

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).

A *newly hired* employee means any individual who has not been previously included on your payroll.

A *rehired* employee means any individual who was previously included on your payroll, left your employment, and was rehired after a separation of at least 60 consecutive days.

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

Any newly hired or rehired individual as defined above.

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 (service-recipient) that is required to file a federal *Nonemployee Compensation* (Form 1099-NEC) or *Miscellaneous Information* (Form 1099-MISC) for services performed by an independent contractor (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.

A *service-provider* means an individual/sole proprietor or single-member LLC who is not an employee of the service-recipient for California purposes and who receives compensation or executes a contract for services performed for that service-recipient either in or outside of California.

Who Must Be Reported

Any service-provider as defined above, who receives compensation or executes a contract for \$600 or more and receives a Form 1099-NEC or Form 1099-MISC for services performed.

When to Report

Information on independent contractors must be reported within 20 days of either making payments totaling \$600 or more for service performed or entering into a contract for \$600 or more for services performed, whichever is earlier. If the threshold is met, reporting is required only once in each 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](http://edd.ca.gov/e-Services_for_Business) (edd.ca.gov/e-Services_for_Business). Visit the website to choose the option best for you.
- File a [Report of New Employee\(s\) \(DE 34\) \(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de34.pdf) (edd.ca.gov/pdf_pub_ctr/de34.pdf).
- File a copy of the federal [Employee's Withholding Certificate \(Form W-4\) \(PDF\)](http://irs.gov) (irs.gov). You must add the employee's start-of-work date, your California EDD 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: 1-916-319-4400

Additional Information

For further assistance, please contact the Taxpayer Assistance Center at 1-888-745-3886 or visit the nearest Employment Tax Office listed in the [California Employer's Guide \(DE 44\) \(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de44.pdf) (edd.ca.gov/pdf_pub_ctr/de44.pdf) and on the [EDD](http://edd.ca.gov) (edd.ca.gov) website.

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 (if no contract, date payments equal or exceed \$600)
 - 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](http://edd.ca.gov/e-Services_for_Business) (edd.ca.gov/e-Services_for_Business). Visit the website to choose the option best for you.
- File a [Report of Independent Contractor\(s\) DE 542 \(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de542.pdf) (edd.ca.gov/pdf_pub_ctr/de542.pdf).

Where to Send Reports

Employment Development Department
PO Box 997350, MIC 96
Sacramento, CA 95899-7350
Fax: 1-916-319-4410

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 1-888-745-3886 (voice) or TTY 1-800-547-9565.

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.