

Sonoma County Office of Education
Business Services

EXTERNAL PAYROLL AND FINANCE UPDATES

DBUG MEETING: *September 21, 2023*

Reminders

EDD New Hire Reporting Requirement for EDD (Employment Development Department)

- ❖ All California Employers must report all of their new or rehired employees who work in California to the New Employee Registry within 20 days of their state of work date
- ❖ Any employee that is rehired after a separation of at least 60 days would also need to be reported within 20 days of rehire
- ❖ See **attached** documentation regarding this process
 - https://www.scoe.org/files/1_EDD%20New%20Hire%20Employee06%20Report%20and%20Fact%20Sheet.pdf

Domestic Partner Health Insurance Tax

- ❖ Federal law does not recognize domestic partners as having the same standing as a spouse or qualified dependent when it comes to the taxation of an employee's benefits
 - **Federal law** requires the employer compute the fair market value of domestic partner benefits and include this in the gross income of the employee's compensation.
 - This income must be reported in the employee's W-2 and is subject to withholding for Federal Income Tax/State Income Tax/Social Security and Medicare Taxes
 - **If the employee has a registered domestic partner, then this does not apply to State Income Tax.** California recognizes registered domestic partners in the same way they would see a married couple.
- ❖ There is a special add-on in *Employee Management* that needs to be used for both of these situations (Registered and Non-Registered)
 - Please note this add-on needs to be updated each year for changes in rates
- ❖ **It is recommended that an audit be performed for this.** Please be aware that if you find someone who has a domestic partner on their benefits and the taxes were not applied it is required that you correct the taxes for this employee going back 3 calendar years
- ❖ Contact Carend@scoe.org, Jliu@scoe.org or Helpdesk@scoe.org if you have any questions regarding this process

EDD 3rd Quarter Tax Reminder

- ❖ September 30th is the due date for filing 3rd Quarter taxes to EDD
 - Delinquent if not filed by **October 31, 2023**
 - **Please note** – Do not start this process until regular payroll is finalized at the end of September
 - The 3rd Quarter EDD filings need to include the payroll information for regular payroll
 - Recommended to start this process on Monday, September 25th at the earliest

- ❖ Reference the Quarterly Return Process flow chart and documentation through the link below
 - <https://www.scoe.org/pub/htdocs/fiscal-forms.html>
 - Helpful documents under External Payroll section:
 - District Quarter Return Flowchart Revised
 - Quarterly Return Process
 - Examples for Quarterly return filing with negative amounts

Beware of Fraud

People are getting creative about how they are committing fraud these days. Please note that any address changes/direct deposit changes should be verified by phone with the employee or vendor asking for the change.

Recent fraud attempts:

- ❖ Address Change
- ❖ Direct Deposit Change
- ❖ Altered Checks

CALENDAR YEAR END REMINDERS:

W2 Preparation:

- ❖ Run the Pay31 W2 Errors report after each payroll and address errors now rather than later. There might be prior year payroll tax errors that cannot be corrected through payroll and will require manual edits to the W2. We will work with individual LEAs on these in January.

- ❖ When an incorrect Social Security Number is discovered, email helpdesk@scoe.org, carend@scoe.org, and jliu@scoe.org. Do not send copy of SSN through email

- ❖ Deceased employees – Social security and Medicare need to be reported on the W-2 if the deceased employee's final pay was paid in the same year as death

- https://www.scoe.org/files/Deceased_Employees_Updated_07.2022.pdf
- ❖ OASDI errors (OASDI wasn't deducted and should have been, or OASDI was deducted and shouldn't have been), requires special handling to correct. Best practice is to run and review the Pay03 by Person Type. This serves as a quick review of employees with OASDI deductions.
 - Generally, classified employees should have OASDI deducted (Unless the classified employee elected to remain in CalSTRS - *must be a qualified position from hire*, or if the classified employee is a CalPERS retiree)
 - Reminder - Certificated employees should have OASDI deducted if they are a non-member of CalSTRS
 - Please refer to the Retirement and Tax Setup sheet as a guide
 - https://www.scoe.org/files/Retirement_and_Tax_Setup_Revised_04.06.22.pdf
- ❖ Remind employees to update their addresses if they have moved

1099 Preparation:

- ❖ Be mindful of the ABC test. Under the ABC test, a worker is considered to be an employee unless the employer can show all three conditions of the ABC test are met
 - A. Freedom from control over how to perform the services
 - B. The worker performs work that is outside the usual course of the hirer's business
 - C. Independently established practitioner of the trade performed
- ❖ Foreign and California Nonresident vendors require special Escape set up and special payment and reporting. For detailed instructions, see Foreign and CA Nonresident Alien Vendors documentation posted on SCOE's website

[https://www.scoe.org/files/Foreign_and_CA_Nonresident_Alien_Vendors_and_Wire Transfers_08.30.22v2.pdf](https://www.scoe.org/files/Foreign_and_CA_Nonresident_Alien_Vendors_and_Wire_Transfers_08.30.22v2.pdf)
- ❖ Deceased employee's final pay needs to be reported on form 1099 to the Estate (In special circumstances if a form is filled out this can be made out to the spouse instead). There are different rules for when the payment is made in the same year as death compared to after. Please refer the below link to access the instructions for this.

https://www.scoe.org/files/Deceased_Employees_Updated_07.2022.pdf

New Hire Reporting for Employment Development Department

Reporting Requirements

All California employers must report all of their new or rehired employees who work in California to the New Employee Registry within 20 days of their start-of-work date, which is the first day of work. Any employee that is rehired after a separation of at least 60 consecutive days must also be reported within 20 days. Employers who report electronically must submit two files each month that are not less than 12 days and not more than 16 days apart. No report should be submitted if there are no new or rehired employees to report.

You are required by law to report the following:

- **Employer's:**
 - California employer payroll tax account number
 - Federal employer identification number
 - Business name and address
 - Contact person and phone number
- **Employee's:**
 - First name, middle initial and last name.
 - Social Security number
 - Home address
 - Start-of-work date

Escape Report

Employee06 – Monthly Employment Development Department

This report is to help you prepare for submission of monthly data to the EDD. It prints all necessary information, such as the district name & address, federal and state tax ID and district contact name. It prints the following information for new hires and rehires for a month: name, social security number, home address and hire date.

Go to HR/Payroll – Reports – Employee – Employee06

Create a Favorite and schedule Report to Save Time!

Request	Report
Request	
1 - Report	
Report Number	Employee06
Description	Monthly Employment Development Department
Report Sample	Employee06
Report Favorite ID	EDD New Hire List
2 - User Options	
Starting Date	6/1/2017 {BCM}
Ending Date	6/30/2017 {ECM}
Date To Use	Hire/Rehire date
3 - Report Options	
First Paid?	Yes - show the First Paid date column
General	

Use mnemonics instead of dates for Favorite

New Hire Reporting for Employment Development Department

Report Options

User Options

- Starting hire date : Enter a date or use mnemonics
- Ending hire date: Enter a date or use mnemonics
- Date to Use: Hire/Rehire Date (default) or First Paid Date
- First Paid Date: Use the lookup to decide if you want the First Paid Date column to show on the report

Sort Options

- a) Employee Name – Sorted by employee name, then date hired/rehired
- b) Excel Extract — Sorted by last name. Creates a simple list that can be saved as an Excel file. The list includes org ID, emp ID, employee name, the FULL social security number, street, city, state, zip, hire/rehire date and the first paid date. It lists the header once: no breaks or subtotals.

Do not press GO for an Excel Export. Instead, choose the Excel Data option from the Go/Export task to launch Microsoft Excel with the data from the report.

Special Considerations

This report may show the FULL social security number

The ability to view the full social security number is controlled by user permissions. If you have user permissions to the View SSN task in the HR/Payroll-Employment-Employee Management activity, then you have the permissions necessary to see the full SSN. If you do not have access to this task, the report will not show the full SSN regardless of what you select in the SSN report parameter.

The contact name and phone number on this report comes from the Organization record.

If you select Hire/Rehire Date for the Date to Use, the later of two will be used to determine if the employee meets the selection criteria. On the report, next to the Last Hired column is an indicator showing if the date displayed is the hire date (H) or the rehire date (R).

Employee06a		EDD New Hire					
New Hires 06/01/2017 through 06/30/2017							
Employee	SS#	Street	City	State	Zip	First Paid	Last Hired
Contact: Linda Daugherty							
Sonoma County Office of Education							
5340 Skylane Blvd							
Santa Rosa, CA 95403							
			Petaluma	CA	94952		06/12/2017(H)
			Santa Rosa	CA	95401		06/13/2017(H)
			Forestville	CA	95436		06/12/2017(H)
			Santa Rosa	CA	95403		06/05/2017(H)
			Rohnert Park	CA	94928		06/12/2017(H)

Scheduled Reports can be found *in HR/Payroll-My Reports*

REPORTING NEW EMPLOYEES AND INDEPENDENT CONTRACTORS

As a business or government entity doing business in California, you are required to report certain information on employees and independent contractors you hire to the Employment Development Department (EDD).

This information will assist in locating parents who are delinquent in their child support payments.

The reporting requirements for both new employees and independent contractors are listed below.

NEW EMPLOYEE REPORTING

Background

In 1996, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act, requiring all employers to report certain information on newly hired and rehired employees. The federal requirement was implemented by California effective July 1, 1998.

Reporting Requirements for California Employers

California employers are required to report information on newly hired or rehired employees **who work in California** to the EDD's New Employee Registry (NER). However, multistate employers may elect to report electronically all newly hired or rehired employees to one state in which they have employees. The State of California encourages multistate employers to report California employees to the California NER.

Who Must Be Reported

NEWLY HIRED EMPLOYEES are those individuals who have not previously been included on your payroll.

REHIRED EMPLOYEES are those individuals who were previously included on your payroll, left your employment, and were rehired after a separation of at least 60 consecutive days.

An individual is considered a new hire or rehire on their first day of work.

When to Report

Information on newly hired or rehired employees must be reported within 20 days of their start-of-work date.

Employers who choose to report electronically must submit two transmissions each month that are not less than 12 or more than 16 days apart.

INDEPENDENT CONTRACTOR REPORTING

Background

In 1999, California enacted a law requiring businesses and government entities to report similar information on independent contractors. This requirement was effective January 1, 2001.

Reporting Requirements for Businesses and Government Entities Doing Business in California

Any business or government entity (defined as a "service-recipient") that is required to file federal Form **1099-MISC** for services performed by an independent contractor (defined as a "service-provider") must report. A service-recipient means any individual, person, corporation, association, or partnership, or agent thereof, doing business in California, deriving trade or business income from sources within this state, or in any manner in the course of trade or business subject to the laws of this state. An independent contractor is defined as an individual who is not an employee of the business or government entity for California purposes and who receives compensation or executes a contract for services performed for that business or government entity either in or outside of California.

Who Must Be Reported

Any individual whom the business or government entity is required to provide a federal Form 1099-MISC for services performed as an independent contractor. This does not include an independent contractor who is a corporation, general partnership, limited liability partnership, or limited liability company. In general, independent contractors who are sole proprietors are to be reported.

When to Report

You must report independent contractor information to the EDD within 20 days of EITHER making payments totaling \$600 or more for services performed OR entering into a contract for \$600 or more for services performed, whichever is earlier. If the threshold is met, reporting is required in each calendar year, but only once in a calendar year.

NEW EMPLOYEE REPORTING

(continued)

Required Information

The following information must be reported to the EDD:

Employer Information

- Business name, address, and phone number
- EDD employer payroll tax account number
- Federal employer identification number
- Contact person

Employee Information

- First name, middle initial, and last name
- Social Security number
- Address
- Start-of-work date

Reporting Methods

Employers may elect any of the following methods to report new employee information to the EDD:

- File online using any of the options available with the EDD e-Services for Business. Visit the website at www.edd.ca.gov/e-Services_for_Business to choose the option best for you.
- File a *Report of New Employee(s)*, DE 34, form.
- File a copy of the employee's Form W-4. You must add the date the employee started working for you, your California employer payroll tax account number, and Federal employer identification number to the Form W-4.

Where to Send Reports

Employment Development Department
PO Box 997016, MIC 96
West Sacramento, CA 95799-7016
Fax: 916-319-4400

Additional Information

For further assistance, please contact the Taxpayer Assistance Center at 888-745-3886, or visit the nearest Employment Tax Office listed in the *California Employer's Guide*, DE 44, or access the EDD website at www.edd.ca.gov/Payroll_Taxes/.

INDEPENDENT CONTRACTOR REPORTING

(continued)

Required Information

The following information that applies must be reported to the EDD:

Business or Government Entity Information

- Business name, address, and phone number
- Federal employer identification number, EDD Employer payroll tax account number, and/or Social Security number

Independent Contractor Information

- First name, middle initial, and last name
- Social Security number
- Address
- Start date of contract or date \$600 or more is paid
- Amount of contract (including cents)
- Contract expiration date
- Ongoing contract (check box if applicable)

Reporting Methods

Business and government entities may elect any of the following methods to report independent contractor information to the EDD:

- File online using any of the options available with the EDD e-Services for Business. Visit the website at www.edd.ca.gov/e-Services_for_Business to choose the option best for you.
- File a *Report of Independent Contractor(s)*, DE 542, form.

Where to Send Reports

Employment Development Department
PO Box 997350, MIC 96
Sacramento, CA 95899-7350
Fax: 916-319-4410

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.