



Taxpayer Assistance Center: (888) 745-3886

CALIFORNIA EMPLOYER

First Quarter 2011

Elected Officials, Public Entities and UI Benefit Eligibility

Senate Bill SB 1211, chaptered September 13, 2010, and effective January 1, 2011, clarifies benefit coverage and eligibility regarding elected officials. The SB 1211 states an elected official is not eligible to collect Unemployment Insurance (UI) benefits based on income earned from his or her service as an elected official.

Under Section 634.5(c)(1) of the California Unemployment Insurance Code, services by an elected official for a public entity are excluded from employment and, therefore, their wages are not subject to UI and Disability Insurance (DI) coverage. A public entity employer is not required to report and pay UI and Employment Training Tax (ETT) or withhold DI contributions on the wages paid for the elected official's services. However, a public entity **must** still report the Personal Income Tax (PIT) wages and PIT withholdings from elected officials' wages to the Employment Development Department.

Introducing New Online Options

Starting in spring 2011, the Employment Development Department (EDD) will be rolling out Expanded e-Services for Business. With these new electronic services available, employers will now be able to perform a variety of transactions online. Some functions include:

- View account balance.
- Get payment history and detail, including amount of payment, date received, and filing period the payment was applied to.
- Change and verify the location and mailing addresses.
- Ability to print an electronic copy of a tax return.
- View the financial summary for each period, including the period's tax, penalty, interest, credit, and balance.
- Get the current Unemployment Insurance (UI) rate and rate history.
- Account profile information (e-mail address, telephone number, saved payment sources).
- Make ACH debit or credit card payments for tax deposits and outstanding liabilities.
- File and amend returns.
- View correspondence sent by EDD, such as account statements.

- Give permission to an authorized representative to make requests on their behalf.

The EDD aims to make the processes of fulfilling payroll tax obligations as seamless as possible for employers. With these electronic services, employers will be able to complete many of the required transactions on the Internet from their offices.

For the latest information on Expanded e-Services for Business, please visit www.edd.ca.gov/Payroll_Taxes/Important_Payroll_Tax_Changes_in_2011.htm.

Along with these new electronic services, EDD is changing from annual reconciliation to quarterly reporting.

Employers will now be filing the *Quarterly Contribution Return and Report of Wages* (DE 9) and the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) at the end of each quarter. There will no longer be a need to file the *Quarterly Wage and Withholding Report* (DE 6) and the *Annual Reconciliation Statement* (DE 7) starting 2011.

The DE 9 and DE 9C are available online at www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm and at all local EDD offices.

Seminars Offer Valuable Information on Payroll Tax Laws

Need help understanding and complying with California payroll tax laws? We offer no fee State payroll tax seminars, either classroom-style or Web-based, on various tax-related topics.

Our interactive classroom seminars are offered in a variety of locations throughout California. They are customized to benefit everyone – established businesses, those just getting started, individuals anticipating going into business, and payroll agents. Instructors encourage audience participation.

Some of our seminars include: **Federal/State Basic Payroll Tax Seminars, Employee or Independent Contractor Tax Seminars, State Labor Law and Payroll**

Tax Seminars, and How to Manage Unemployment Insurance (UI) Costs Seminars.

Our Web-based seminars allow you to learn at your own pace, wherever you access the Internet. Choose our **Employment Status Course** to learn about the basics of classifying workers as employees or independent contractors. This course, also available on CD, explains common and statutory law as it is applied by the Employment Development Department (EDD) and the Internal Revenue Service (IRS).

Our newest Web-based seminar is **How to Complete a Payroll Tax Deposit, DE 88/DE 88ALL**. This course covers the dif-

ferent deposit schedules and deposit frequencies. It provides detailed information on properly completing each section of the *Payroll Tax Deposit* (DE 88) coupon and provides examples to reinforce the information taught. The course also offers information about alternate payment methods and additional resources to assist you in properly completing your DE 88 coupon.

To view the seminars available in your area and to access the Web-based seminars, visit the EDD Web site at www.edd.ca.gov/Payroll_Tax_Seminars/.

Additional information is also available from our Taxpayer Assistance Center at (888) 745-3886.

Reporting Changes for 2011

Effective January 1, 2011, employers will report total subject wages and Unemployment Insurance (UI) and State Disability Insurance (SDI) taxable wages and contributions by filing a *Quarterly Contribution Return and Report of Wages* (DE 9) quarterly instead of annually.

Employers will report employee wages and Personal Income Tax withheld quarterly on the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C). These forms will replace the *Annual Reconciliation Statement* (DE 7) and the *Quarterly Wage and Withholding Report* (DE 6).

NOTE: Years 2010 and prior, employers will file the DE 7 and DE 6.

How will changing from annual reconciliation to quarterly reporting impact employers?

The new quarterly reporting process will allow the Employment Development Department (EDD) to identify overpayments sooner, which will result in faster refunds, as well as allow us to more

quickly identify potential delinquencies.

Will employers continue to use the Payroll Tax Deposit (DE 88) coupon to make payments?

Yes, employers are still required to pay their contributions with the DE 88. Deposit due dates will not be affected by this change. In spring 2011, employers will have more options available to electronically file returns, and make deposits and payments on outstanding liabilities. Watch for additional information as it becomes available on our **Expanded e-Services for Business**.

What happens if a mistake has been made on the DE 7 or the DE 6? How do we correct the DE 9 or DE 9C?

For years prior to 2011, employers will file a DE 7 and DE 6. Adjustments to either form would be done by filing a *Tax and Wage Adjustment Form* (DE 678). Corrections to the DE 9 or DE 9C can be made using the *Quarterly Contribution and Wage Adjustment Form* (DE 9ADJ). This form will be available online.

Where can employers obtain the new forms?

Registered employers will receive the new forms automatically by mail. They will also be available online and at local EDD offices in December 2010.

NOTE: The expansion of our e-Services for Business in spring of 2011 will provide multiple options to file your returns electronically as well as make deposits. Watch for additional information as it becomes available on our **Expanded e-Services for Business**.

Will employers have to update their software to complete these new reports?

The EDD will work directly with payroll software companies to make sure they are aware of the new reporting requirements. Employers and their representatives need to contact their payroll software company regarding software updates.

Employers who file alternate forms need to contact the Alternate Forms Coordinator at (916) 255-0649.

Reporting Forms Changes

The change to quarterly reporting will allow EDD and employers to identify overpayments more quickly, which will result in faster refunds. In addition, EDD will be able to promptly notify employers of any amounts due.

This chart describes the major forms changes:

Type	Old Reporting Method	New Reporting Method
Report contributions and withholdings: <ul style="list-style-type: none"> • Unemployment Insurance (UI) • Employment Training Tax (ETT) • State Disability Insurance (SDI) • Personal Income Tax (PIT) 	Reconcile annually on the <i>Annual Reconciliation Statement</i> (DE 7)	Reconcile quarterly on the <i>Quarterly Contribution Return and Report of Wages</i> (DE 9)
Report detailed wage items for each employee	Report on the <i>Quarterly Wage and Withholding Report</i> (DE 6).	Report on the <i>Quarterly Contribution Return and Report of Wages (Continuation)</i> (DE 9C)

Employers will still use the DE 6 and DE 7 for years prior to 2011. The DE 9 and DE 9C are available at www.edd.ca.gov/Payroll_Taxes/Forms_and_Publications.htm and at all local EDD offices.

Payroll Tax Deposits

Employers will continue to make deposits using the *Payroll Tax Deposit* (DE 88) coupon. The quarterly reporting change will not affect deposit and return due dates. Please refer to the *California Employer's Guide* (DE 44) for deposit and reporting requirements.

NOTE: This quarterly reporting change does not affect Annual Household employers, Disability Insurance Voluntary Plan filers, or Disability Insurance Elective Coverage filers.

Extended Taxpayer Assistance Center Telephone Hours

In anticipation of a higher volume of calls regarding our new payroll tax reporting, we have temporarily extended our Taxpayer Assistance Center telephone hours to 7:30 a.m. to 5:30 p.m. January through May, 2011. Starting in spring 2011, you can also access your account information through Expanded E-Services for Business at <https://eddservices.edd.ca.gov>.

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This newsletter is published quarterly by the Employment Development Department of the California Labor and Workforce Development Agency. It is distributed with tax forms to all employers who are subject to the provisions of the Unemployment Insurance Code.

EDD is a recipient of federal and state funds. It is an equal opportunity employer/program and is in compliance with Section 504 of the Rehabilitation Act and the Americans with Disabilities Act. To request alternate formats, call (916) 654-9029.

Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

Produced by the EDD Communications Office, MIC 85
Loree Levy, Deputy Director
Patrick Joyce, Editor