



Third Quarter 2020

Assembly Bill 5 Resources

Assembly Bill (AB) 5 went into effect January 1, 2020 and the Employment Development Department (EDD) can connect you with the resources to help you understand this legislation. AB 5 addresses the “employment status” of workers and requires the application of the “ABC test” to determine if workers in California are employees or independent contractors for purposes of the Labor Code, the Unemployment Insurance Code, and the Industrial Welfare Commission (IWC) wage orders.

Under the ABC test, a worker is considered an employee and not an independent contractor, unless the hiring entity satisfies all three of the following conditions:

- A. The worker is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact;
- B. The worker performs work that is outside the usual course of the hiring entity’s business; and
- C. The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

To find the latest AB 5 information, visit [AB 5 – Employment Status](#) and the [Employment Status Portal](#). These sites provides information on AB 5 for both workers and employers, including the details of when and how this new law affects worker rights and employer obligations, as well as links to various helpful resources.

Information Sheet

The [Information Sheet: Employment \(DE 231\) \(PDF\)](#), [also available in Spanish, [DE 231S \(PDF\)](#)] introduces AB 5 while addressing:

- The ABC test.
- Exceptions to the ABC test.
- Who is an employee/employer by specific statute.
- Services excluded by statute from employment.

Virtual Seminars

Additionally, we offer the AB 5/ABC Test-Employment Status seminar at no-cost. During this three hour virtual seminar (webinar) you will learn:

- The ABC test exceptions.
- How to distinguish between employees and independent contractors.
- Resources to help classify workers.

Traditionally, we offer in person seminars that were not possible when shelter in place orders were in effect. To address the continued need for seminars, we developed and implemented a webinar-styled format to allow the seminars to continue. We plan to continue offering webinars as an extension of our current outreach efforts. To find and register for a tax seminar, visit [Payroll Tax Seminars](#). Please continue to visit our website for new resources.

Subscribe to our e-mail lists to get the latest news about EDD programs and services. This is the best way to get notified as soon as new information sheets and other important payroll tax information become available. To learn more and enroll, visit [Get E-mail Notices](#).

Introducing California's Small Business Advocate

Your business may be facing extreme challenges due to COVID-19. The EDD wants to provide you with resources designed with your success and recovery in mind, such as the Office of Small Business Advocate (CalOSBA). The CalOSBA helps support economic growth and innovation by working to ensure that California's small business owners and entrepreneurs have the information, tools, and resources needed to plan, launch, manage, and grow their businesses successfully and increase resiliency.

The CalOSBA serves to elevate small business voices in state government and advocates on their behalf to help ensure all aspiring and current small business owners and entrepreneurs are provided with the opportunity to access capital, access markets, and connect to the networks and resources needed to succeed. California also supports a network of federally contracted small business centers that provide free consultations and trainings that help businesses determine which loans are right for them, develop resiliency strategies, and find other resources. The [Small Business Center Network map](#) is searchable by language capacity noting service in over 30 different languages. For more information on CalOSBA, visit [Small Business, Innovation, and Entrepreneurship](#).

Virtual Seminars

In light of the social distancing and shelter in place orders, the EDD has shifted from in-person seminars to virtual seminars in an effort to provide ongoing education and assistance to the employer community and business owners throughout California. We offer these virtual seminars at no cost and schedule them on a monthly basis. They are designed to provide a highly educational experience for attendees while covering a variety of payroll tax topics, such as:

- The employers' responsibilities at the time of hiring employees.
- Determining if workers are employees or independent contractors.
- The employers' requirement for reporting and depositing state payroll taxes, maintaining payroll records, and posting information.
- Calculating and completing payroll tax forms.
- Tools and resources available to assist employers in meeting their payroll tax obligations.

To find a virtual tax seminar and register online, visit the [EDD website](#).



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 1-916-651-7572. TTY users, please call the California Relay Service at 711.

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