

Letter ID:
Issued Date: October 13, 2011
Account ID:

All employers are required to report new hires to the Employment Development Department (EDD) for the New Employee Registry (NER) Program. In addition, any business or government entity required by law to file a federal Form 1099-MISC for services performed by an Independent Contractor (IC) is required to report the IC information to EDD.

The NER and IC programs are confidential systems that receive information on all new hires and rehires of all employees and ICs in the State. This information is used by state and federal agencies to locate parents who are delinquent in their child support payments and to establish, modify, or enforce child support obligations. The NER information is also used to aid in reducing Unemployment Insurance (UI) benefit overpayments by allowing ineligible UI claimants to be detected more quickly.

As an employer, you play a vital role in the success of both the NER and IC programs. Both programs have contributed to significant increases in child support collections and reductions in welfare payments, Medicaid, food stamps, and UI claims. All California employers are required to report their new hires to EDD within twenty (20) days of the start-of-work date of the employee. The IC law requires that the information also be reported to EDD within twenty (20) days of either entering into a contract with an IC, which equals or exceeds \$600, or if there is no contract, when the aggregate payments to an IC equals or exceeds \$600.

Employers may report new employee hiring information using the following methods:

1. Report the information on the Internet by accessing www.edd.ca.gov, click on the Payroll Taxes Tab, and then on the e-Services Quick Link, or
2. Report the information on CD-ROM, or
3. Complete a *Report of New Employee(s)* (DE 34) or use your own alternate equivalent form and mail it to:

Employment Development Department
P.O. Box 997016
Document Management Group, MIC 96
West Sacramento, CA 95799-7016

Federal law (42 USC 653 A(b)(1)(B)) requires multi-state employers, who elect to file employees in one state, to file by Internet or CD-ROM.

Employers may report independent contractor hiring information using the following methods:

1. Report the information on the Internet by accessing www.edd.ca.gov, click on the Payroll Taxes Tab, and then on the e-Services Quick Link, or
2. Report the information on CD-ROM, or
3. Complete a *Report of Independent Contractor(s)* (DE 542) and mail it to:


Employment Development Department
P.O. Box 997350
MIC 96
Sacramento, CA 95899-7350

For more information on the NER and IC programs, refer to the reverse of the enclosed forms or the *California Employer's Guide* (DE 44). The EDD encourages employers to file their reports on the Internet or by CD-ROM to reduce processing costs.

We understand and appreciate the efforts of the business community in making these programs successful. Working together, we can ensure that children receive the financial support they deserve.

If you have any questions or need assistance regarding internet or CD-ROM reporting, please call (916) 651-6945. For all other questions, please call (916) 657-0529 or (888) 745-3886.

Sincerely,



JACK BUDMARK
Deputy Director
Tax Branch

Enclosure(s)



REPORT OF INDEPENDENT CONTRACTOR(S)



05420101



See detailed instructions on reverse side. Please type or print.

SERVICE-RECIPIENT (BUSINESS OR GOVERNMENT ENTITY):

DATE FEDERAL ID NO. CA EMPLOYER ACCOUNT NO. SOCIAL SECURITY NO.

SERVICE-RECIPIENT NAME / BUSINESS NAME CONTACT PERSON

ADDRESS TELEPHONE NO.

CITY STATE ZIP

SERVICE-PROVIDER (INDEPENDENT CONTRACTOR):

FIRST NAME MI LAST NAME SOCIAL SECURITY NO. STREET NO. STREET NAME UNIT/APT

CITY STATE ZIP

START DATE OF CONTRACT AMOUNT OF CONTRACT CONTRACT EXPIRATION DATE CHECK HERE IF CONTRACT IS ONGOING

M M D D Y Y

M M D D Y Y

FIRST NAME MI LAST NAME SOCIAL SECURITY NO. STREET NO. STREET NAME UNIT/APT

CITY STATE ZIP

START DATE OF CONTRACT AMOUNT OF CONTRACT CONTRACT EXPIRATION DATE CHECK HERE IF CONTRACT IS ONGOING

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FIRST NAME MI LAST NAME SOCIAL SECURITY NO. STREET NO. STREET NAME UNIT/APT

CITY STATE ZIP

START DATE OF CONTRACT AMOUNT OF CONTRACT CONTRACT EXPIRATION DATE CHECK HERE IF CONTRACT IS ONGOING

M M D D Y Y

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Fast, Easy, and Convenient! Visit EDD's Web site at www.edd.ca.gov



DE 542 Rev. 5 (1-11)

MAIL TO: Employment Development Department • P.O. Box 997350, MIC 96 • Sacramento, CA 95899-7350 or Fax to (916) 319-4410

INSTRUCTIONS FOR COMPLETING THE REPORT OF INDEPENDENT CONTRACTOR(S)

WHO MUST REPORT:

Any business or government entity (defined as a "Service-Recipient") that is required to file a federal Form 1099-MISC for service performed by an independent contractor (defined as a "Service-Provider") must report. You must report to the Employment Development Department within twenty (20) days of EITHER making payments of \$600 or more OR entering into a contract for \$600 or more with an independent contractor in any calendar year, whichever is earlier. This information is used to assist state and county agencies in locating parents who are delinquent in their child support obligations.

An independent contractor is further defined as an individual who is not an employee of the business or government entity for California purposes and who receives compensation or executes a contract for services performed for that business or government entity either in or outside of California. For further clarification, request Information Sheet: *Employment Work Status Determination* (DE 231ES). See below for information on how to obtain additional forms.

YOU ARE REQUIRED TO PROVIDE THE FOLLOWING INFORMATION THAT APPLIES:

Service-Recipient (Business or Government Entity):

- Federal employer identification number
- California employer account number
- Social security number
- Service-recipient name/business name, address, and telephone number

Service-Provider (Independent Contractor):

- First name, middle initial, and last name
- Social security number
- Address
- Start date of contract (if no contract, date payments equal \$600 or more)
- Amount of contract including cents (if applicable)
- Contract expiration date (if applicable)
- Ongoing contract (check box if applicable)

HOW TO COMPLETE THIS FORM:

If you use a typewriter or printer, ignore the boxes and type in UPPER CASE as shown. Do not use commas or periods.

FIRST NAME	MI	LAST NAME	
IMOGENE	A	SAMPLE	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT / APT.
123456789	12345	MAIN STREET	301

If you **handwrite this form**, print each letter or number in a separate box as shown. Do not use commas or periods.

FIRST NAME	MI	LAST NAME	
I M O G E N E	A	S A M P L E	
SOCIAL SECURITY NO.	STREET NO.	STREET NAME	UNIT / APT.
1 2 3 4 5 6 7 8 9	1 2 3 4 5	M A I N S T R E E T	3 0 1

ADDITIONAL INFORMATION:

If you have questions concerning the independent contractor reporting requirement, you may visit our Web site at www.edd.ca.gov/Payroll_Taxes/Independent_Contractor_Reporting.htm, call the New Employee Registry and Independent Contractor Reporting telephone line at (916) 657-0529, call the Taxpayer Assistance Center at (888) 745-3886, or visit your local Employment Tax Office listed in the *California Employer's Guide* (DE 44).

To obtain additional DE 542 forms:

- Visit our Web site at www.edd.ca.gov/Forms/default.asp; or
- For 25 or more forms, call (916) 322-2835
- For less than 25 forms, call (916) 657-0529 or call (888) 745-3886

HOW TO REPORT:



For a faster, easier, and more convenient method of reporting your DE 542 information, you are encouraged to report online using EDD's Expanded e-Services for Business. Visit our Web site at <https://eddservices.edd.ca.gov> to choose the option that is best for you.

To file a DE 542 form, complete the information in the boxes provided on the form and fax to (916) 319-4410 or mail to the following address:

EMPLOYMENT DEVELOPMENT DEPARTMENT
Document Management Group, MIC 96
P.O. Box 997350
Sacramento, CA 95899-7350