

E-FILE AND E-PAY MANDATE FOR EMPLOYERS

In August 2015, California passed Assembly Bill (AB) 1245 requiring all employers to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department (EDD).

Beginning January 1, 2017, employers with 10 or more employees are required to electronically submit returns, reports, and payments. All remaining employers are required to electronically submit returns, reports, and payments beginning January 1, 2018.

Employers required under existing law to electronically submit wage reports and/or electronic funds transfer to the EDD remain subject to those requirements in addition to this new mandate.

REQUIRED FORMS

The following forms must be submitted electronically under the e-file and e-pay mandate:

- *Quarterly Contribution Return and Report of Wages (DE 9).*
- *Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C)*
- *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings (DE 3BHW)*
- *Employer of Household Worker(s) Annual Payroll Tax Return (DE 3HW)*
- *Quarterly Contribution Return (DE 3D)*
- *Payroll Tax Deposit (DE 88)*

NOTE: The e-file and e-pay mandate does not apply to employment tax returns, wage reports, or payroll tax deposits submitted for periods prior to the effective date of the mandate.

| Penalties for Non-Compliance | | |
|---|-------------------------|------------------------------|
| Tax Returns | DE 9 DE 3D DE 3HW | \$50 per return |
| Wage Reports | DE 9C DE 3BHW | \$20 per wage item |
| Payments | DE 88 | 15% of amount due |
| Note: These penalties are in addition to any other penalties that may apply. | | |

BENEFITS OF E-FILE AND E-PAY

- Increases data accuracy.
- Protects data through encryption, which is safer and more secure than paper forms.
- Reduces paper and mailing costs.
- Eliminates lost mail.
- Facilitates faster processing of returns and payments.

E-FILE AND E-PAY WITH E-SERVICES FOR BUSINESS

Employers are encouraged to use e-Services for Business to comply with the e-file and e-pay mandate. e-Services for Business is a fast, easy, and secure way to manage employer payroll tax accounts online.

With e-Services for Business, you can:

- Submit employment tax returns and wage reports using the Direct Entry or "Attach a Return File" option.
- Make payroll tax deposits using the Direct Entry or "Attach a Bulk Payment File" option, and make other liability payments.
- Register for an employer payroll tax account number.
- View, adjust, and print returns and reports previously submitted online.
- View and update account information.
- Close or reopen an employer payroll tax account.

For additional information, to view tutorials, and get answers to frequently asked questions, visit www.edd.ca.gov/e-Services_for_Business.

E-FILE AND E-PAY MANDATE WAIVER

Employers may request a waiver from the mandate due to lack of automation, severe economic hardship, current exemption from the federal government, or other good cause. To obtain an *E-file and E-pay Mandate Waiver Request (DE 1245W)*:

- Download the DE 1245W from the EDD website. Visit www.edd.ca.gov/EfileMandate for more information.
- Visit the nearest Employment Tax Office listed in the *California Employer's Guide (DE 44)* or on the EDD website at www.edd.ca.gov/Office_Locator/.
- Contact the Taxpayer Assistance Center at 888-745-3886.

Waiver requests can be submitted by mail or fax to:

Mail: Employment Development Department
Document and Information Management Center
PO Box 989779
West Sacramento, CA 95798-9779

Fax: 916-255-1181

ADDITIONAL INFORMATION

For further assistance, please contact the Taxpayer Assistance Center at 888-745-3886 or view these web pages for additional information:

- E-file and E-pay Mandate for Employers and FAQs:
www.edd.ca.gov/EfileMandate
- Other File and Pay Options:
www.edd.ca.gov/payroll_taxes/file_and_pay.htm

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.

This information sheet is provided as a public service and is intended to provide nontechnical assistance. Every attempt has been made to provide information that is consistent with the appropriate statutes, rules, and administrative and court decisions. Any information that is inconsistent with the law, regulations, and administrative and court decisions is not binding on either the Employment Development Department or the taxpayer. Any information provided is not intended to be legal, accounting, tax, investment, or other professional advice.