

E-file and E-pay Mandate for Employers (Assembly Bill 1245)

New state law mandates electronic submission of tax returns, wage reports, and payroll tax deposits for all employers.

Beginning January 1, 2017, employers with 10 or more employees will be required to electronically submit employment tax returns, wage reports, and payroll tax deposits to the Employment Development Department (EDD). All remaining employers will be subject to this requirement beginning January 1, 2018. Any employer required under existing law to electronically submit wage reports and/or electronic funds transfer to the EDD will remain subject to those requirements. For more information, visit [FAQs – E-file and E-pay Mandate for Employers](#).

Benefits of Electronic Filing and Payments

- Increases data accuracy.
- Protects data through encryption, which is safer and more secure than paper forms.
- Reduces paper and mailing costs.
- Eliminates lost mail.
- Faster processing of returns and payments.

File and Pay Electronically with e-Services for Business

Employers can use [e-Services for Business](#) to comply with the e-file and e-pay mandate. e-Services for Business is a **fast, easy, and secure** way to manage your employer payroll tax accounts online. With e-Services for Business, you can:

- Register for an employer payroll tax account number.
- File returns and reports.
- Make payroll tax deposits and pay other liabilities.
- View and update account information.
- And more!

Waiver

This mandate contains a waiver provision for employers who are unable to electronically submit employment tax returns, wage reports, and payroll tax deposits.

The EDD will accept waiver requests from employers beginning July 2016. To request a waiver, employers must complete and submit the *E-file and E-pay Mandate Waiver Request* (DE 1245W).

Here are the ways to obtain a DE 1245W:

- Download the [DE 1245W](#) from the EDD website.
- Contact the Taxpayer Assistance Center at 888-745-3886.

- Visit the nearest [Employment Tax Office](#).

Waiver requests can be submitted by mail or fax to:

Mail:

Employment Development Department
 Document and Information Management Center
 PO Box 989779
 West Sacramento, CA 95798-9779

Fax: 916-255-1181

Employers will be notified by mail if their waiver is approved or denied. An approved waiver will be valid for one year. Upon the expiration of the approval period, an employer must start to electronically file and pay, or submit a new waiver request to avoid a non-compliance penalty.

Penalties for Not Complying with the E-file and E-pay Mandate

Penalties will incur for non-compliance of this mandate. To avoid the penalties below, enroll in [e-Services for Business](#).

Penalties for Not Electronically Filing or Paying		
Type	Forms	Penalty
Tax Returns	DE 9 – <i>Quarterly Contribution Return and Report of Wages</i> DE 3HW – <i>Employer of Household Worker(s) Annual Payroll Tax Return</i> DE 3D – <i>Quarterly Contribution Return</i>	\$50 per return
Wage Reports	DE 9C – <i>Quarterly Contribution Return and Report of Wages (Continuation)</i> DE 3BHW – <i>Employer of Household Worker(s) Quarterly Report of Wages and Withholdings</i>	\$20 per wage item
Payments	DE 88 – <i>Payroll Tax Deposit</i>	15% of amount due

Additional Resources

- *Tip Card: Mandatory E-file and E-pay for all Employers (DE 536)*
- *FAQs – E-file and E-pay Mandate for Employers*
- *Information Sheet: E-file and E-pay Mandate for Employers (DE 231EM)*

Other Electronic Filing and Payment Options

The following options also fulfill the e-file and e-pay mandate:

- [Federal/State Employment Taxes \(FSET\) – Bulk Transmissions](#)
- [Electronic Funds Transfer \(EFT\)](#)
- [State Data Collector](#)
- [Automated Clearing House \(ACH\) Credit](#)