



STATE OF CALIFORNIA

LABOR AND WORKFORCE  
DEVELOPMENT AGENCY

EMPLOYMENT DEVELOPMENT DEPARTMENT

# The ABCs of California Payroll Taxes

*What every  
new employer  
needs to know!*

[www.edd.ca.gov](http://www.edd.ca.gov)

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 888-745-3886 (voice) or TTY 800-547-9565.



## ABCs of Payroll Taxes

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**You are a California employer** when you pay wages in excess of \$100 in a calendar quarter.

### Did you know?

Employers are required to post the **Notice to Employees (DE 1857A)** to notify employees of their Unemployment Insurance (UI) and/or State Disability Insurance (SDI) benefits. The poster must be placed in a clearly visible location at the workplace. The employer is required to provide a copy of the booklet **For Your Benefit: California's Programs for the Unemployed (DE 2320)** along with other notices and pamphlets to each employee when appropriate. For a listing of all the required notices and pamphlets, visit [www.edd.ca.gov/payroll\\_taxes/Required\\_Notices\\_and\\_Pamphlets.htm](http://www.edd.ca.gov/payroll_taxes/Required_Notices_and_Pamphlets.htm) or refer to the **California Employer's Guide (DE 44)**.

### Did you purchase a business?

If you purchased all or part of an ongoing business, you may file an application for transfer of all or part of the previous owner's UI reserve account. This may result in an immediate reduction or increase of your UI contribution rate. If you need additional information, please call 916-653-7795.

### How will I know what amounts to withhold from my employee's paycheck?

The Employment Development Department (EDD) publishes the SDI rates and California Withholding Schedules in November and are available on our website at [www.edd.ca.gov/Payroll\\_Taxes/Rates\\_and\\_Withholding.htm](http://www.edd.ca.gov/Payroll_Taxes/Rates_and_Withholding.htm).

### Need forms?

To download or request forms and publications, visit our website at [www.edd.ca.gov/forms/](http://www.edd.ca.gov/forms/) or call the Taxpayer Assistance Center at 888-745-3886.

### Prefer to get your information from the Internet?

The EDD website, [www.edd.ca.gov](http://www.edd.ca.gov), has information on many EDD services and programs. In addition to forms and publications, you can access reporting requirements, tax rates, and tax withholding schedules.

The EDD offers tax seminars where you can learn both state and federal reporting requirements as well as California labor law. Visit our website at [www.edd.ca.gov/Payroll\\_Tax\\_Seminars/](http://www.edd.ca.gov/Payroll_Tax_Seminars/) or call 888-745-3886.

# What is a California employer responsible for?

## Registering with the EDD

When your completed registration form is received, the EDD will assign you an employer payroll tax account number. This account number should be used whenever you contact the EDD and noted on all EDD payroll tax documents.

**File the registration form for your type of business.**

## Making Payments

**Employers pay:**

- Unemployment Insurance (UI) Taxes
- Employment Training Taxes (ETT)

UI and ETT taxes are due quarterly, but may be paid more frequently.

**Employers withhold from the employee's paycheck and remit:**

- State Disability Insurance (SDI) Taxes
- California Personal Income Tax (PIT)

California tax withholding deposit due dates are based in part on federal deposit requirements. Additional information is available online at [www.edd.ca.gov/Payroll\\_Taxes/Required\\_Filings\\_and\\_Due\\_Dates.htm](http://www.edd.ca.gov/Payroll_Taxes/Required_Filings_and_Due_Dates.htm) or in the *California Employer's Guide* (DE 44).

**File Form: Payroll Tax Deposit (DE 88)**

## Filing Reports

Employers must reconcile total wages subject to employment taxes with the amounts paid throughout the quarter.

**File Form: Quarterly Contribution Return and Report of Wages (DE 9)**

Employers must report employee wage and withholding information quarterly.

**File Form: Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C)**

Employers must report all new and rehired employees within 20 days of their start-of-work date.

**File Form: Report of New Employee(s) (DE 34)**

Business and government entities must report all independent contractors for whom a federal Form 1099-MISC is required to the EDD within 20 days of paying or entering into a contract for \$600 or more.

**File Form: Report of Independent Contractor(s) (DE 542)**



# e-Services for Business

Fast, Easy, and Secure

The following e-Services are available online:

### e Register Online:

- For an employer payroll tax account number.

### e Enroll Online:

- Create a username and password to manage your payroll tax account.

### e File and Pay Online:

- File the following returns/reports:
  - ✓ **Quarterly Contribution Return and Report of Wages (DE 9)**
  - ✓ **Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C)**
  - ✓ **Report of New Employee(s) (DE 34)**
  - ✓ **Report of Independent Contractor(s) (DE 542)**

- Pay your **Payroll Tax Deposit (DE 88)** and liabilities using:

- ✓ Electronic Funds Transfer (EFT) to transfer funds from your bank account to the state's account.
- ✓ Major Credit Card.

### e View and Make Changes Online:

- View and print returns/reports and payments.
- View and edit returns/reports.
- Update your employer payroll tax account information.
- Inactivate or close your employer payroll tax account.

For more information on e-Services for Business, visit <https://eddservices.edd.ca.gov/>.

Once you have made a payment or filed a report successfully on the Internet, please do not send us a paper document as this could duplicate the amounts reported.