of July 31, 2007.

Any item on the DE 2088 can be protested except the ETT and SDI tax rates, which are set by law. Your protest must be filed in writing within 60 days of the mail date shown on the notice. An extension of up to 60 days may be granted for “good cause” (see page 75) if your request is submitted before the protest deadline. When filing your protest, you must include your EDD employer account number, the specific item(s) being protested, and why you are protesting.

Please mail your protest to:

**Employment Development Department  
Contribution Rate Group, MIC 4  
P.O. Box 826880  
Sacramento, CA 94280-0001**

For further information, please refer to the *Explanation and Instruction Sheet (DE 2088C)* included with the DE 2088, or call the Taxpayer Assistance Center at (888) 745-3886. The DE 2088C is also available on our Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de2088c.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de2088c.pdf).

State Disability Insurance (SDI) benefits are paid to eligible California workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a non-work-related illness or injury, pregnancy or childbirth. The SDI program is funded by taxes withheld from employee wages.

## Paid Family Leave

Paid Family Leave (PFL) is a component of the SDI program. The PFL program provides benefits to individuals who take time off from work to care for a seriously ill child, spouse, parent, or registered domestic partner or to bond with a new minor child. The PFL program is also funded by taxes withheld from employee wages.

## Claim Notices

When an SDI claim is filed, the employer(s) shown on the application will receive a *Notice to Employer of State Disability Claim Filed* (DE 2503). When a PFL claim is filed, the employer(s) will receive a *Notice of Paid Family Leave (PFL) Claim Filed* (DE 2503F). The employer shall provide information affecting the claimant's eligibility and the form shall be completed and returned **within two working days**.

Because employees pay for SDI and PFL, the filing of an SDI or PFL claim will not affect your Unemployment Insurance reserve account. Therefore, you will not be notified of the claimant's eligibility for SDI/PFL benefits for each occurrence of disability or family care leave as a result of the information supplied on the DE 2503 or DE 2503F.

If you have any questions about SDI, please access EDD's Web site at [www.edd.ca.gov/Disability/](http://www.edd.ca.gov/Disability/) or call SDI Customer Service at (800) 480-3287. If you have any questions about PFL, please access EDD's Web site at [www.edd.ca.gov/Disability/Paid\\_Family\\_Leave.htm](http://www.edd.ca.gov/Disability/Paid_Family_Leave.htm) or call PFL Customer Service at (877) 238-4373.

## **Other EDD Programs and Services**

### **Job Service**

To find the nearest Job Service location, check the government listings in your local telephone book under “Employment Development Department, Job Service Information.” A directory of locations can also be found on EDD’s Web site at [www.edd.ca.gov/Jobs\\_and\\_Training/Workforce\\_Services\\_Offices.htm](http://www.edd.ca.gov/Jobs_and_Training/Workforce_Services_Offices.htm).

### **State Disability Insurance (SDI) and Paid Family Leave (PFL)**

SDI and PFL Customer Service is available through the toll-free telephone numbers listed below:

SDI: English.....	(800) 480-3287	PFL: English.....	(877) 238-4373
Spanish .....	(866) 658-8846	Spanish .....	(877) 379-3819
TTY (nonverbal).....	(800) 563-2441	Cantonese .....	(866) 692-5595
		Vietnamese.....	(866) 692-5596
		Armenian .....	(866) 627-1567
		Tagalog .....	(866) 627-1569
		Punjabi .....	(866) 627-1568
		TTY (nonverbal).....	(800) 445-1312

In addition, SDI information is located on EDD’s Web site at [www.edd.ca.gov/Disability](http://www.edd.ca.gov/Disability) and Paid Family Leave information at [http://www.edd.ca.gov/Disability/Paid\\_Family\\_Leave.htm](http://www.edd.ca.gov/Disability/Paid_Family_Leave.htm).

### **Unemployment Insurance (UI)**

UI Customer Service is available through the toll-free telephone numbers listed below. When you call, an automated system will provide a menu of services. Press “3” for the employer menu (available in English and Spanish) that provides UI and Job Service information.

English.....	(800) 300-5616
Spanish.....	(800) 326-8937
Cantonese .....	(800) 547-3506
Mandarin.....	(866) 303-0706
Vietnamese.....	(800) 547-2058
TTY (nonverbal).....	(800) 815-9387

In addition, UI information is located on EDD’s Web site at [www.edd.ca.gov/Unemployment/default.htm](http://www.edd.ca.gov/Unemployment/default.htm).

## Other Agencies You Should Contact

For assistance with:

- **Federal tax requirements**, please access the Internal Revenue Service (IRS) Web site at [www.irs.gov](http://www.irs.gov) or call IRS at (800) 829-1040.
- **Labor law requirements** (such as overtime, minimum wage, and employee benefits), please access the Department of Industrial Relations (DIR) Web site at [www.dir.ca.gov/dlse](http://www.dir.ca.gov/dlse) or call DIR's Labor Standards Enforcement Division (refer to the government listings in your local telephone book).
- **Workers' compensation requirements**, please access DIR's Web site at [www.dir.ca.gov/dwc](http://www.dir.ca.gov/dwc) or call DIR's Workers' Compensation Division (refer to the government listings in your local telephone book).

### EDD's Commitment to You

The EDD is committed to applying the payroll tax laws of the State of California in an equitable and impartial manner. Toward that goal, we have developed the following information to inform you of your rights during the employment taxation process.

### Your Rights as an Employer

As an employer, you have the right to:

- Courteous and timely service from EDD employees.
- Expect that information maintained by EDD be kept confidential and not published or made available for public inspection. However, in certain instances, the law requires that this information be shared with other governmental agencies. When those instances occur, EDD closely follows the law to protect your rights to confidentiality.
- Call upon EDD for accurate information and assistance and to have all your questions answered.
- Receive a clear and accurate account statement if EDD believes you owe taxes.
- Request a filing extension for up to 60 days. The law provides that EDD may grant a filing extension where "good cause" is shown for a delay. Refer to the "Glossary" for the definition of "good cause."
- Request a waiver of penalty showing "good cause" for filing a report or making a payment late.
- An impartial audit and a full explanation of our audit findings if your business is selected for an audit.
- Discuss the issue(s) with an EDD representative, supervisor, office manager, and the Taxpayer Advocate Office if you disagree with an action taken by EDD staff.
- Appeal certain actions to the California Unemployment Insurance Appeals Board.

The *Employers' Bill of Rights* (DE 195) brochure has been developed to inform you of your rights during the employment taxation process. To obtain a copy of the DE 195, access EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de195.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de195.pdf) or contact the Taxpayer Assistance Center at (888) 745-3886.

## Office of the Taxpayer Rights Advocate

The EDD has established the Office of the Taxpayer Rights Advocate (OTRA), which is responsible for providing a clear, consistent focus on protecting the rights of the taxpayer. Incorporated within the OTRA is the Taxpayer Advocate Office.

### Taxpayer Advocate Office

The Taxpayer Advocate Office is responsible for protecting the rights of taxpayers during all phases of the payroll tax administration, assessment, and collection process, while also protecting the interests of the State.

If you are unable to resolve a payroll tax problem with an EDD representative, supervisor, **and** office manager, you may contact the Taxpayer Advocate Office for assistance. This office will review the issues and facts of your case to ensure that your rights have been protected and work to facilitate a resolution to your problem. Please contact the Taxpayer Advocate Office for further assistance:

**Employment Development Department  
Taxpayer Advocate Office, MIC 93  
P.O. Box 826880  
Sacramento, CA 94280-0001**

Toll-free Telephone: **(866) 594-4177**  
Telephone: (916) 654-8957  
Fax: (916) 654-6969

## Protecting Your Privacy

The Employment Development Department (EDD) recognizes that your privacy is a personal and fundamental right without exception. The EDD values and protects your privacy and places strict controls on the gathering and use of personally identifiable data. Your personal information is not disclosed, made available, or otherwise used for purposes other than those specified at the time of collection, except with your consent or as authorized by law or regulation.

In addition, the payroll tax information collected and maintained by EDD is confidential. As an employer, you have the right to obtain access to and inspect your own records. You may also authorize your agent or representative to access your records through a written authorization or a *Power of Attorney Declaration* (DE 48). To obtain a copy of the DE 48, access EDD's Web site at [www.edd.ca.gov/pdf\\_pub\\_ctr/de48.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de48.pdf), request Document No. 1140 from our Fax on Demand at (877) 547-4503, or call the Taxpayer Assistance Center at (888) 745-3886.

If you have further questions regarding your privacy rights, please contact the Tax Disclosure Office at (916) 654-5981.

## GLOSSARY

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<b>Account Number</b>	The eight-digit EDD employer account number assigned to each registered employer (for example, 000-0000-0). Always refer to your employer account number when communicating with EDD. Omission of your account number may result in delays in processing payments, reporting documents, and correspondence.
<b>Annual Taxpayer</b>	An employer, who pays \$20,000 or less in wages in a calendar year and has elected to pay taxes annually, sends a <i>Quarterly Report of Wages and Withholding for Employers of Household Workers</i> (DE 3BHW) to EDD quarterly. An <i>Employer of Household Worker(s) Annual Payroll Tax Return</i> (DE 3HW) is sent to EDD with payment annually.
<b>Base Period</b>	The first four of the last five quarters preceding the effective date of the claim.
<b>California Unemployment Insurance Code (CUIC)</b>	The laws administering California's UI, ETT, SDI, and PIT programs. The CUIC is available on the Internet at <a href="http://www.leginfo.ca.gov/calaw.html">www.leginfo.ca.gov/calaw.html</a> .
<b>Cash Wages</b>	Checks and currency paid to people who work for you.
<b>Claim</b>	<p>An application for Unemployment Insurance (UI), State Disability Insurance (SDI), or Paid Family Leave (PFL) benefits:</p> <ul style="list-style-type: none"><li>• UI – The process that establishes a UI benefit year is called a new claim. Weekly continued claim forms are used to certify for UI benefits during the benefit year. After establishing a benefit year, a claimant who interrupts his or her claim (by returning to work and having excessive earnings, being disqualified for benefits, or by failing to certify for benefits for an extended period of time) may request to claim benefits again by filing an additional or reopened claim during the benefit year.</li><li>• SDI – The application that establishes an SDI benefit period is called a first claim. Subsequent certifications on that claim are called continued claims. For each separate period of disability, a new (first) claim must be filed.</li><li>• PFL – The application that establishes a PFL benefit period is called a Claim for PFL Benefits. Subsequent certifications on an active PFL claim in payment status are called continued claims. For each separate period of family care leave, a new claim must be filed.</li></ul>
<b>Claimant</b>	A wage earner who files a claim for UI, SDI, or PFL benefits.
<b>Contributions</b>	Payroll tax payments for Unemployment Insurance (UI) and Employment Training Tax (ETT). The CUIC refers to taxes under its provisions as “contributions.” In this guide, “contributions” are generally referred to as “taxes.”

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<b>Disability Insurance</b>	Same as “State Disability Insurance (SDI).”
<b>Domestic Employee</b>	Same as “Household Employee.”
<b>Domestic Employer</b>	Same as “Household Employer.”
<b>Electronic Funds Transfer (EFT)</b>	A method for paying your payroll taxes by having the funds transferred from your bank account to the State’s bank account.
<b>Employment Training Tax (ETT)</b>	A payroll tax of 0.1 percent (.001) used to fund job training for people likely to become unemployed or people who have been receiving UI benefits.
<b>e-Services</b>	Online programs available which allow filing of tax reports and paying of tax deposits. New employers may register online, and registered employers may make address changes and/or inactivate their account.
<b>Exempt Employment</b>	Employment specifically excluded from coverage under the California Unemployment Insurance Code.
<b>Experience Rating</b>	The system by which an employer’s UI contribution rate is determined each calendar year based on previous employment experience.
<b>EZPAY</b>	A convenient method to pay tax deposits using a credit card by telephone or computer.
<b>EZREG</b>	An online method of registration for new employers. Registered employers may also change addresses and/or inactivate their account online.
<b>Good Cause</b>	A substantial reason that provides a legal basis for an employer filing a tax report or payment late. Good cause cannot exist unless there are unusual circumstances or circumstances that could not be reasonably foreseen (for example, earthquakes or floods). For more information, please call the Taxpayer Assistance Center at (888) 745-3886.
<b>Household Employee</b>	A person hired to work for wages in or around your home.
<b>Household Employer</b>	A person who hires one or more people to work for wages in or around his or her home.
<b>iFile</b>	Internet filing of the <i>Quarterly Wage and Withholding Report</i> (DE 6).
<b>iNER</b>	Internet filing of the <i>Report of New Employee(s)</i> (DE 34).
<b>New Employee Registry (NER)</b>	A report of new employees that employers are required to report within 20 days of the start-of-work date. Refer to the <i>Report of New Employees</i> (DE 34) on page 55.
<b>Noncash Wages</b>	Payments other than cash that are made to people who work for you, for example, meals and/or lodging you provide to your employee(s).



## GLOSSARY

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<b>Paid Family Leave (PFL)</b>	Benefits paid to eligible California workers unable to work due to the need to care for a seriously ill family member or to bond with a new child. PFL is a component of State Disability Insurance (SDI) and funded through SDI employee payroll withholdings.										
<b>Payroll Period</b>	The frequency you pay wages, daily, weekly, biweekly (every two weeks), or semimonthly (twice a month), etc.										
<b>Payroll Records</b>	Information you keep regarding wages paid to each household employee.										
<b>Payroll Taxes(State)</b>	Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT) withholding.										
<b>Personal Income Tax (PIT) Wages</b>	All wages paid that are subject to California PIT, even if no PIT is withheld. For a calendar year, an employee's PIT wages should match the amount reported in Box 16 (State wages, tips, etc.) of the employee's Internal Revenue Service <i>Wage and Tax Statement</i> (Form W-2).										
<b>Personal Income Tax (PIT) Withholding</b>	Commonly known as State income tax, which you are not required to withhold from your household employees' wages. You and your employees may voluntarily agree to withhold PIT.										
<b>Quarter</b>	A three-month period in a calendar year, as shown below: <table><thead><tr><th><u>Quarter</u></th><th><u>Months in Quarter</u></th></tr></thead><tbody><tr><td>1st</td><td>January, February, March</td></tr><tr><td>2nd</td><td>April, May, June</td></tr><tr><td>3rd</td><td>July, August, September</td></tr><tr><td>4th</td><td>October, November, December</td></tr></tbody></table>	<u>Quarter</u>	<u>Months in Quarter</u>	1st	January, February, March	2nd	April, May, June	3rd	July, August, September	4th	October, November, December
<u>Quarter</u>	<u>Months in Quarter</u>										
1st	January, February, March										
2nd	April, May, June										
3rd	July, August, September										
4th	October, November, December										
<b>Quarterly Taxpayer</b>	A household employer who pays more than \$20,000 in wages in a calendar year <b>or</b> who has not elected to pay taxes annually. Sends payroll taxes (with a DE 88 or by EFT) and <i>Quarterly Wage and Withholding Reports</i> (DE 6s) to EDD quarterly. Sends an <i>Annual Reconciliation Statement</i> (DE 7) to EDD annually.										
<b>Reserve Account</b>	A book account kept for each tax-rated employer to measure employment experience and set the employer's UI tax rate.										
<b>Settlement Date</b>	The date an EFT transaction is completed and posted on the books of the Federal Reserve Bank and the State's bank account.										
<b>SSN</b>	Also known as social security number. All employee wage records and claim actions are filed under this number, rather than by name.										
<b>State Disability Insurance (SDI)</b>	Benefits paid to eligible California workers experiencing a loss of wages when they are unable to perform their regular or customary work due to a non-work-related illness, injury, or pregnancy or childbirth. SDI is funded by taxes withheld from employee wages.										

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<b>Subject Employer</b>	An employer who is liable under the rules and regulations of the CUIIC.
<b>Subject Quarter</b>	Calendar quarter when an employer first meets the requirements for reporting their payroll taxes.
<b>Subject Wages</b>	Subject wages are used to determine Unemployment Insurance (UI), State Disability Insurance (SDI), and Paid Family Leave (PFL) benefits. Generally, all wages are considered subject wages, regardless of the UI and SDI taxable wage limits. Refer to inside front cover of this guide for current rates and taxable wage limits.
<b>Taxable Wage Limit</b>	The maximum amount of an employee's wages that certain taxes apply to in a calendar year. For example, in 2008, the taxable wage limit for UI and ETT is \$7,000. Therefore, an employer's UI and ETT tax rate applies to the first \$7,000 paid to each worker during the calendar year. The taxable wage limit for SDI is \$86,698. Since the SDI tax rate is 0.8 percent (.008), the maximum 2008 SDI tax on any one employee was \$693.58. There is no limit on the taxability of wages for California Personal Income Tax (PIT) withholding purposes.
<b>Telefile</b>	An interactive voice recognition system designed specifically for household employers and other employers with a small number of employees. Employers or their agents can use Telefile to report and pay payroll taxes electronically by telephone.
<b>Unemployment Insurance (UI)</b>	Benefits paid to eligible California workers who are unemployed. Recipients must meet specific qualifications to receive benefits. UI is funded by employer payroll taxes.
<b>Voluntary DI Plan</b>	California law allows employers to apply to EDD for approval to establish a Voluntary Disability Insurance Plan (VP) which must include Paid Family Leave (PFL) benefits for their employees in lieu of State Plan coverage. Once a VP is approved, the employer is no longer required to send SDI withholdings to EDD. Instead, the employer holds the contributions in a trust to pay disability and PFL claims and approved expenses.
<b>Wages</b>	All payments made to people who work for you whether paid by check, cash, or the reasonable cash value of noncash payments, such as meals and lodging.
<b>Withholding</b>	Money deducted from your employees' wages for State Disability Insurance (SDI) and California Personal Income Tax (PIT). You must send SDI and PIT withholdings to EDD at least quarterly, unless you are an Annual Taxpayer.



## STATE OF CALIFORNIA

### LABOR AND WORKFORCE DEVELOPMENT AGENCY

### EMPLOYMENT DEVELOPMENT DEPARTMENT

EDD is an equal opportunity employer/program. Special requests for alternate formats need to be made by calling the Taxpayer Assistance Center at (888) 745-3886.



P.O. Box 826880, Sacramento CA 94280-0001

**OFFICIAL BUSINESS**

**PENALTY FOR PRIVATE USE \$300**