

CALIFORNIA PAYROLL BASICS

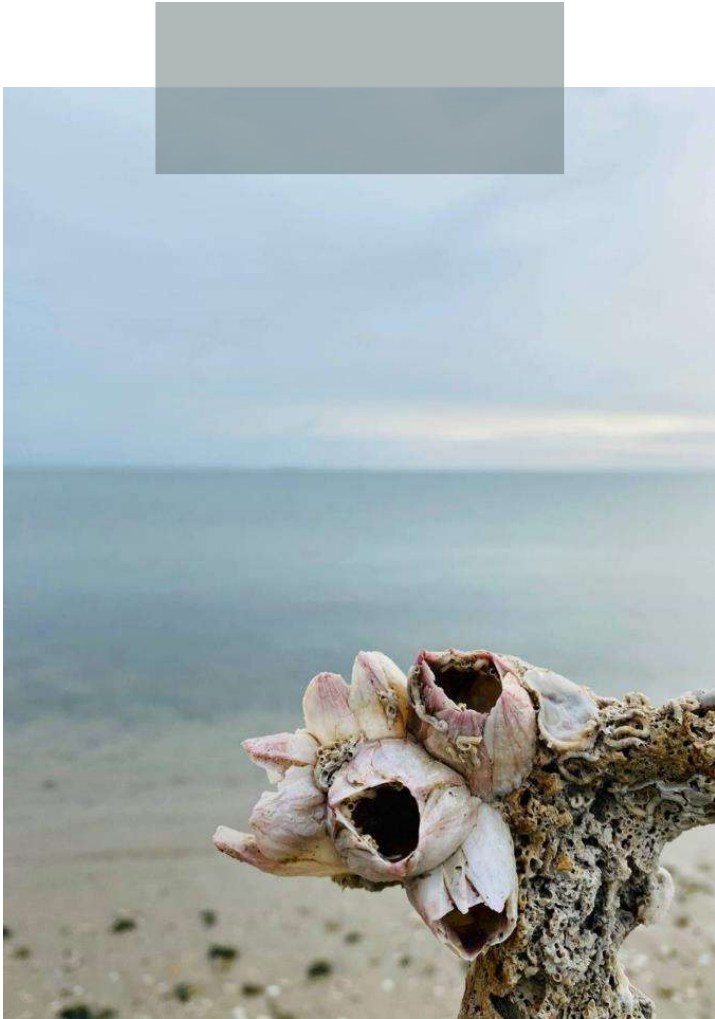
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AGENDA

- 2024 Updates/Changes
- Wage & Hour Topics
- Payment of Wages
- Taxes, Garnishments, and Reporting
- Resources
- Q & A





2024 UPDATES & CHANGES

HEALTH CARE MINIMUM WAGE DELAYED (AGAIN)

- Was to be effective ~~June 1st~~, ~~July 1st~~ & now ...
- **Delayed** until either:
 - October 15th (if receipts are 3% higher than projected July-Sept)
 - OR
 - 15 days after notification or 1/1/2025

Reference: [PAYO PayState Update, 7/12/24, page 16](#)

NEW LOCAL MINIMUM WAGE – WEST HOLLYWOOD

- Effective July 1st for hotel workers ONLY, \$19.61 per hour. Rate effective through 6/30/2025.
- Effective January 1st, 2025, \$19.08 per hour

2025 MINIMUM WAGE INCREASES

Effective January 1, 2025, state hourly minimum wage will rise to:

- **\$18.00 per hour** for employers with 26+ employees
- **\$17.00 per hour** for employers with 25 or less employees

A California initiative to raise the hourly minimum wage to \$18 per hour will appear on the November 5, 2024 general election ballot, the Secretary of State's office said.

LOS ANGELES COUNTY PASSES FAIR WORKWEEK LAW

Effective July 1, 2025, a fair workweek ordinance takes effect in LA county. City of LA already has similar law in effect.

- Covers retail industry employees working at least 2 hours in unincorporated LA county
- Provide work schedule notice at least 2 weeks (14 days) before start of work period

Reference: [PayState Update, June 10, 2024, page 2](#)

CA SUPREME COURT UPHELD RULING ON PROP 22

Proposition 22, a 2020 ballot measure, allowed ride-sharing companies to classify their drivers as gig workers (independent contractors).

Unions and ride-share contractors disputed. Over a year later, CA Supreme Court ruled that Prop 22 was constitutional.

Companies (Uber, Lyft, et al) can continue using the independent contractor model in California.

Reference: [Wall Street Journal, July 26, 2024](#)

SAFE & SECURE INNOVATION FOR FRONTIER ARTIFICIAL INTELLIGENCE SYSTEMS ACT

California SB-1047 has major implications for generative AI models. Final vote due by end of August.

Adds guardrails and requires mandatory 3rd-party audits for AI models above a certain cost level and computing power threshold.

- Developers must make safety determinations before training AI models
- Comply with various safety requirements, and
- Report AI safety incidents

On September 6, 2023, Governor Newsom signed Executive Order that emphasized the state's role in development of generative AI and the risks involved in this emerging technology.

Reference: [Morning Brew e-newsletter, August 2, 2024](#)



WAGE & HOUR TOPICS

WAGE & HOUR TOPICS

- Minimum Wage
- Overtime Pay
- Regular Rate of Pay
- Meal Periods
- Rest Periods/Breaks
- State White Collar Exemption Rules
- Child Labor Work Hour Restrictions
- Jury Duty
- Time Off to Vote
- Call-In Time & Predictive Scheduling Requirements

CALIFORNIA PAYROLL BASICS 2024



2024 CALIFORNIA MINIMUM WAGE CHANGES

State hourly minimum wage

\$16.00/hour

Effective April 1st

Fast Food Restaurant Workers minimum wage increased to:

\$20.00/hour

Effective TBD

Healthcare Facility workers minimum wage increased to:

- \$23.00/hour (large employers)
- \$18.00/hour (small employers)
- \$21.00/hour (clinics, skilled nursing facilities, all other health care employees)

NOTE: The State minimum wage may not be valid for everyone, so be sure to check local California jurisdictions.

2024 CALIFORNIA LOCAL MINIMUM WAGE CHANGES

CITY/COUNTY	EFFECTIVE JULY 1ST	CITY/COUNTY	EFFECTIVE JULY 1ST
Alameda	\$17.00	Los Angeles (county)	\$17.27
Berkeley	\$18.67	Malibu	\$17.27
Emeryville	\$19.36	Milpitas	\$17.70
Fremont	\$17.30	Pasadena	\$17.50
Long Beach	\$23.00 (hotel ee's, 100 rooms or more)	San Francisco	\$18.67 \$16.51 (government- supported er's)
Los Angeles (city)	\$17.28 \$20.32 (hotel ee's, 60 rooms or more)	Santa Monica	\$17.27 \$20.32 (hotel ee's)

Many local California jurisdictions increase their minimum wage rates on July 1st. Tip credits are prohibited.

OVERTIME PAY

After 8-hour day	1 ½ times regular rate
Hours > 12 in a day	Double time
After 40-hour week AND Up to 8 hours on 7 th consecutive day in a workweek	1 ½ times regular rate
➤ 8 hours on 7 th consecutive day in a workweek	Double time



NOTE: Exceptions apply to an employee working pursuant to an alternative workweek adopted under applicable Labor Code sections and for time spent commuting. Labor Code Section 510.

OVERTIME EXAMPLE

	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Hours Worked	10	12	9	13	15	8	9
Hours Worked To-Date	10	22	31	44	59	67	76
Regular Hours	8	8	8	8	8		
Regular Hours Worked To-Date	8	16	24	32	40	40	40
Overtime Hours	2	4	1	4	4	8	8
Double Overtime Hours				1	3		1

Total Regular Hours: 40

Total Overtime Hours: 31

Total Double Overtime Hours: 5



EXAMPLE OF CALCULATION DIFFERENCE

	California Calculation Method		FLSA Calculation Method	
Attendance bonus	$\$25/40 =$ (non-overtime hours)	\$0.63	$\$25/48 =$ (non-overtime hours)	\$0.52
Regular rate of pay	$\$16 + \$0.63 =$	\$16.63	$\$16 + \$0.52 =$	\$16.52
Overtime rate	$\$16.63 \times 1.5 =$	\$24.95	$\$16.52 \times 0.5 =$	\$8.26
Overtime work	$\$24.85 \times 8 =$	\$199.60	$\$8.26 \times 8 =$	\$66.08
Straight hourly pay	$\$16 \times 40 =$	\$640.00	$\$16 \times 48 =$	\$768
Attendance bonus	+	\$25.00	+	\$25.00
Total pay	=	\$864.60	=	\$859.08
Additional earnings due \$5.52				

MEAL PERIODS

- After 5 work hours per day – not less than 30 minutes.

Note – meal break must be taken no later than the end of an employee's fifth hour of work

- If work period is no more than 6 hours per day, may be waived by mutual consent of both employee and employer
- "On duty" meal period permitted ONLY if
 - agreed to in writing,
 - counted as time worked, and
 - the agreement is revocable at any time

NOTE: Check collective bargaining agreements

MEAL PERIODS

- **After 10 work hours in same day – additional 30 minutes**
 - may be waived by mutual agreement if employee works up to 12 hours per day and first meal period was not waived
- **Failure to provide** a meal period
 - Employer must pay **one additional hour** of regular rate of pay for each workday where meal period(s) are not provided
 - Missed meal payments are considered wage payments for purposes of wage statements & payment on termination requirements
 - Hour is NOT counted as hours worked for purposes of overtime calculation

NOTE: Check collective bargaining agreements

MEAL PERIODS

Hours on the Clock	Meal Breaks
0 – 5 hrs	0
5:01 – 10 hrs	1
10:01 – 15 hrs	2
15:01 – 20 hrs	3
20:01 –	4

REST PERIODS/BREAKS

Failure to provide a rest period of 10 minutes for every 4 hours worked:

- If not authorized or permitted, employer must pay **one additional hour** of regular rate of pay for each workday where rest period(s) are not provided
 - Missed rest break payments are considered wage payments for purposes of wage statements & payment on termination requirements
 - Hour is NOT counted as hours worked for purposes of overtime calculation

STATE WHITE COLLAR OVERTIME EXEMPTION RULES

- CA overtime rules are **more favorable** to the employee
 - U.S. Department of Labor/FLSA “White Collar” Overtime Exemption rules have little or no impact
 - Salary basis test, whichever is **more favorable** to the employee
 - Monthly salary equal to no less than 2 times CA minimum wage for full-time employment
~OR~
 - FLSA salary level (\$684/week, \$35,568/year)
 - CA salary level (\$5,546.67/month, \$66,560/year) for Executive, Professional, and Administrative
 - CA salary level for Computer-related (\$55.58/hour or \$9,649.96/month, \$115,763.35/year)
- CA duties test is **more protective** of employees than the federal “primary duty” test
- Determination of exemption for purposes of the California Wage Orders
- Employee must be **primarily engaged** in the duties to meet the exemption test (more than ½ the employee’s work time must be spent engaged in exempt work)

CHILD LABOR WORK HOUR RESTRICTIONS

Ages 14 & 15

School in session (must have completed 7th grade)

- 7:00 am to 7:00 pm
- 3 hours per school day, outside of school hours
- 8 hours on any non-school day
- 18 hours total per week



School not in session (June 1 through Labor Day)

- 7:00 am to 9:00 pm
- 8 hours per day
- 40 hours total per week



CHILD LABOR WORK HOUR RESTRICTIONS

Ages 16 & 17

School in session (must have completed 7th grade)

- 5:00 am to 10:00 pm (until 12:30 am preceding non-school day)
- 4 hours per day on any school day
- 8 hours on any non-school day or any day preceding a non-school day
- 48 hours total per week



School not in session

- 5:00 am to 12:30 am
- 8 hours per day
- 48 hours total per week



CIVIL & CRIMINAL PENALTIES AND FINES

Liable for **civil** penalties if:

- Failure to pay applicable minimum wage & overtime
- Failure to carry Workers' Compensation insurance
- Failure to provide written deduction statement
- Class A – underage employment in hazardous occupations
 - \$5,000 - \$10,000 penalty for EACH and EVERY violation
- Class B – affect on health, safety and security of minor
 - \$500 - \$1,000 penalty for EACH and EVERY violation



Liable for **criminal** penalties:

- Misdemeanor conviction punishable by:
 - Fine ranging up to \$10,000
 - Jail confinement up to 6 months
 - Or **BOTH**



JURY DUTY PAY

- Employer may **not discharge, discriminate, or retaliate** against employee for taking time off to serve on inquest or trial jury
- Employee must give **reasonable advance** notice to employer
- Pay **NOT** required, but employee can use PTO to serve (CBA may differ)



TIME OFF TO VOTE

- Employee must have **sufficient time** to vote outside of normal work hours for national or statewide elections (CA polling times are 7:00 a.m. to 8:00 p.m.)
- Employee must provide **advance notice** of at least 2 working days
- Employers can require time off be taken only at the **beginning or end** of employee's shift
- Employer can deduct for time off **after 2 hours** (up to 2 hours is paid time)



CALL-IN TIME & PREDICTIVE SCHEDULING REQUIREMENTS



What if a non-exempt employee reports for work but is sent home?

- Must be paid for **half the usual or scheduled day's work**
- **Cannot be less than 2 hours** nor more than 4 hours' pay at the employee's regular rate of pay
- Second time in one workday with less than 2 hours of work, then must be paid for 2 hours at regular rate of pay

What if a non-exempt employee works a split shift?

- **1 hour of pay at minimum wage MUST be paid in addition to minimum wage for workday (except when employee lives at place of employment)**

NOTE: Cities of Berkeley, Emeryville, Los Angeles (city), San Francisco and San Jose also have call-in time and predictive scheduling requirements. **Los Angeles County to be effective July 1, 2025.**



PAYMENT OF WAGES

PAYMENT OF WAGES

- Pay Frequency Requirements
- Wage Payment Methods
- Pay Statement Requirements
- Electronic Pay Statement Requirements
- Deductions from Pay
- Supplemental Wages
- Terminated Employees
- Direct Deposit
- Vacation Pay



PAY FREQUENCY REQUIREMENTS FOR PRIVATE EMPLOYERS

- Minimum Frequency
 - **Semi-monthly** for non-exempt employees*
 - **Monthly** for FLSA exempt employees
- Lag Time Before Pay
 - **Semi-monthly**
 - by 26th of month for wages earned 1st-15th of month
 - by 10th of following month for wages earned 16th-31st of month
 - **Monthly** – by 26th of month for entire month
 - **Weekly or Bi-Weekly** – within 7 calendar days after end of pay period



WAGE PAYMENT METHODS

- “**Without discount**” – employee must be able to obtain all monies without incurring bank or transaction fees (CA Labor Code 212)
- Payment **within 7 days** of close of payroll period
- Cash, check or other negotiable instrument payable in full **on demand**
 - If drawn on a bank, must be negotiable at any **branch**
 - Financial institution must be **located conveniently** for employee
 - Payroll **cards** (‘convenience’ checks meet requirements of paycheck)

PAY STATEMENT REQUIREMENTS

- Gross & net wages
- All applicable hourly rates in effect during pay period
- Overtime paid on lag (shown separately along with pay period start and end dates)
- # of hours worked at each hourly rate
- # Piece-rate units earned & applicable piece rate
- Deductions
- Pay period dates (inclusive)
- Employee's name
- Last 4 digits of employee's SSN or existing employee ID # (other than SSN)
- Employer's name & address
- Amount of paid sick leave (or PTO) available for use (or provided separately in writing delivered on pay day)

ELECTRONIC PAY STATEMENT REQUIREMENTS

- Employee must have **option** of receiving via non-electronic form (voluntary)
- Web sites (Internet or Intranet):
 - Must be a **secure** site with industry standard security (PIN #'s, firewalls, and encryption technology)
 - Must be available **24/7** (except for occasional maintenance downtime)
 - Must have secure **printer access** at work
 - Available during reasonable hours
 - Able to print statement at no cost
 - Must have electronic availability of statement for at least **3 years**

PERMITTED DEDUCTIONS FROM PAY

- Required by state or federal law
- Authorized in writing by employee
- Authorized by CBA (collective bargaining agreement)
- For tardiness (minimum of 30 minutes up to proportional to time lost)
- For cost of employer-provided uniforms or equipment NOT returned

PROHIBITED DEDUCTIONS FROM PAY

- Cost of preemployment medical or physical exam taken as condition of employment OR required by law
- Credit card processing fees or charges from tips charged to a credit card
- Cash shortage, breakage, or loss of equipment unless dishonest or willful act or gross negligence
- Excess advances for commission
- Cost of emigrating or transporting an employee to U.S.

DEDUCTIONS FROM PAY

- Obtain **written** authorization from employee for all voluntary deductions
- Pay Corrections/Adjustments
 - Additions**
 - Required for straight time pay (up to scheduled work hours)
 - Overtime **can** be paid retroactively
 - Reductions**
 - Obtain written authorization from employee

SUPPLEMENTAL WAGES

- If paid **with regular wages, REQUIRED** to compute CA PIT withholding on the total using PIT withholding schedules.
- If paid **separately (not at same time)**, *either* option below can be used:
 - Compute amount of PIT based on combined regular and supplemental wages using DE4.
Subtract PIT withheld from regular wages.
Withhold difference in PIT from supplemental wages.

OR

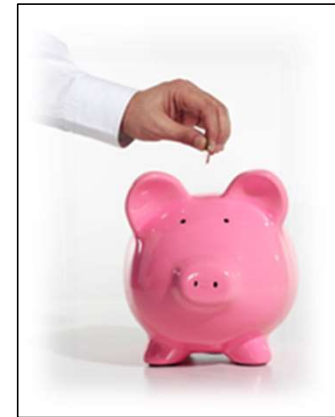
- Withhold PIT at applicable supplemental rate
 - flat **6.6%** rate (all supplemental wages except bonuses and stock options)
 - flat **10.23%** for bonuses and nonqualified stock option exercises (including SAR's and restricted stock grants)

TERMINATED EMPLOYEES

- **Involuntary** Terminations
 - Timing -- pay all wages due **immediately** at place of discharge (or by direct deposit if normally paid by that method, with employee authorization)
 - Layoffs, seasonal and oil drilling employees – special rules apply
- **Voluntary** Terminations
 - Timing – within 72 hours of time or notice of termination (or immediately if 72 hours' notice of voluntary termination is given)
 - No notice given, pay by mail if requested (mail date is payment date)
 - Direct deposit may be used for employees normally paid by that method, with employee authorization
- **Vacation** Pay at termination
 - Pay for accrued and unused vacation or PTO at final rate of pay on the date of separation

DIRECT DEPOSIT

- Employee must:
 - **Authorize** program
 - **Choose** financial institution
 - **Not incur** added fees as a result of participating
- Requirements also apply to payroll cards
- No specific provision in CA Labor Code, however, **"without discount"** applies to all wage payments



VACATION PAY



- Vacation pay **vests** as it is earned, just like normal wages ("vests" means the employee is invested or endowed with rights in the wages)
- Vacation carryover of all unused vacation is **legally required** (company policy may "cap" the total hours accrued)
- Accordingly, a policy that provides for the forfeiture of vacation pay not used by a specified date ("**use it or lose it**") is an **illegal** policy under California law and will not be recognized by the Labor Commissioner.



TAXES, GARNISHMENTS & REPORTING

WHEN ARE WAGES TAXABLE IN CALIFORNIA?

- **Determine state of residency**
 - Domiciled in the state (true, fixed, permanent home)
 - Not temporary or transitory purpose
 - A person working on a contractual foreign assignment and in CA for no more than 45 days in consecutive 18-month period
- **Residents** – withholding on services performed out-of-state
 - If **both** states **tax** state income, withhold based on work state first
 - Determine **difference** between work state and CA taxation
 - If SIT **equal or exceeding** CA withholding, do not withhold CA PIT
 - If SIT **less**, then withhold the difference as CA PIT
 - If **only CA** taxes state income, withhold CA PIT

WHEN ARE WAGES TAXABLE IN CALIFORNIA?

- **Non-residents** – withholding on services performed in-state
 - Only wages earned in CA are subject to PIT withholding
 - Portion of total number of working days in CA compared to total number of working days in both CA & other state(s).
 - Employer has nexus in California
- **Form DE 4**, *Employee's Withholding Allowance Certificate*
- **Reciprocity** – none exists
- **Report** all PIT wages and taxes withheld on **Form DE 9 / DE 9C**, *Quarterly Contribution Return and Report of Wages (Continuation)* and Form W-2
- **Submit** PIT tax deposits on **Form DE 88**, *Payroll Tax Deposit*, electronic and paper filing

SUBJECT WAGES

- Subject wages are used to determine the amount of SDI, UI or PFL benefits a claimant should receive.
- Subject wages are **ALL** wages received:
 - Unless specific exclusions under the California Unemployment Insurance Code (CUIC)
 - Regardless of UI taxable wage limits

PERSONAL INCOME TAX (PIT) WAGES

- PIT wages are **cash and noncash** payments subject to state income tax
 - PIT withholding is based on the amount of wages paid, # of withholding allowances claimed, and the payroll period
 - Form DE 4 **MUST** be used to calculate PIT
 - If no form on file or invalid, default is **Single and zero** withholding allowances
 - If **Exempt** written on Line 1, exemption is good for a year. New form required no later than February 15 of following year.
- Reported on **individual's CA income tax return**
- Reported on **Form W-2, Box 16** (state wages, tips, etc.), **Box 17** (state income tax)
- Reported quarterly on **Form DE 9C, Item G**

DIFFERENCES BETWEEN SUBJECT WAGES & PIT WAGES

Employee salary reduction contributions to a qualified retirement or pension plan as defined in IRC §401(k):

- Reportable/includable as Subject Wages
- Excluded/not reportable for PIT Wages
- Information Sheet: Types of Payments (DE 231TP)

Wages paid to **family employees** (certain situations for a child under age 18) and **church employees**:

- Excluded for Subject Wages
- Reportable for PIT Wages
- Information Sheet: Types of Employment (**DE 231TE**)

DIFFERENCES BETWEEN SUBJECT WAGES & PIT WAGES

California does NOT conform to the IRC for:

- Adoption Assistance (§137) – subject to SUI and SDI, not subject to PIT or FIT
- Deceased Employee Wages paid after date of death to survivor or estate – subject to UI and SDI, not subject to PIT or FIT in year of death
- Health Savings Account (HSA) (§106(d)) – not excluded from income or employment taxes.
- Qualified Moving Expenses (§132 and §217) – excluded from income or employment taxes.– payments and reimbursements are preserved as a fringe benefit not subject to PIT;

NOTE: nonqualified expenses are subject to PIT, SDI & SUI.

DIFFERENCES BETWEEN SUBJECT WAGES & PIT WAGES

California does NOT conform to the IRC for:

- Cash Out Accrued Vacation/Sick/Holiday pay upon termination – not subject to UI or SDI, subject to PIT
- Personal Use of Company Cars – subject to PIT, employers can't elect "out of" withholding like FIT allows
- Wages of service member's spouse who relocates to be with their spouse at assigned California military location – subject to UI and SDI, not subject to PIT (if Form DE 4 filed)

UNEMPLOYMENT INSURANCE (UI)

- Who pays? **Employer**
- 2024 Taxable Wage Base **\$7,000** per employee, per year
- New Employer Rate **3.4%** (period of 2-3 years)
- Experienced Employer Rate **varies** based on each employer's experience and the condition of the UI fund (range is 1.5% - 6.2%)
- 2024 maximum weekly benefit award **\$450**

EMPLOYMENT TRAINING TAX (ETT)

- Who pays? **Employer**
- ETT rate is **0.1% (.001)** of the first \$7,000 per employee, per year
- Maximum tax is **\$7 per employee** per year ($\$7,000 \times .001$)

RECORDKEEPING REQUIREMENTS

- For each worker and each payroll period
 - Name
 - SSN
 - Status
 - Wages Paid
 - Date of Hire, Rehire, Etc.
- Minimum retention period is 4 years

STATE DISABILITY INSURANCE (SDI)

- **State-mandated** SDI Program, funded through **MANDATORY** employee payroll deductions for MOST California workers
- SDI Tax Rate includes Disability Insurance (DI) and Paid Family Leave (PFL)
- 2024 Wage Base – **ALL subject wages** per employee, per calendar year
- Employee Contributions – **1.1% (.011)**
- Employer Contributions – **none** required
- Report on **Form W-2, Box 19** (local income tax) OR **Box 14** as **CASDI**

PAID FAMILY LEAVE (PFL)

- Effective January 1, 2004
- PFL is a **payroll withholding** from employee wages that provides disability compensation to individuals who take time off from work to:
 - Care for a seriously ill child, spouse, parent, or registered domestic partner or
 - Bond with a new child. (Publication DE 2511)
- PFL is **part of the SDI program** and workers who are covered by SDI also will be covered by this benefit.



GARNISHMENTS - CHILD SUPPORT

- Notify employee **within 10 days** after receiving Title IV-D IWO (provide copy of form OMB 0970-0154 or Form FL-450)
- If Non-IV-D IWO (private IWO) is received, **send copy** to CA SDU by mail, eFax or fax.
 - CA SDU will provide case number for payment processing, case number must be included with each payment
- Start withholding **no later than the 1st pay period occurring 10 days** after receipt of the IWO
- Send **payment** (both IV-D & Non-IV-D) **within 7 business days** after payday to CA SDU.

GARNISHMENTS - CHILD SUPPORT

- Effective 5/31/2012 – If the employer receives a document to withhold income that is not issued on the OMB-approved IWO form as required by federal law (known in California as FL-195) then the employer must reject the document and return it to the sender

GARNISHMENTS - CHILD SUPPORT

- Administrative fee **\$1.50 per payment** maximum per IWO
- Maximum withholding amount (with fee) is **50%** of net disposable income
- Send **termination** notice asap (by next payment due date)
- **Uniform Interstate Family Support Act (UIFSA)** applies – comply with out-of-state orders
- Child support orders have **priority** over any earnings withholding order (except IRS tax lien when served **PRIOR** to child support order)
- Disposable income follows federal EXCEPT for **reduction** of mandatory union dues

GARNISHMENTS - CHILD SUPPORT

- Multiple orders
 - With multiple orders, you are still limited to **50% maximum** withholding on net disposable income
 - Determine **priority**:
 - Add amount of support due for each assignment
 - Prorate payment **first to current** support assignments based on ratio of assignment to total current support owed
 - **Second**, prorate remainder to any **arrearages** (in same proportion to total arrearages owed)

GARNISHMENTS - CREDITOR

- Follows [Consumer Credit Protection Act \(CCPA\)](#)
- [Sick Pay](#) and [Vacation Pay](#) are considered earnings
- Start withholding [within 10 days](#) after receipt of order
- Send [payment within 10 business days](#) after payday
- Administrative fee [\\$1.50 per payment](#) maximum (can't exceed CCPA limit when combined with garnishment deduction)

GARNISHMENTS - CREDITOR

- Garnishment is in effect **until** paid or released (continuous).
- Priority of **multiple orders** – comply only with 1st order issued. Subsequent order(s) ineffective.
- Maximum withholding amounts (with fee):
 - lesser of **20%** of disposable earnings **OR**
 - **40%** of amount by which disposable earnings for the week exceeds **48 times** state minimum wage hourly wage in effect at the time the earnings are payable - **\$768.00** (\$16.00 as of 1/1/2024)
 - **NOTE:** If local minimum wage is greater than state minimum wage, use local minimum wage for calculation.

POSTING & NOTICE REQUIREMENTS

EARNED INCOME TAX CREDIT NOTIFICATION

Effective January 1, 2015, all CA employers are required to notify all employees of California EITC.

- Notification required within ONE week before, at the same time, or after employer provides Form W-2 or Form 1099-NEC. **A second notice must be given in March.**
- Notification must be:
 - Handed directly to employee OR
 - Mailed to last known address
- Sample notice wording in CA EDD website, also contains FAQ's on EITC

POSTING & NOTICE REQUIREMENTS

In a **prominent location** easily seen by your employees, if subject:

- *Notice to Employees* (DE 1857A) – UI, DI and PFL
- *Notice to Employees – Unemployment Insurance Benefits* (DE 1857D) – UI only
- *Notice to Employees* (DE 1858) – DI and PFL only

Directly to employees when appropriate:

- Pamphlets that explain employees' benefits rights.
 - *For Your Benefit – California's Programs for the Unemployed* (DE 2320) – information on UI, DI, PFL and Workforce Service benefits
 - *State Disability Insurance Provisions* (DE 2515) – outlines SDI program.
 - *Paid Family Leave* (DE 2511) – outlines PFL benefits.

POSTING & NOTICE REQUIREMENTS

- **Notice to Employee as to Change in Relationship** (along with DE 2320) - written notice to employees of:
 - discharge
 - layoff
 - leave of absence or
 - change in employment status
- **Notice of Plant Closure or Mass Layoff (WARN Act)**
 - Post DE 1857A
 - Provide DE 2320, DE 2511 and DE 2515 to each employee.
 - NOTE: If voluntary quit, promotion or demotion, change in work assignment or location or if work stopped due to a trade dispute, no written notice is required.

STATE REQUIRED REPORTING

California Deposit Requirements				
If Your Federal Deposit Schedule/ Requirement Is ¹	And You Have Accumulated State PIT Withholding Of	If Pay Date Is	PIT and SDI Deposit Due by ²	California Deposit Schedule box to indicate on the DE 88
Next-Day	Less than \$350	Any payday	Quarterly ³	Quarterly
	\$350 to \$500	Any payday	15th of the following month	Monthly
	More than \$500	Any payday	Next-Day	Next-Day
Semi-weekly	Less than \$350	Any payday	Quarterly ³	Quarterly
	\$350 to \$500	Any payday	15th of the following month	Monthly
	More than \$500	Wed., Thurs., or Fri.	Following Wednesday ⁷	Semi-weekly
	More than \$500	Sat., Sun., Mon., or Tues.	Following Friday ⁷	Semi-weekly
Monthly	Less than \$350	Any payday	Quarterly ³	Quarterly
	\$350 or more	Any payday	15th of the following month	Monthly
Quarterly ^{4,5} or Annually ⁶	Less than \$350	Any payday	April 30, 2024 July 31, 2024 October 31, 2024 January 31, 2025	Quarterly
	\$350 or more	Any payday	15th of the following month	Monthly

STATE REQUIRED REPORTING

DUE DATES FOR QUARTERLY TAX DEPOSITS - EFT

2024 Quarterly Payment Table

Reporting Period	Taxes Due	Last Timely Date (initiate on or before)	Timely Settlement Date
January, February, March	April 1, 2024	April 30, 2024	May 1, 2024
April, May, June	July 1, 2024	July 31, 2024	August 1, 2024
July, August, September	October 1, 2024	October 31, 2024	November 1, 2024
October, November, December	January 1, 2025	January 31, 2025	February 3, 2025

STATE REQUIRED REPORTING

2024 Forms and Due Dates			
Form	Name	Due	
DE 1	<i>Commercial Employer Account Registration and Update Form</i> (If you are not a commercial employer, refer to page 7.)	Within 15 calendar days after paying more than \$100 in wages during any calendar quarter.	
DE 34	<i>Report of New Employee(s)</i>	Within 20 days of start-of-work date for new or rehired employees.	
DE 542	<i>Report of Independent Contractor(s)</i>	Within 20 days of paying an independent contractor \$600 or more or entering into a contract for \$600 or more, whichever is earlier.	
Report	Quarter	Due	Delinquent if Not Filed By ¹
DE 9/DE 9C	1 st (January, February, March)	April 1, 2024	April 30, 2024
DE 9/DE 9C	2 nd (April, May, June)	July 1, 2024	July 31, 2024
DE 9/DE 9C	3 rd (July, August, September)	October 1, 2024	October 31, 2024
DE 9/DE 9C	4 th (October, November, December)	January 1, 2025	January 31, 2025

STATE REQUIRED REPORTING

REPORT OF NEW EMPLOYEES (DE 34) – MULTI-STATE

Multi-state employers can choose to file to only **one** work state

- Employer must have employees in 2+ states
 - Look for a state with minimum reporting requirements
 - Notify in writing or online, Multistate Employer Notification
- Electronic submission ONLY
- **Notify federal Office of Child Support Services**
(acf.hhs.gov/programs/css/resource/ocse-multistate-employer-registration-contacts)

REPORTING - OTHER

MULTIPLE WORKSITE REPORTING (MWR)

Mandatory, filed quarterly (BLS 3020)

- Use one UI account
- Has more than 1 location in the state, and
- Secondary locations in state have more than 10 employees combined
- Web-reporting available for MWR, BLS 3020, <https://idcf.bls.gov>

If more than 50 worksite locations or multi-state, centralized reporting is available.

- www.bls.gov/cew/cewmwr02.htm

REPORTING - OTHER

CURRENT EMPLOYMENT STATISTICS (CES) REPORTING

What is it?

- Conducted by U.S. Bureau of Labor Statistics (BLS)
- Non-farm establishment payroll survey
- Statistics are monthly estimates of employment, hours and earnings for USA, states and major metropolitan areas

Is the survey mandatory or voluntary?

- In most states, **voluntary**. Required by state law in North Carolina, South Carolina, Oregon and the State of Washington



RESOURCES

RESOURCES – STATE OF CALIFORNIA

E-SERVICES FOR BUSINESS (edd.ca.gov/eServices)

- Register, close or re-open employer payroll tax account
- Manage employer payroll tax account
 - Update addresses & report changes to business
 - File, adjust & print tax returns & wage reports
 - Make payments
 - View notices & letters
- Protest UI benefit charges or UI rates
- Authorize Power of Attorney
- Report new hires (DE 34) or independent contractors (DE 542)



RESOURCES – STATE OF CALIFORNIA

Additional online:

- Business tutorials
- Business User Guide (DE 160)
- FAQs (edd.ca.gov/payroll_taxes/faqs.htm)
- Ask EDD (askedd.edd.ca.gov)
- Tax professionals (edd.ca.gov/payroll_taxes/tax_practitioners.htm)



RESOURCES – STATE OF CALIFORNIA

NO-COST SEMINARS

EDD offers:

- State payroll tax reporting requirements & recordkeeping
- Federal and State Basic Payroll Tax Seminar
- State Labor Law & Payroll Tax Seminar
- Employment Status Tax Seminar

EDD/IRS offers:

- Federal and state payroll reporting and withholding requirements
- Difference between employees and independent contractors & the importance of proper worker classification

RESOURCES – STATE OF CALIFORNIA

NO-COST SEMINARS

EDD/Department of Industrial Relations' Division of Labor Standards Enforcement offers:

- Wage and hour laws & regulations
- Employer and employee rights & responsibilities
- Recordkeeping, reporting, and posting requirements

Register online at
edd.ca.gov/payroll_tax_seminars.

RESOURCES – STATE OF CALIFORNIA

CALIFORNIA CHILD SUPPORT SERVICES

[DCSS.CA.GOV](https://dcss.ca.gov)

- CA Child Support Services – 1.866.901.3212 (toll-free)
- ExpertPay – 1.800.403.0879
- California Employer Resource Center childsupport.ca.gov, click on Employer tab
- California Child Support, A Guide for Business – Employer’s Handbook
 - New Hire Reporting
 - Processing Income Withholding Orders (IV-D and non IV-D)
 - Remitting Payments
 - National Medical Support Notice (NMSN)
 - Terminology and FAQ’s

RESOURCES – STATE OF CALIFORNIA

DEPARTMENT OF INDUSTRIAL RELATIONS

DIR.CA.GOV

- Wages & Hours (minimum wage, FAQ's)
- Cal/OSHA
- Division of Workers' Compensation

RESOURCES – GENERAL

- California Payroll Guide by Valerie Alexander, [wolterskluwer.com](https://www.wolterskluwer.com)
- Wage and Hour Manual for California Employers by Richard J. Simmons, [castlepublications.com](https://www.castlepublications.com)
- PAYO's Guide to State Payroll Laws
- PAYO's Guide to Federal and State Garnishment Laws
- PAYO's Guide to Federal and State Wage & Hour Laws
- PAYO's The Payroll Source
- PAYO's PayState Update subscription (state & local payroll compliance news)
- PAYO's Payroll Currently

RESOURCES – GENERAL

PayrollOrg (PAYO)

[PAYROLL.ORG](https://payroll.org)

- Local Chapters
- Payroll Community (Ask An Expert)
- Webinars, seminars & conferences
 - Payroll Mid-Year Compliance Update
 - Payroll Issues for Multi-State Employers
 - Preparing for Year-End and 2025
 - And much more...



QUESTIONS?



THANK YOU

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