

# CALIFORNIA EMPLOYER

Taxpayer Assistance Center : (888) 745-3886

Fourth Quarter 2011

## Watch Mail for 2012 Tax Rate Information

You will receive your *Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088) for the period of January 1, 2012, to December 31, 2012, by December 31, 2011.

The DE 2088 informs each employer of their 2012 Unemployment Insurance (UI) tax rates and reserve account activity.

Carefully review all items on the DE 2088. For more information about the DE 2088 and your protest rights, refer to the *Explanation of the Notice of Contribution Rates and Statement of UI Reserve Account* (DE 2088C) enclosed with the DE 2088.

For 2012, the UI taxable wage limit and the Employment Training Tax (ETT) taxable wage limit is \$7,000 per employee. The ETT rate will remain at 0.1 percent (.001). The

DE 2088 notifies employers of their 2012 State Disability Insurance (SDI) rate and taxable wage limit, and if they are subject to ETT. For information or assistance about your statement, please call (888) 745-3886. When you call, please have your DE 2088 and your employer account number available.

Please note, that EDD is no longer processing UI contribution rate requests on CDs and diskettes. Employers and their agents will need to go to <https://eddservices.edd.ca.gov> and enroll in EDD's e-Service for Business to request more specific rate information.

If you have moved and have a change of address and/or agent updated, please inform EDD immediately to receive your DE 2088 by December 31, 2011.

## Furnish employees with Form W-2 by January 31, 2012

As an employer, you are required to prepare a federal Wage and Tax Statement (Form W-2) for each employee. For 2011, you must provide your employees with a Form W-2 by January 31, 2012, as provided in Section 13050 of the California Unemployment Insurance Code (CUIC).

Employers who fail to provide a Form W-2 to each employee, or who furnish a false or fraudulent statement, are subject to a penalty of fifty dollars (\$50) for each such failure as imposed under Section 13052 of the CUIC. In addition, failure to provide such form(s) may also result in a penalty imposed

under Section 13052.5 of the CUIC.

The amount of the penalty is determined based upon the unreported remuneration for personal services multiplied by the maximum rate provided under Section 17041 of the Revenue and Taxation Code.

For additional information on Form W-2 reporting requirements or instructions on completing Form W-2, please refer to the Internal Revenue Service (IRS) publications Employer's Tax Guide (Publication 15, Circular E) and the 2011 Instructions for Form W-2 and W-3, respectively.

To obtain these publications, access the IRS Web site at [www.irs.gov](http://www.irs.gov) or call the IRS at (800) 829-3676.

## E-Services for Business Enrollment Grows . . .

**Go Green** with the EDD's e-Services for Business! Employers and/or their representatives can now manage their payroll tax account online.

You can now register for a payroll tax account number, file reports and make deposits, in addition to updating account information all online.

For additional information on our expanded e-Services for Business advantages and features, go to <https://eddservices.edd.ca.gov>.

## Hints to Help Avoid Penalties

- Mail your 4<sup>th</sup> quarter *Quarterly Contribution Return and Report of Wages* (DE 9) **and** *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) forms **together**, due January 1, 2012.
- Mail your *Payroll Tax Deposit* (DE 88) to the address shown on the coupon. **Do not** mail with other forms. It may delay processing. **REMEMBER:** your deposit date may change if you have withheld over \$350 in Personal Income Tax withholding. Failure to meet payroll tax deposit timeframes will result in a ten percent penalty. For additional information about tax payments and due dates, go to [www.edd.ca.gov](http://www.edd.ca.gov).
- If you have 250 or more employees, you are mandated to submit your DE 9C electronically. Remember you will be penalized \$10 per employee if you file the DE 9C on paper. Additional information about mandatory filing is available online in the brochure *Electronic Filing Guide for the Quarterly Wage and Withholding Program* (DE 8300) at [www.edd.ca.gov/pdf\\_pub\\_ctr/de8300.pdf](http://www.edd.ca.gov/pdf_pub_ctr/de8300.pdf).
- Enrolling in e-Services for Business makes filing and making timely deposits easy, safe, and secure. Enroll at <https://eddservices.edd.ca.gov>.

## Just a Reminder! Federal Earned Income Tax Credit Notification (EITC)

Employers are required to notify their employees about the availability of the EITC. You must provide written notification to employees in person or by mail within one week before or after, or at the same time, that you provide an annual wage summary, including a Form W-2 or a Form 1099.

To obtain more information about this requirement, visit [www.edd.ca.gov/Payroll\\_Taxes/Year-End\\_Notification\\_Requirements.htm](http://www.edd.ca.gov/Payroll_Taxes/Year-End_Notification_Requirements.htm).

For additional information about EITC go to [www.irs.gov](http://www.irs.gov)

## Remember: File Your DE 9 and DE 9C Together

The DE 9 and DE 9C are due April 1, July 1, October 1, and January 1.

If you have underpaid your DE 9, complete and mail the *Payroll Tax Deposit* (DE 88) coupon separately from the DE 9/DE 9C. Mailing the DE 88 with the DE 9/DE 9C may cause a delay in processing.

Tired of mailing in your reports and deposits? Enroll in e-Services for Business at <https://eddservices.edd.ca.gov> and file online.

## 2012 California Deposit Requirements

IMPORTANT: You may be required to submit deposits more frequently if you withhold over \$350 in Personal Income Tax withholding. See the table below.

If Your Federal Deposit Schedule/Requirement Is	And You Have Accumulated State PIT Withholding of	If Payday Is	PIT and SDI Deposit Is Due By
Next Banking Day	Less than \$350	Any day	Quarterly
	\$350 to \$500	Any day	15 <sup>th</sup> of the following month
	More than \$500	Any day	Next Banking Day
Semiweekly	Less than \$350	Any day	Quarterly
	\$350 to \$500	Any day	15 <sup>th</sup> of the following month
	More than \$500	Wed., Thurs., or Fri.	Following Wednesday
	More than \$500	Sat., Sun., Mon., or Tues.	Following Friday
Monthly	Less than \$350	Any day	Quarterly
	\$350 or more	Any day	15 <sup>th</sup> of the following month
Quarterly or Annually	Less than \$350	Any day	April 30, 2012 July 31, 2012 October 31, 2012 January 31, 2013
	\$350 or more	Any day	15 <sup>th</sup> of the following month

For more information and special situations concerning deposit rules and frequencies, refer to the *California Employers Guide* (DE 44), visit our Web site at [www.edd.ca.gov/Payroll\\_Taxes/File\\_and\\_Pay.htm](http://www.edd.ca.gov/Payroll_Taxes/File_and_Pay.htm) or call (888) 745-3886.

### Taxable Value of Meals and Lodging for 2012

Meals and/or lodging that you provide to your employees should be treated as wages for Unemployment Insurance, Employment Training Tax, and State Disability Insurance.

Meals are subject to California Personal Income Tax (PIT) withholding unless the meal is furnished to your employees on your business premises and it is for your convenience. Lodging is also subject to PIT withholding unless it is furnished for your convenience and the employee is required to accept lodging on your business premises as a condition of employment.

Each year, the value of meals and lodging is adjusted based on the cost-of-living indexes. Please use the values shown below for 2012. These values do not apply where higher values of meals and lodging are stipulated in a union agreement or contract of hire, or are required for compliance with minimum wage laws. For more information, visit our Web site at [www.edd.ca.gov](http://www.edd.ca.gov) or call us at (888) 745-3886.

#### Employees

<u>Meals</u>	<u>Value</u>
Breakfast	\$2.30
Lunch	\$3.20
Dinner	\$5.05
3 meals per day	\$10.55
A meal not identified as breakfast, lunch, or dinner	\$3.65

#### Lodging Value

The value is set at 66 2/3 percent of the ordinary rental value to the public, but not in excess of \$1,206 per month or less than \$39.10 per week.

#### Maritime Employees\*

<u>Licensed Personnel</u>	<u>Value</u>
Meals	\$10.55
Quarters	\$8.15
Total per day	\$18.70

<u>Unlicensed Personnel</u>	<u>Value</u>
Meals	\$10.55
Quarters	\$5.55
Total per day	\$16.10

#### Fishermen

Lodging value is \$39.10 per week and \$5.55 per day for periods of less than a week.

\* *Maritime employees' values of lodging are different than all other employees and are shown in the above table on the right. Lodging values for maritime employees apply only when the facilities meet specific minimum standards.*

### Annual Interest Rate: 4%

For the period January 1 through June 30, 2012, the annual interest rate will be 4 percent (0.04), compounded daily. The daily interest factor will be 0.000110. Interest is charged on all delinquent taxes, interest, and certain penalties.

If you have any questions about the annual interest rate for 2012, please call the Taxpayer Assistance Center at (888) 745-3886.

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