Reporting New Employees And Independent Contractors

Insights
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There has long been a requirement for California employers, and out-of-state employers with employees in California, to report the hiring of new employees working in California to the California Employment Development Department's (EDD) New Employee registry. These reporting requirements were designed to assist the state in locating parents who are delinquent in their child support payments and to assist in the early detection and recovery of Unemployment Insurance benefit overpayments.

There will be a slight change to employers' reporting requirements beginning in 2013. The change specifies that individuals who are rehired by an employer after 60 days or more absence are to be considered as new hires and reported in the same way as individuals who have never worked for the business.

The Context

California employers have long been required to notify the EDD of newly hired employees within 20 days of their start date. This report can be made either: 1) online at the EDD's website; 2) by means of the Report of New Employee(s) form (DE 34); or 3) by submitting a copy of the employee's Form W-4 (including the employer account number and the date the employee began work). Paper reports are to be sent to Employment Development Department, P.O. Box 997016, MIC 96, West Sacramento, CA 95799-7016. These reports can also be submitted by facsimile to: 916 319-4400.

There has also been a long-standing requirement to report the hiring of independent contractors. Any business that is required to file federal Form 1099-MISC for services performed by an independent contractor must report the hiring of independent contractors. This requirement does not include the engagement of an independent contractor who is a corporation, general partnership, limited liability partnership, or limited liability company.

Independent contractor information must be reported 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 this threshold is met the hiring entity is required to report in each calendar year but only once in each calendar year.

For More Information

Additional specific details relating to these reporting requirements can be found here. Again, with

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the exception of the requirement of reporting rehired employees, these provisions are not new, but we want to remind clients of their continuing obligations.

To discuss how this requirement or others might affect your business in the new year, contact any attorney in one of our California offices.

Irvine: (949) 851-2424
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