



Payroll Tax Relief - California

On March 4, 2020, Governor Gavin Newsom declared a state of emergency in California. If the Governor declares a state of emergency, California employers directly affected by the emergency or disaster may request an extension of up to 60 days to file their state payroll reports and to deposit state payroll taxes with the Employment Development Department (EDD), without incurring penalty or interest charges.

State payroll taxes include Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and Personal Income Tax (PIT).

The extension is granted under Section 1111.5 of the California Unemployment Insurance Code (CUIC). To request an extension, employers must send a letter to the EDD specifically requesting an extension of time under Section 1111.5 of the CUIC, along with the previously unfiled report(s) and/or payment(s).

The letter must also provide detailed information as to why the report(s) and/ or payment(s) could not be submitted in a timely manner.

Employers should mail the letter with the report(s) and/or payment(s) to the following address:

Employment Development Department
P.O. Box 826880
Sacramento, CA 94280-0001

Source: https://www.edd.ca.gov/pdf_pub_ctr/de231sed.pdf

The following three pages answer Frequently Asked Questions and provide additional details regarding the process to request Payroll Tax Relief from California's Employment Development Department.

The last page of this document includes a Client Acknowledgement which must be signed and returned to Coastal Payroll in advance of any changes being made.



Frequently Asked Questions

What does this relief provide for employers?

This relief is an extension of time to file tax returns and deposit tax payments. It does not relieve employers of the responsibility to file the tax returns and deposit the tax payments. For employers experiencing financial hardship as a result of the statewide emergency, this relief provides time to secure additional funds for tax payments. Failure to deposit payroll taxes may lead to penalties, tax interest, tax liens, and criminal charges.

When will employer's payroll tax payments be due?

Within 60 days of the payroll tax return filing due date. Payroll tax returns are due by the last business day of the first month of each quarter:

The chart below explains due dates and extension dates.

Quarter	Tax Returns Due Date	Extension Date*
Q1 2020 – payrolls with pay dates 1/1/2020 – 3/31/2020	4/30/2020	Up to 6/30/2020
Q2 2020 – payrolls with pay dates 4/1/2020 – 6/30/2020	7/31/2020	Up to 9/30/2020
Q3 2020 – payrolls with pay dates 7/1/2020 – 9/30/2020	10/30/2020	Up to 12/31/2020

* Payroll tax payments for the applicable quarter may be deposited up to this date and should be deposited earlier than this date. Extension Dates only applicable for taxes incurred during the time period a State of Emergency is in effect.

How do I determine if my business is eligible for payroll tax relief?

- Contact the EDD and explain your situation.** Toll-free from the U.S. or Canada: 1-888-745-3886
Alternatively, you can visit one of the EDD's Offices listed at the website below:
https://www.edd.ca.gov/Payroll_Taxes/Contact_Us_About_Payroll_Taxes.htm
- Document details of your conversation.** Make note of the name of the agent with whom you spoke, when you spoke to them, and as many specifics as possible about the information provided by the agent.
- Obtain verification that your situation meets the criteria for payroll tax relief.** If you cannot obtain verification and are instead asked to follow the standard process and send a letter, make sure to document all the facts of your phone call/meeting and what you were asked to do by the EDD. *This would later be needed if the EDD denied your request and assessed penalties and interest on late tax filings and payments.*



How can Coastal Payroll help me with payroll tax relief?

Upon written request from our clients, Coastal Payroll can stop impounding California payroll taxes and stop making California payroll tax payments on behalf of your company. We will continue to make Federal tax payments as well as tax payments to other states.

Coastal Payroll will track any employers requesting payroll tax relief in our system.

At the end of each quarter, Coastal Payroll will contact client with the following instructions (we will contact you on or around the 15th of the first month of each quarter):

1. Coastal Payroll will file tax returns by the applicable due date. This is our standard process and is not affected by your inability to pay your taxes timely.
2. It is the responsibility of the client/employer to prepare the letter for the EDD. Coastal Payroll can assist with providing employers the information required for the letter.
3. It is the responsibility of the client/employer to mail the letter to the EDD. The letter should be mailed to the EDD immediately after the due date of the tax return for the applicable period (refer to chart above).
4. It is the responsibility of the client/employer to deposit applicable tax payments to the EDD by the Extension Date.
 - a. If client/employer needs assistance with depositing the tax payments, Coastal Payroll can provide instructions for depositing the tax payments.
 - b. It is the client/employer responsibility to make the payments. If client/employer requests Coastal Payroll to deposit the tax payments on behalf of the client, a one-time fee of \$75 will be billed to client to assist with scheduling the payments.

When do I mail the letter requesting this relief, and what should the letter include?

The letter you send to the EDD will need to be sent as soon as possible following the filing of your quarterly payroll tax returns (refer to the due dates in the chart above). Prepare a letter for the EDD on your company letterhead. You will need to prepare a letter for each reporting period listed in the table above (Q1 2020, Q2 2020, etc.). A letter will be sent each quarter (again, as long as the state of emergency remains in effect and payroll tax relief applies).

The letter should include the following information:

- Legal Name of Business
- Legal Address of Business
- Company contact information (executive contact information, payroll contact at your company)
- Employment Development Department (EDD) Account Number
- Tax period – Q1 2020, Q2 2020, Q3 2020, Q4 2020, etc.
- Form Number (DE 9, DE 9C)



- Tax types and payments
 - Personal Income Tax (PIT)
 - State Disability Insurance (SDI)
 - Employment Training Tax (ETT)
 - State Unemployment Insurance (SUI)
- A detailed description of your company's financial hardship and reasons you are requesting payroll tax relief.
- Any additional information you believe will help you support your request.

Coastal Payroll can provide you some of the information above to complete the letter (specifically, the amounts and tax types) but cannot prepare the letter on your behalf. You will need to list additional information specific to your business about your hardship and your inability to make payments timely.

What if I don't have the funds to make the tax payments by the Extension Date?

We are not aware of any additional relief beyond the Extension Dates listed above. Penalties and interest would apply if tax payments are made late.

What if the EDD later denies my request and assesses penalties and interest?

You will need to dispute your case with the EDD directly. As mentioned above, please keep documentation of all of your contacts with the EDD, details of your meetings, the letters you mailed, and when you mailed them.

Will Coastal help me if I am assessed penalties and interest on late payments?

Coastal Payroll does not assume any liability for penalties and interest as a result of a taxpayer's request being denied at a later date. We cannot assist clients with disputing penalties and interest related to this payroll tax relief provided by the state. You will need to dispute any penalties and interest directly with the EDD. All of the information regarding this payroll tax relief program is provided here and we are unable to support clients beyond providing the information they need to request relief from the state.

If the state lifts the emergency declaration or if I have the funds to begin making payments timely again, what do I do next?

Contact Coastal Payroll via email to tax@coastalpayroll.com and inform us you are ready for us to begin impounding your California payroll taxes and making your California payroll tax payments timely again. We will update our system. You must receive a written confirmation back from us to verify we received your request. If you do not receive a written confirmation back from us, contact our office via phone and ask to speak to our Tax department.



Client Acknowledgement

I acknowledge I have reviewed and understand the details of the California EDD Payroll Tax Relief program, and that my company will take responsibility to perform all commitments required of it to comply with the program.

I hereby request Coastal Payroll to stop impounding California payroll taxes for my company, specifically Personal Income Tax (PIT), Disability Insurance (SDI), Employment Training Tax (ETT) and Unemployment Insurance (UI).

My company will send all applicable letters to the EDD. My company will pay all applicable State taxes by their due dates.

Coastal Payroll will not have any liability for penalties and interest due to my company's failure to comply with the requirements of this program, or the EDD's inability to provide the services outlined in the program.

My company will notify Coastal Payroll when my company no longer requires the relief provided by the state program.

This acknowledgement and authorization transfers to any additional authorized payroll contacts at my company, and I will make them aware of these requirements if my duties are transitioned to them. Coastal Payroll will not be responsible for notifying additional contacts at my company of the Payroll Tax Relief program.

Company Name: _____

Signature: _____

Printed Name: _____

Title: _____

Date: _____