



Fourth Quarter 2016

Mandatory E-file and E-pay for Employers. Does This Affect You?

With each new year comes a time to take stock of the year prior and to prepare for the year ahead.

Effective January 1, 2017, a new law requires all employers with 10 or more employees to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department (EDD).

Beginning January 1, 2018, this requirement will apply to all remaining employers.

The EDD is here to help you meet this new requirement. Some of the online resources and services provided to assist you are:

- [File and pay online with e-Services for Business.](#)
- [FAQs – E-file and E-pay Mandate for Employers.](#)
- [Information Sheet: E-file and E-pay Mandate for Employers, DE 231EM.](#)
- New e-Services for Business [Tutorials.](#)

For more information on the e-file and e-pay mandate or to access additional resources, visit the [E-file E-pay Mandate for Employers](#) website.

Don't wait!

Payment coupon booklet, tax returns, and wage reports will no longer be mailed automatically to employers who are subject to the e-file and e-pay mandate.

If you aren't already filing and paying electronically, enroll in e-Services for Business today. It is a fast, easy, and secure way to file, pay, and manage your employer payroll tax account online at no cost. With access available 24 hours a day, 7 days a week, there's no need to delay.

If you need assistance with enrolling, filing, or paying using e-Services for Business, contact the Taxpayer Assistance Center at 1-888-745-3886, Monday through Friday, 8 a.m. to 5 p.m. (Pacific Time).

Covered California Focuses on Small Businesses

Business owners can now apply for health insurance through Covered California for Small Business if you have 100 or fewer **"full-time equivalent"*** employees. This is exciting news for many reasons.

Being able to offer health insurance will give you a competitive edge when it comes to attracting and hiring the best talent. Another advantage to you is a healthy, strong, and productive workforce – which will benefit you for years to come.

Covered California for Small Business offers affordable, high quality, **brand-name health insurance** from six health and seven dental carriers.

The program allows you to manage health insurance costs and offer employees attractive coverage at the same time. You control your budget by defining the amount you will contribute towards employees' premiums while being able to offer multiple levels of coverage through the **Dual Tier Choice** feature.



With multiple levels of coverage from multiple carriers, your employees have more choices to find a health plan that fits their unique needs. Employees can compare and select health plans at a variety of prices and pay for any difference in premiums.

Enrollment in Covered California for Small Business is available year-round. It is also the only place where small businesses may qualify for a federal tax credit for offering health coverage.

Applying is simple. For more enrollment information, call 1-844-332-8384, visit the [Covered California](#) for Small Business website or contact a **Certified Insurance Agent** in your area.

*A full-time equivalent employee isn't a person but a calculation used to determine if an employer is a small or a large employer. This calculation is used to determine eligibility to participate in Covered California for Small Business.

Online. Anytime. e-Services for Business.

2017 Tax Rate Information Notice

The 2017 Unemployment Insurance (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).

You will receive your *Notice of Contribution Rates and Statement of UI Reserve Account*, DE 2088, for the period of January 1, 2017, to December 31, 2017, by December 31, 2016.

If you have moved and have a change of address or agent update, please inform the Employment Development Department (EDD) immediately in order to receive your DE 2088 by December 31, 2016.

Once you receive the DE 2088 notice, carefully review all items as it provides you information concerning:

- Tax rates and UI reserve account activity.

- State Disability Insurance (SDI) rate and taxable wage limit.
- Whether you are subject to ETT.

For specific rate information, go to [e-Services for Business](#). For protest rights, refer to the *Explanation of the Notice of Contribution Rates and Statement of UI Reserve Account*, DE 2088C. For assistance, contact the Taxpayer Assistance Center at 1-888-745-3886.

What Employers and Employees Need to Know About Changes in State Disability Insurance

Employers and employees alike need to be aware of recent changes in the State Disability Insurance (SDI) law.

Effective immediately, the Physician Assistant Practice Act authorizes a physician assistant, under the supervision of a physician or surgeon, to certify Disability Insurance and Paid Family Leave (PFL) benefits.

In light of this change, a new version of the *Claim for Paid Family Leave (PFL) Benefits*, DE 2501F, is now available. Employers should order a new supply of claim forms (DE 2501F Rev. 2 [10-16]) to provide to employees.

To order new forms, visit the [Online Forms and Publications](#) page or call 1-877-238-4373.

An Easier Way

Did you know that medical certifications and other supporting documents may be submitted through an online account?

[SDI Online](#) is easy to use, and you can register for an account in less than 10 minutes.

The system offers many benefits to employers, including:

- Secure transmission of information.
- Ability to add authorized representatives to submit information on your behalf.
- Reduced paperwork.
- Electronic confirmation of forms submitted and notifications of claims filed by your employees.
- Reduced claim processing time for your employees.

For more information and to register for an account, visit [SDI Online](#).

If you would like an SDI representative to provide a webinar presentation to your staff or group, please contact [SDI](#).

2017 Taxable Values for Meals and Lodging

The 2017 Taxable Value of Meals and Lodging rates are now available.

To view the rates, visit:

[2017 Meals and Lodging Values](#)

Annual Interest Rate for 2017 will be 4.0 percent

For the period January 1, 2017, through June 30, 2017, 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 2017, please call the Taxpayer Assistance Center at 1-888-745-3886 or visit the [Interest Rate](#) website.

Notification Requirements

You may be required to provide the following to employees annually:

- *Wage and Tax Statement*, Form W-2
- Federal Earned Income Tax Credit (EITC) Notification
- California Earned Income Tax Credit (Cal EITC) Notification
- *Information Return*, Form 1099

For more information, go to [Year-End Notification Requirements](#).

CALIFORNIA EMPLOYER

This newsletter is published quarterly by the Employment Development Department of the California Labor and Workforce Development Agency. The 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.

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Fourth Quarter 2016 Vol. 67, No. 4

Striking Gold in California: Stake Your Claim

An online treasure trove of valuable information is awaiting your discovery in the newly revised Board of Equalization (BOE) *Striking Gold in California*, [Publication 170](#).

This publication is a collaborative effort by the Employment Development Department (EDD), the BOE, the Franchise Tax Board (FTB), and the Internal Revenue Service (IRS).

Within these pages you will find an indispensable gold mine of resources and tools, as well as helpful links that will connect you to other information and services to help get you started in running your small business.

If you're just embarking on new business ownership, a critical first step is to decide the type of business ownership that best meets your needs. Although there are many types to choose from, the most common used by start-up businesses include: sole proprietor, partnership, corporation, and Limited Liability Company.

Striking Gold in California explains these types of common ownership and provides additional links to other agencies and organizations to help you identify and

AGENCY	TAXES ADMINISTERED	HOW TO CONTACT
IRS	All federal taxes, except alcohol, tobacco, and customs duties.	1-800-829-1040
FTB	Two of California's major tax programs essential to our state—Personal Income Tax (PIT) and Corporation Tax.	1-800-852-5711
EDD	Four state payroll taxes—Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and PIT. The EDD offers several electronic filing and payment options through e-Services for Business .	1-888-745-3886 1-800-547-9565 (TTY)
BOE	Oversees more than 30 tax and fee programs that generate revenue essential to our state. More than one million businesses in nearly every field of commercial activity are registered with the BOE.	1-800-400-7115 (TTY:711)

establish your new business entity.

Your obligations to the various taxing agencies, including filing requirements, deadlines, payment options, and required forms, are conveniently spelled out by agency to eliminate the guess work and help to keep you in compliance.

The chart above offers a brief overview of taxes each agency administers and

provides contact information.

You can also take advantage of the many no-cost seminars and workshops offered by the EDD and other taxing agencies.

Take the time today to familiarize yourself with the resources available to keep your business running smoothly. Don't wait, you can strike gold in California today!