

## TYPES OF EMPLOYMENT

This table identifies special classes of employment and will help you determine your tax responsibilities. If you have any questions regarding an individual's proper status in working for or with you, please call the Employment Tax Call Center at (888) 745-3886.

In addition to this table, EDD has prepared the "Types of Payments" table on page 77 and information sheets for specific industries, types of services, or types of payments. You may request the information sheets by calling the Employment Tax Call Center at (888) 745-3886, accessing Fax-on-Demand at (877) 547-4503, accessing EDD's Internet site at [www.edd.ca.gov/taxform.htm](http://www.edd.ca.gov/taxform.htm), or using the order form on page 129.

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Agricultural Labor</b> Also refer to federal <i>Agricultural Employer's Tax Guide</i> (Publication 51, Circular A).	Subject California Unemployment Insurance Code (CUIC) Section 611	Subject CUIC Section 611	Not subject <sup>2</sup> CUIC Section 13009(a)	Reportable CUIC Section 13009.5
<b>Artists and Authors:</b> A. Common law employees.	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
B. Statutory employees hired for specific work. Refer to <i>Information Sheet: Statutory Employees</i> (DE 231SE).	Subject CUIC Section 601.5	Subject CUIC Section 601.5	Not subject California Code of Regulations (CCR), Title 22 Section 4304-1	Reportable CUIC Section 13009.5
<b>Automotive Repair Industry</b> Refer to <i>Information Sheet: Automotive Repair Industry</i> (DE 231B)	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Barber Shops and Beauty Shops</b> Refer to <i>Information Sheet: Cosmetologists</i> (DE 231C)	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Baseball Players</b>	Subject unless under agreement to perform for a share of the profits and expenses of the club. CUIC Section 653	Subject unless under agreement to perform for a share of the profits and expenses of the club. CUIC Section 653	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Brokers</b> (does not apply to nonprofit or public agencies): A. Specific salespersons: <ul style="list-style-type: none"> <li>• Real estate brokers or salespersons</li> <li>• Gas or oil brokers or mineral brokers</li> <li>• Yacht brokers and salespersons</li> </ul>	Exempt if all three of the conditions in the footnote are met. <sup>3</sup> CUIC Section 650	Exempt if all three of the conditions in the footnote are met. <sup>3</sup> CUIC Section 650	Not subject if all three of the conditions in the footnote are met. <sup>3</sup> CUIC Section 13004.1	Not reportable if all three of the conditions in the footnote are met. <sup>3</sup> CUIC Section 13009.5
B. Cemetery brokers or salespersons	Exempt if all three of the conditions in the footnote are met. <sup>3</sup> CUIC Section 650	Exempt if all three of the conditions in the footnote are met. <sup>3</sup> CUIC Section 650	Subject CUIC Section 13004.1	Reportable CUIC Section 13009.5

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**TYPES OF EMPLOYMENT**

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Casual Labor:</b> Refer to <i>Information Sheet: Casual Labor</i> (DE 231K) A. Part-time or temporary workers  B. Service <b>not</b> in the course of employer's trade or business: <ul style="list-style-type: none"> <li>• Cash payments</li> </ul>	Subject CUIC Section 926	Subject CUIC Section 926	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
	Subject <b>only</b> if \$50 or more is paid in a quarter <b>and</b> employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC Section 640	Subject <b>only</b> if \$50 or more is paid in a quarter <b>and</b> employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC Section 640	Subject <b>only</b> if \$50 or more is paid in a quarter <b>and</b> employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC Section 13009(c)	Reportable <b>only</b> if \$50 or more is paid in a quarter <b>and</b> employee works some part of 24 or more different days in that quarter or on 24 or more days in the preceding quarter. CUIC Section 13009.5
	• Noncash payments (e.g., meals and lodging)	Not subject CUIC Section 936	Not subject CUIC Section 936	Not subject CUIC Section 13009(h)
<b>Construction Contractors</b> Refer to <i>Information Sheet: Construction Industry</i> (DE 231G)	Subject unless working as a contractor with a valid contractor's license and not a common law employee. CUIC Section 621(b) or 621.5	Subject unless working as a contractor with a valid contractor's license and not a common law employee. CUIC Section 621(b) or 621.5	Subject unless working as a contractor with a valid contractor's license and not a common law employee. CUIC Section 13004 or 13004.5	Reportable unless working as a contractor with a valid contractor's license and not a common law employee. CUIC Section 13009.5
<b>Election Campaigns Workers</b> for candidates or committees. Refer to <i>Information Sheet: Election Campaign Workers</i> (DE 231V)	Exempt CUIC Section 636	Exempt CUIC Section 636	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Family Employees</b> Minor son or daughter under 18 employed by parent (or by partnership consisting only of parents); wife employed by husband or husband employed by wife; and parent employed by son or daughter. Refer to <i>Information Sheet: Family Employment</i> (DE 231FAM) and <i>Information Sheet: Specialized Coverage</i> (DE 231SC).	Exempt – applies only to sole proprietorships and partnerships. CUIC Section 631	Exempt unless an approved elective coverage agreement is in effect. This applies only to sole proprietorships and partnerships. CUIC Section 631	Subject CUIC Section 13004	Reportable CUIC Section 13009.5

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## TYPES OF EMPLOYMENT

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Federal Employees:</b> A. Members of the U.S. Armed Forces	The federal government pays cost of benefits. CUI Section 632	Exempt CUI Section 632	Subject if stationed in and domiciled in California; both conditions must be present. CCR, Title 22 Section 4305-1(d)	Reportable if stationed in and domiciled in California; both conditions must be present. CUI Section 13009.5
B. Federal civilian employees	The federal government pays cost of benefits. CUI Section 632	Exempt CUI Section 632	Subject CCR, Title 22 Section 4305-1(d)	Reportable CUI Section 13009.5
<b>Fishing and Related Activities</b> Refer to <i>Information Sheet: Commercial Fishing</i> (DE 231CF)	Subject CUI Section 621(b)	Subject CUI Section 621(b)	Not subject CUI Section 13009(o)	Reportable CUI Section 13009.5
<b>Foreign Government and International Organizations</b> Refer to <i>Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft</i> (DE 231FE)	Exempt CUI Sections 643, 644, and 644.5	Exempt CUI Sections 643, 644, and 644.5	Not subject CUI Section 13009(d)	Not reportable CUI Section 13009.5
<b>Foreign Service Performed by a U.S. Citizen:</b> A. U.S. Government employee	Exempt CUI Section 632	Exempt CUI Section 632	Not subject CUI Section 13009(d)	Not reportable CUI Section 13009.5
B. For an American employer or a foreign subsidiary of U.S. corporation or other private employer. Refer to <i>Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft</i> (DE 231FE).	Subject if the conditions in footnote 4 are met. CUI Section 610	Subject if the conditions in footnote 4 are met. CUI Section 610	Subject if employee is a California resident. CUI Section 13020	Reportable if employee is a California resident. CUI Section 13009.5
C. On or in connection with an American aircraft or vessel and such services are subject to the Federal Unemployment Tax Act (FUTA). Refer to <i>Information Sheet: Foreign Employment and Employment on American Vessels or Aircraft</i> (DE 231FE).	Subject if the operations are ordinarily and regularly directed and controlled from the employer's California office. CUI Sections 125.3, 125.5, and 609	Subject if the operations are ordinarily and regularly directed and controlled from the employer's California office. CUI Sections 125.3, 125.5, and 609	Subject if services are performed on an aircraft. CUI Section 13009  Not subject if services are performed on a vessel. CUI Section 13009(j)	Reportable if services are performed on an aircraft.  Not reportable if services are performed on a vessel. CUI Section 13009.5
<b>Golf Caddies</b>	Exempt CUI Section 651	Exempt CUI Section 651	Subject CUI Section 13004	Reportable CUI Section 13009.5
<b>Homeworkers (Industrial):</b> A. Common law employees Refer to <i>Information Sheet: Employment</i> (DE 231)	Subject CUI Section 621(b)	Subject CUI Section 621(b)	Subject CUI Section 13004	Reportable CUI Section 13009.5

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**TYPES OF EMPLOYMENT**

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
B. Statutory employees Refer to <i>Information Sheet: Statutory Employees</i> (DE 231SE)	Subject CUIC Section 621(c)(1)(C)	Subject CUIC Section 621(c)(1)(C)	Not subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Hotel and Restaurant Industries</b> Refer to <i>Information Sheet: Restaurant and Hotel Industries</i> (DE 231E)	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Household Employment</b> (Domestic) In private homes, local college clubs, fraternities, and sororities. Refer to <i>Information Sheet: Household Employment</i> (DE 231L), <i>Household Employer's Guide</i> (DE 8829), and the federal <i>Household Employer's Guide</i> (Publication 926).	Subject if \$1,000 or more in cash paid in any calendar quarter for household services. CUIC Sections 629 and 682	Subject if \$750 or more in cash paid in any calendar quarter for household services. CUIC Section 2606.5	Not subject <sup>2</sup> CUIC Section 13009(b)	Reportable if otherwise required to register with EDD. CUIC Section 13009.5
<b>Interns working in hospitals</b>	Exempt CUIC Section 645	Exempt CUIC Section 645 unless employed by a nonprofit hospital CUIC Section 2606	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Janitors</b> (Business Services Industry) Refer to <i>Information Sheet: Services Industry</i> (DE 231I)	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Jockeys or Exercise Persons</b> working freelance, if licensed by the California Horse Racing Board	Exempt CUIC Section 654	Exempt CUIC Section 654	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Language Interpreters or Translators</b>	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Manufacturing Industry</b> Refer to <i>Information Sheet: Manufacturing Industry</i> (DE 231H)	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Ministers</b> of churches and members of religious orders, performing duties as such, may elect coverage. Refer to <i>Information Sheet: Specialized Coverage</i> (DE 231SC).	Exempt CUIC Section 634.5(b)	Exempt CUIC Section 634.5(b)	Not subject <sup>2</sup> CUIC Section 13009(f)	Reportable if otherwise required to register with EDD. CUIC Section 13009.5
<b>Newspaper Carriers</b> under 18 years old delivering to consumers.	Exempt if under 18 and not regular, full-time work. CUIC Sections 634.5(a) and 649(a)	Exempt if under 18 and not regular, full-time work. CUIC Sections 634.5(a) and 649(a)	Not subject <sup>2</sup> CUIC Section 13009(g)(1)	Not reportable unless voluntarily agrees, is 18 years or older, or occupation is regular, full-time work. CUIC Section 13009.5

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Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance And Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Newspaper and Magazine Vendors</b> buying at fixed prices and retaining excess from sales to consumers.	Exempt CUIC Sections 634.5(h) and 649(b)	Exempt CUIC Sections 634.5(h) and 649(b)	Not subject CUIC Section 13009(g)(2)	Not reportable CUIC Section 13009.5
<b>Nonprofit Organization Employees:</b> Refer to <i>Information Sheet: Nonprofit and/or Public Entities</i> (DE 231NP)				
A. Churches, conventions, or associations of churches, or religious organizations which are operated primarily for religious purposes and operated, supervised, controlled, or principally supported by a church, convention, or association of churches.	Exempt CUIC Section 634.5(a)	Exempt unless reportable by nonprofit hospitals. CUIC Sections 634.5(a) and 2606	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
B. All other nonprofit organizations exempt under Internal Revenue Code (IRC) Section 501(c)(3) except those under "A" above.	Subject (Employees earning less than \$50 in any quarter are exempt.) CUIC Section 641	Subject (Employees earning less than \$50 in any quarter are exempt.) CUIC Section 641	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
C. All other organizations exempt under IRC Section 501(a), other than a pension profit-sharing or stock bonus plan described in IRC Section 401(a) or under IRC Section 521.	Subject CUIC Section 608	Subject CUIC Section 608	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
<b>Nonresidents of California:</b>				
A. U.S. Residents:				
• Service performed in California.	Subject CUIC Section 601	Subject CUIC Section 601	Subject CUIC Section 13020	Reportable CUIC Section 13009.5
• Service performed outside U.S.	Subject if employer's principal place of business in U.S. is in California. <sup>4</sup> CUIC Section 610	Subject if employer's principal place of business in U.S. is in California. <sup>4</sup> CUIC Section 610	Not subject CUIC Section 13009	Not reportable CUIC Section 13009.5

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**TYPES OF EMPLOYMENT**

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance And Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<p>B. Aliens Working in California:</p> <ul style="list-style-type: none"> <li>Residents of any foreign country entering California frequently in transportation service across the border.</li> <li>Residents of any foreign country entering California frequently for construction, maintenance, or operation of waterway, bridge, etc., traversing the border.</li> <li>Residents of any foreign country entering California frequently, employed wholly within California.</li> <li>Workers from any foreign country or its possession lawfully admitted on a temporary basis to perform agricultural labor.</li> <li>Students, scholars, trainees, or teachers as nonimmigrant aliens under Section 101(a)(15)(F) or (J) of the Immigration and Nationality Act.</li> <li>Professional athlete, in California for occasional or incidental engagements.</li> </ul>	Subject (unless railroad service) CUI Section 621(b)	Subject (unless railroad service) CUI Section 621(b)	Not subject CUI Section 13009(e) and CCR, Title 22 Section 4309-2(f)(2)(A)	Reportable (unless railroad service) CUI Section 13009.5
	Subject CUI Section 621(b)	Subject CUI Section 621(b)	Not subject CCR, Title 22 Section 4309-2(f)(2)(B)	Reportable CUI Section 13009.5
	Subject CUI Section 621(b)	Subject CUI Section 621(b)	Subject CUI Section 13009	Reportable CUI Section 13009.5
	Subject CUI Section 611	Subject CUI Section 611	Not subject <sup>2</sup> CUI Section 13009(a)	Reportable CUI Section 13009.5
	Exempt Section 642 or only if Section 608 nonprofit organization and is nonresident temporarily in U.S. as nonimmigrant on a "F," "J," "M," or "Q" type visa.	Exempt Section 642 or only if Section 608 nonprofit organization and is nonresident temporarily in U.S. as nonimmigrant on a "F," "J," "M," or "Q" type visa.	Subject unless exempted by regulations or treaty with a foreign government. Treaty must specify exemption from "State or local taxes." CUI Section 13009(e)	Reportable CUI Section 13009.5
	Exempt CUI Section 655	Exempt CUI Section 655	Subject CUI Section 13009	Reportable CUI Section 13009.5
	<p><b>Officer of a Corporation</b> performing services as an employee:</p> <p>A. Corporation subject to FUTA</p>	Subject CUI Section 637	Subject unless sole shareholder or the only shareholder other than his or her spouse and has filed for an exclusion. CUI Sections 637 and 637.1	Subject unless agricultural labor. CUI Sections 13004 and 13009(a)

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## TYPES OF EMPLOYMENT

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
B. Corporation not subject to FUTA	Exempt if officer and/or director is the sole shareholder or the only shareholder other than his or her spouse. CUIC Section 637	Exempt if officer and/or director is the sole shareholder or the only shareholder other than his or her spouse. CUIC Section 637	Subject unless agricultural labor. CUIC Section 13004	Reportable if otherwise required to register with EDD. CUIC Section 13009.5
<b>Patients</b> employed by hospitals	Exempt CUIC Section 647	Exempt unless nonprofit district hospital. CUIC Sections 647 and 2606	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Private Postsecondary School Intermittent and Adjunct Instructors</b> Services must be performed for an institution that meets the requirements of the Education Code, Article 6 (commencing with Section 94800) Chapter 7, Part 59.	Subject CUIC Section 621(b)	Exempt if the conditions in footnote 5 are met. CUIC Section 633	Not subject if the conditions in footnote 5 are met. CUIC Section 13009(r)	Reportable
<b>Public Entity Employees</b> of cities and counties, local public agencies, and schools. Refer to <i>Information Sheet: Nonprofit and/or Public Entities</i> (DE 231NP) and <i>Information Sheet: Specialized Coverage</i> (DE 231SC).	Subject CUIC Section 605	Exempt unless employed by a district hospital or public housing administration agency operated by state or local governmental subdivisions or an approved elective coverage agreement is in effect. CUIC Section 605 and 2606 and IRC Section 3306(c)(7)	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
<b>Restaurant and Hotel Industries</b> Refer to <i>Information Sheet: Restaurant and Hotel Industries</i> (DE 231E)	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Salespersons:</b> Refer to <i>Information Sheet: Salespersons</i> (DE 231N)				
A. Common law employees	Subject CUIC Section 621(b)	Subject CUIC Section 621(b)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
B. Real estate or direct sales salespersons	Exempt if all three conditions in footnote 3 are met. CUIC Section 650	Exempt if all three conditions in footnote 3 are met. CUIC Section 650	Exempt if all three conditions in footnote 3 are met. CUIC Section 13004.1	Not reportable if all three conditions in footnote 3 are met. CUIC Section 13009.5

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**TYPES OF EMPLOYMENT**

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
C. Statutory employees. Refer to <i>Information Sheet: Statutory Employees</i> (DE 231SE).	Subject CUIC Section 621(c)(1)(B)	Subject CUIC Section 621(c)(1)(B)	Not subject CCR, Title 22 Section 4304-1	Reportable CUIC Section 13009.5
<b>Standby Employee</b> doing no actual work in period for which paid.	Subject CUIC Section 926	Subject CUIC Section 926	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>State Government and Political Subdivisions</b> , services performed as:				
A. An elected official	Exempt CUIC Section 634.5(c)	Exempt CUIC Section 634.5(c)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
B. A member of a legislative body, or a member of the judiciary, or a State or political subdivision thereof.	Exempt CUIC Section 634.5(c)	Exempt CUIC Section 634.5(c)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
C. A member of a State National Guard, Ready Reserve, or Air National Guard.	Exempt CUIC Section 634.5(c)	Exempt CUIC Section 634.5(c)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
D. An employee serving on a temporary basis in case of fire, storm, snow, earthquake, flood, or other similar emergency.	Exempt CUIC Section 634.5(c)	Exempt CUIC Section 634.5(c)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
E. In a position which, under or pursuant to State law, is designated as either of the following:				
• A major, nontenured policy-making or advisory position.	Exempt CUIC Section 634.5(c)	Exempt CUIC Section 634.5(c)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
• A policy-making or advisory position, the performance of the duties of which ordinarily does not require more than eight hours per week.	Exempt CUIC Section 634.5(c)	Exempt CUIC Section 634.5(c)	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
F. Employees of State or local governments and instrumentalities not included above.	Subject CUIC Section 605	Exempt except for public housing administration agencies and district hospitals. CUIC Section 2606	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
G. Fees of public officials	Subject CUIC Section 926	Subject CUIC Section 926	Not subject CCR, Title 22 Section 4309-2(b)	Reportable CUIC Section 13009.5
<b>Students:</b>				
A. Working for a public or private school, college, or university, if enrolled and regularly attending classes at that school.	Exempt CUIC Section 642	Exempt CUIC Section 642	Subject CUIC Section 13009	Reportable CUIC Section 13009.5

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## TYPES OF EMPLOYMENT

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
B. Spouse of student, if such spouse is advised at the time service commences at the school that employment is provided under a program to provide financial assistance to the student by the school, college, or university, and that employment will not be covered by Unemployment Insurance.	Exempt CUIC Section 642	Exempt CUIC Section 642	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
C. Under age 22 enrolled in a full-time program at a nonprofit or public education institution. Institution must normally maintain a regular faculty and curriculum and normally have a regularly organized body of students where its educational activities are located. Student's service must be taken for credit at such an institution. It must combine academic instruction with work experience. It must be an integral part of such program, and the institution must have so certified to the employer.	Exempt unless program established solely for one employer or one group of employers. CUIC Section 646	Exempt unless program established solely for one employer or one group of employers. CUIC Section 646	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
D. Nurse working for a hospital or nursing school	Exempt CUIC Section 645	Subject if employed by a nonprofit hospital. CUIC Section 2606  Exempt if employed by any other hospital or nursing school. CUIC Section 645	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
E. Full-time students working for an organized camp.  Full-time student – enrolled for the current term of an academic year or, if between terms, for the immediately preceding period with a reasonable assurance of enrollment in the immediately subsequent period.  Organized camp – offers outdoor group living experience for social, spiritual, educational, or recreational purposes; must not operate more than seven months a year, or at least 2/3 of its previous yearly gross income must have been in any 6 of the 12 months of the year.	Exempt CUIC Section 642.1	Exempt CUIC Section 642.1	Subject CUIC Section 13004	Reportable CUIC Section 13009.5

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## TYPES OF EMPLOYMENT

Types of Employment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Temporary Services and Employee Leasing Industries</b> Refer to <i>Information Sheet: Temporary Services and Employee Leasing Industries</i> (DE 231F)	Subject CUIC Sections 621(b) and 606.5	Subject CUIC Sections 621(b) and 606.5	Subject CCR, Title 22 Section 4305-1(i)	Reportable CUIC Section 13009.5
<b>Transcribers</b> of depositions, court proceedings, and hearings performed away from the office of the person, firm, or association obligated to produce a transcript of the proceedings.	Exempt CUIC Section 630	Exempt CUIC Section 630	Not subject CCR, Title 22 Section 4304-1	Not reportable CUIC Section 13009.5

<sup>1</sup> Employers who have elected the “cost of benefits” or “reimbursable method” of financing Unemployment Insurance contributions or who have a negative reserve account balance are not required to contribute to the Employment Training Tax Fund.

<sup>2</sup> Subject if employer and employee voluntarily agree to withhold California Personal Income Tax.

<sup>3</sup> Exempt if all three of the following conditions are met:

- a) Substantially all payments are directly related to sales or other output.
- b) Services are performed pursuant to a written contract which provides that the individual will not be treated as an employee with respect to those services for State tax purposes.
- c) The individual has the license required to perform the services.

<sup>4</sup> If the employer's principal place of business in the U.S. is in California or if the employer has no place of business in the U.S. but:

- a) The employer is an individual who is a resident of California, or
- b) The employer is a corporation which is organized under the laws of California, or
- c) The employer is a partnership or a trust and the number of partners or trustees who are residents of California is greater than the number who are residents of any one other state, or

If none of the criteria above applies, but the employer has elected coverage in this State or the employer has not elected coverage in any state and an individual has filed for benefits in California, based on such service.

<sup>5</sup> Not subject if service is performed under written contract with **all** of the following provisions:

- a) Any federal or State income tax liability shall be the responsibility of the party providing the services.
- b) No disability insurance coverage is provided under the contract.
- c) The party performing the services certifies that he or she is doing so as a secondary occupation or as a supplemental source of income.

## TYPES OF PAYMENTS

This table identifies special types of payments and will help you determine your tax responsibilities. If you have any questions regarding how an individual payment is taxed, please call the Employment Tax Call Center at (888) 745-3886.

In addition to this table, EDD has prepared the "Types of Employment" table on page 67 and information sheets for specific industries, types of services, or types of payments. You may request the information sheets by calling the Employment Tax Call Center at (888) 745-3886, accessing Fax-on-Demand by calling (877) 547-4503, accessing EDD's Internet site at [www.edd.ca.gov/taxform.htm](http://www.edd.ca.gov/taxform.htm), or using the order form on page 129.

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Adoption Assistance:</b> Payments as defined in the Internal Revenue Code (IRC) Section 137.				
A. If the adoption assistance program is <b>not</b> under an IRC Section 125 Cafeteria Plan.	Subject California Unemployment Insurance Code (CUIC) Section 926	Subject CUIC Section 926	Subject <sup>2</sup> CUIC Section 13009(q)	Reportable <sup>2</sup> CUIC Section 13009.5
B. If the adoption assistance program is under an IRC Section 125 Cafeteria Plan: <ul style="list-style-type: none"> <li>• Employer contributions (into the plan).</li> <li>• Employee contributions (into the plan).</li> <li>• Payments from the plan.</li> </ul>	Subject CUIC Section 926	Subject CUIC Section 926	Not subject CUIC Section 13009(i)(5)	Not reportable CUIC Section 13009.5
	Subject CUIC Section 926	Subject CUIC Section 926	Not subject CUIC Section 13009(i)(5)	Not reportable CUIC Section 13009.5
	Not subject CUIC Section 926	Not subject CUIC Section 926	Not subject CUIC Section 13009(i)(5)	Not reportable CUIC Section 13009.5
<b>Board of Director(s) Fees</b> A director of a corporation or association performing services in the capacity of a director.	Not subject CUIC Section 622	Not subject CUIC Section 622	Subject if a common law employee.  Not subject if corporation pays compensation to a nonresident corporate director for director services performed in California. CUIC Section 13020(c)	Reportable if a common law employee.  Not reportable if corporation pays compensation to a nonresident corporate director for director services performed in California. CUIC Section 13009.5
<b>Bonuses</b>	Subject CUIC Section 926	Subject CUIC Section 926	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
<b>Business Expenses:</b>				
A. Employer repayment of required or necessary business expenses incurred by the employee while performing services for the employer.	Exempt CUIC Section 929	Exempt CUIC Section 929	Not subject CUIC Section 13009(q)	Not reportable CUIC Section 13009.5

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**TYPES OF PAYMENTS**

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
B. Long-term travel expenses allowed under IRC Section 162.	Exempt CUIC Section 929	Exempt CUIC Section 929	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
<b>Cafeteria Plan Payments under IRC Section 125</b> Refer to <i>Information Sheet: Taxability of Employee Benefits</i> (DE 231EB).	Generally exempt CUIC Section 938.3(d)	Generally exempt CUIC Section 938.3(d)	Not subject CUIC Section 13009(i)(5)	Not reportable if excluded from taxable income. CUIC Section 13009.5
<b>Debts Paid by Employer:</b> (Amounts in lieu of cash wages offset by the employer.)				
A. Amounts paid against a debt due from employee.	Subject CUIC Section 926	Subject CUIC Section 926	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
B. Amounts applied to a debt owed to a third-party by the employee.	Subject CUIC Section 926	Subject CUIC Section 926	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
<b>Deceased Employee Wages</b> Wages paid to beneficiary or estate after the date of the worker's death.	Subject in the calendar year in which the employee died. CUIC Section 938.7	Subject in the calendar year in which the employee died. CUIC Section 938.7	Not subject CUIC Section 13009(q)	Not reportable CUIC Section 13009.5
<b>Dependent Care Assistance Programs</b> (Limited to \$5,000; \$2,500 if married, filing separately.)	Exempt if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC Section 129. CUIC Section 938.3(b)	Exempt if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC Section 129. CUIC Section 938.3(b)	Not subject if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC Section 129. CUIC Section 13009(q)	Not reportable if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC Section 129. CUIC Section 13009.5
<b>Dismissal or Severance Pay</b>	Subject unless payments qualify as supplemental UI benefits. CUIC Section 1265	Subject unless payments qualify as supplemental UI benefits. CUIC Section 1265	Subject CUIC Section 13009(q)	Reportable CUIC Section 13009.5
<b>Educational Assistance</b> (Payments under IRC Section 127)  Undergraduate and graduate level courses excluded up to \$5,250 (maximum), per employee, per calendar year.	Exempt if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC Section 127. CUIC Section 938.3(a)	Exempt if at the time paid or furnished, it is reasonable to believe the amounts are excludable from gross income under IRC Section 127. CUIC Section 938.3(a)	Not subject if the amounts are excludable from gross income under IRC Section 127. CUIC Section 13009(q)	Not reportable if the amounts are excludable from gross income under IRC Section 127. CUIC Section 13009.5

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## TYPES OF PAYMENTS

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Employee Achievement Awards</b>	Exempt if at the time awarded, it is believed the amount is excludable from gross income under IRC Section 74(c). CUI Section 938.3(c)	Exempt if at the time awarded, it is believed the amount is excludable from gross income under IRC Section 74(c). CUI Section 938.3(c)	Not subject if at the time awarded, it is believed the amount is excludable from gross income under IRC Section 74(c). CUI Section 13009(q)	Not reportable if at the time awarded, it is believed the amount is excludable from gross income under IRC Section 74(c). CUI Section 13009(q)
<b>Fringe Benefits:</b>				
A. Employee use of employer's vehicle for personal use.	Subject CUI Section 926	Subject CUI Section 926	Subject CUI Section 13009	Reportable CUI Section 13009.5
B. Employer-paid transportation costs, that have no business connection and are not excluded under IRC Section 132.	Subject CUI Section 926	Subject CUI Section 926	Subject CUI Section 13009	Reportable CUI Section 13009.5
C. Employer-paid FICA, SDI, and/or Medicare. Refer to <i>Information Sheet: Social Security/Medicare/SDI Taxes Paid by an Employer</i> (DE 231Q).	Subject CUI Section 926	Subject CUI Section 926	Subject CUI Section 13009	Reportable CUI Section 13009.5
D. Employer-paid FICA, and/or Medicare for domestic service in private home or agricultural labor. Refer to <i>Information Sheet: Social Security/Medicare/SDI Taxes Paid by an Employer</i> (DE 231Q).	Exempt CUI Section 935	Exempt CUI Section 935	Not subject <sup>3</sup> CUI Sections 13009(a) and (b)	Reportable CUI Section 13009.5
E. Benefits excluded from gross income under IRC Section 132 (i.e., services supplied to employees at no additional cost to the employer, discounts, parking, bus passes, athletic facilities, free coffee, moving expenses, qualified retirement planning services, etc.).	Exempt CUI Section 938.3(c)	Exempt CUI Section 938.3(c)	Not subject <sup>4</sup> CUI Section 13009(q)	Not reportable <sup>4</sup> CUI Section 13009.5
<b>Golden State Scholarshare Trust:</b> Payments as defined in Revenue and Taxation Code (R&TC) Section 17140.				
A. Contribution to trust by participant.	Not subject CUI Section 926	Not subject CUI Section 926	Not subject CUI Section 13009(q)	Not reportable CUI Section 13009.5
B. Contribution to trust by participant's employer.	Subject CUI Section 926 and R&TC Section 17140(c)(2)	Subject CUI Section 926 and R&TC Section 17140(c)(2)	Subject CUI Section 13009(q)	Reportable CUI Section 13009.5
C. Distribution from trust to school for educational expenses.	Not subject CUI Section 926	Not subject CUI Section 926	Not subject CUI Section 13009(q)	Not reportable CUI Section 13009.5

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**TYPES OF PAYMENTS**

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
D. Distribution from trust to participant of amount in excess of educational expenses.	Not subject CUIC Section 926	Not subject CUIC Section 926	Not subject CUIC Section 13009(q)	Not reportable CUIC Section 13009.5
<b>Group Legal Services</b>	Subject CUIC Section 926 and IRC Section 120	Subject CUIC Section 926 and IRC Section 120	Subject CUIC Section 13004	Reportable CUIC Section 13009.5
<b>Health Plans</b> Employer-provided coverage under accident or health plans or medical expense reimbursements.	Exempt CUIC Section 931	Exempt CUIC Section 931	Not subject (subject for 2% shareholder-employees of S corporations) CUIC Section 13009(q)	Not reportable (reportable for 2% shareholder-employees of S corporations) CUIC Section 13009.5
<b>Life Insurance Premiums Paid on Behalf of Employees</b>	Exempt CUIC Section 931(c)	Exempt CUIC Section 931(c)	Not subject if group-term life insurance. CUIC Section 13009(l)	Reportable if face value of group-term life insurance exceeds \$50,000. CUIC Section 13009.5
<b>Lodging</b>	Subject CUIC Section 926 and California Code of Regulations (CCR), Title 22 Sections 926-3, 926-4, and 926-5	Subject CUIC Section 926 and CCR, Title 22 Sections 926-3, 926-4, and 926-5	Subject unless furnished on employer's premises, for the employer's convenience, and as a condition of employment. CCR, Title 22 Section 4309-1(b)(9)	Reportable unless furnished on employer's premises, for the employer's convenience, and as a condition of employment. CUIC Section 13009.5
<b>Meals</b>	Subject CUIC Section 926 and CCR, Title 22 Sections 926-3, 926-4, and 926-5	Subject CUIC Section 926 and CCR, Title 22 Sections 926-3, 926-4, and 926-5	Subject unless furnished for employer's convenience and on employer's premises. CCR, Title 22 Section 4309-1(b)(9)	Reportable unless furnished for employer's convenience and on employer's premises. CUIC Section 13009.5
<b>Moving Expenses:</b> A. Qualified expenses	Exempt if you reasonably believe expenses are deductible by the employee under IRC Section 217. CUIC Section 937	Exempt if you reasonably believe expenses are deductible by the employee under IRC Section 217. CUIC Section 937	Not subject – CUIC Section 13009(m) and IRC Section 217	Not reportable – CUIC Section 13009.5 and IRC Section 217
B. Nonqualified expenses	Subject CUIC Section 926	Subject CUIC Section 926	Subject CUIC Section 13009	Reportable CUIC Section 13009.5

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## TYPES OF PAYMENTS

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Noncash Payments:</b> Refer to "Lodging" and "Meals" sections in this table. A. Household employees.  For personal income tax wages, refer to <i>Information Sheet: Personal Income Tax Wages Reported on the Quarterly Report of Wages and Withholdings for Employers of Household Workers</i> (DE 231PH).  B. Services not in the course of employer's trade or business.	Refer to <i>Household Employers' Guide</i> (DE 8829) or <i>Information Sheet: Household Employment</i> (DE 231L). CCR, Title 22 Section 926-3	Refer to <i>Household Employers' Guide</i> (DE 8829) or <i>Information Sheet: Household Employment</i> (DE 231L). CCR, Title 22 Section 926-3	Not subject <sup>3</sup> CUIC Section 13009(b)	Not reportable <sup>3</sup> CUIC Section 13009.5
	Not subject CUIC Section 936	Not subject CUIC Section 936	Not subject CUIC Section 13009(h)	Not reportable CUIC Section 13009.5
<b>Railroad Retirement Tax Act and Railroad Unemployment Insurance Act</b> (payments to employees covered by these acts)	Exempt CUIC Section 635	Exempt CUIC Section 635	Subject CCR, Title 22 Section 4304-1	Reportable CUIC Section 13009.5
<b>Retirement and Pension Plans:</b> <sup>5</sup> A. Payments from a qualified plan. <sup>6</sup> Refer to <i>Information Sheet: Withholding From Pensions, Annuities, and Certain Other Deferred Income</i> (DE 231P).	Exempt CUIC Section 934	Exempt CUIC Section 934	Subject if employee is a California resident, unless recipient elects exemption from withholding. CUIC Section 13028	Not reportable CUIC Section 13009.5
B. Employee contributions to a qualified cash or deferred compensation plan as defined in IRC Section 401(k).	Subject CUIC Section 928.5(a)	Subject CUIC Section 928.5(a)	Not subject if payments are not includable in gross income for California income tax purposes. CUIC Section 13009(i)(5)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC Section 13009.5
C. Employer contributions to a qualified cash or deferred compensation plan as defined in IRC Section 401(k).	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934	Not subject if payments are not includable in gross income for California income tax purposes. CUIC Section 13009(i)(1)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC Section 13009.5
D. Employer contributions to a Simplified Employee Plan-Individual Retirement Arrangement (SEP-IRA) as defined in IRC Section 408(k).	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934(c)	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934(c)	Not subject if payments are not includable in gross income for California income tax purposes. CUIC Section 13009(i)(1)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC Section 13009.5

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**TYPES OF PAYMENTS**

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
E. Employer contributions to a Savings Incentive Match Plan for Employees of Small Employers Individual Retirement Account (SIMPLE IRA) as defined in IRC Section 408(p).	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934(d)	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934(d)	Not subject if payments are not includable in gross income for California income tax purposes. CUIC Section 13009(i)(2)	Not reportable if payments are not includable in gross income for California income tax purposes. CUIC Section 13009.5
F. Employer contributions to a qualified annuity contract as defined in IRC Section 403(a) (applies to IRC Section 501(c)(3) organizations and public school employees).	Exempt CUIC Section 934(b)	Exempt CUIC Section 934(b)	Not subject CUIC Section 13009(i)(2)	Not reportable CUIC Section 13009.5
G. Employer contributions to a qualified annuity contract defined in IRC Section 403(b) (applies to IRC Section 501(c)(3) organizations and public school employers).	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934(e)	Exempt unless the contributions result from a salary reduction agreement. CUIC Section 934(e)	Not subject CUIC Section 13009(i)(2)	Not reportable CUIC Section 13009.5
H. Employer contributions under an exempt governmental deferred compensation plan as defined in IRC Section 3121(v)(3).	Exempt CUIC Section 934(f)	Exempt CUIC Section 934(f)	Not subject CUIC Section 13009(q)	Not reportable CUIC Section 13009.5
I. Employer contributions to certain nonqualified deferred compensation plans.	Subject at the time services are performed or when there is no substantial risk of a forfeiture of the right to the amount, whichever is later. CUIC Section 926	Subject at the time services are performed or when there is no substantial risk of a forfeiture of the right to the amount, whichever is later. CUIC Section 926	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
J. Payments upon death or retirement for disability to employee or his or her dependent made under a plan providing for employees or a class or classes of employees.	Exempt CUIC Section 938	Exempt CUIC Section 938	Not subject CUIC Section 13009(q)	Not reportable CUIC Section 13009.5
<b>Salary Advances</b>	Subject at the time the advance is paid, <b>not</b> when it is deducted from future earnings (wage payments). CUIC Section 926	Subject at the time the advance is paid, <b>not</b> when it is deducted from future earnings (wage payments). CUIC Section 926	Subject at the time the advance is paid, <b>not</b> when it is deducted from future earnings (wage payments). CUIC Section 13009	Reportable at the time the advance is paid, <b>not</b> when it is deducted from future earnings (wage payments). CUIC Section 13009.5

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## TYPES OF PAYMENTS

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance And Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Scholarship Payments, Fellowship Grants, or Tuition Reductions</b>	Exempt if it is reasonable to believe that the benefit is excludable from gross income under IRC Section 117. CUIIC Section 938.3(c)	Exempt if it is reasonable to believe that the benefit is excludable from gross income under IRC Section 117. CUIIC Section 938.3(c)	Not subject <sup>7</sup> if it is reasonable to believe that the benefit is excludable from gross income under IRC Section 117. CUIIC Section 13009(q)	Not reportable <sup>7</sup> if it is reasonable to believe that the benefit is excludable from gross income under IRC Section 117. CUIIC Section 13009.5
<b>Sickness or Injury Payments under:</b>				
A. Workers' Compensation law	Exempt CUIIC Section 931(a)	Exempt CUIIC Section 931(a)	Not subject CUIIC Section 13009(q)	Not reportable CUIIC Section 13009.5
B. Employer plans and contracts of insurance	Exempt after the end of six calendar months after the calendar month employee last worked for employer. CUIIC Section 933	Exempt after the end of six calendar months after the calendar month employee last worked for employer. CUIIC Section 933	Subject to the extent the payments into the plan were made by the employer and were not included in the gross taxable income of the employee. CUIIC Section 13009	Reportable to the extent the payments into the plan were made by the employer and were not included in the gross taxable income of the employee. CUIIC Section 13009.5
C. Sick pay while employed	Subject CUIIC Section 931	Subject CUIIC Section 931	Subject CUIIC Section 13009	Reportable CUIIC Section 13009.5
D. A plan entirely funded by employees	Exempt CUIIC Section 926	Exempt CUIIC Section 926	Not subject CUIIC Section 13009(q)	Not reportable CUIIC Section 13009.5
<b>Sick Pay Paid by Third-Party Payers</b> such as insurance companies and trusts: Reporting is the responsibility of the last employer if timely notified by the payer. Refer to <i>Information Sheet: Third-Party Sick Pay</i> (DE 231R).				
<ul style="list-style-type: none"> <li>Third-party payer notifies the recipient's last employer within 15 days after payment.</li> </ul>	Subject – recipient's employer is responsible for reporting UI and ETT. CUIIC Section 931.5	Exempt CUIIC Section 931.5	Subject if employee requests withholding by filing form DE 4S with the third-party who is responsible for reporting PIT withholding. CUIIC Sections 931.5 and 13028.6	Reportable – recipient's employer is responsible for reporting PIT wages. CUIIC Section 13009.5(a)(3)(A)

**TYPES OF PAYMENTS**

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
B. Third-party payer <b>does not</b> notify the recipient's last employer within 15 days after payment. Third-party payer is responsible for reporting UI, ETT, any voluntary PIT withholding, and PIT wages.	Subject – third-party payer is responsible for reporting UI and ETT. CUI Section 931.5	Exempt – neither employer nor third-party payer are required to report. CUI Section 931.5	Subject if employee requests withholding by filing form DE 4S with the third-party payer. CUI Sections 931.5 and 13028.6(c)	Reportable – third-party payer is responsible for reporting PIT wages. CUI Section 13009.5(a)(3)(B)
C. Sick pay paid after the end of six calendar months after the calendar month the employee last worked for the employer and the third-party payer notifies the recipient's last employer within 15 days after payment.	Exempt – neither employer nor third-party payer are required to report. CUI Section 933	Exempt – neither employer nor third-party payer are required to report. CUI Section 933	Subject if employee requests withholding by filing form DE 4S with the third-party who is responsible for reporting PIT withholding. CUI Sections 931.5 and 13028.6(c)	Reportable – recipient's employer is responsible for reporting PIT wages. CUI Section 13009.5(a)(3)(A)
D. Sick pay paid after the end of six calendar months after the calendar month the employee last worked for the employer and the third-party payer <b>does not</b> notify the recipient's last employer within 15 days after payment.	Exempt – neither employer nor third-party payer are required to report. CUI Section 933	Exempt – neither employer nor third-party payer are required to report. CUI Section 933	Subject if employee requests withholding by filing form DE 4S with the third-party payer. CUI Section 13009	Reportable – third-party payer is responsible for reporting PIT wages. CUI Section 13009.5(a)(3)(B)
<b>Stock Options:</b> Refer to <i>Information Sheet: Stock Options</i> (DE 231SK)				
A. Incentive Stock Option (ISO):				
• Qualifying Disposition (after minimum holding period)	Not subject CUI Section 928	Not subject CUI Section 928	Not subject CUI Sections 13003(b)(5) and 13009	Not reportable CUI Section 13009.5
• Disqualifying Disposition	Not subject CUI Section 928	Not subject CUI Section 928	Not subject	Reportable when disposed CUI Section 13009.5
B. Employee Stock Purchase Plan (ESPP):				
• Qualifying Disposition	Not subject CUI Section 928	Not subject CUI Section 928	Not subject CUI Sections 13003(b)(5) and 13009	Not reportable CUI Section 13009.5
• Disqualifying Disposition	Not subject CUI Section 928	Not subject CUI Section 928	Not subject	Reportable when disposed CUI Section 13009.5

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## TYPES OF PAYMENTS

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
C. Nonstatutory Stock Option (NSO): <ul style="list-style-type: none"> <li>• With Readily Ascertainable Fair Market Value when granted</li> <li>• Without Readily Ascertainable Fair Market Value when granted</li> </ul>	Subject when granted CUIC Section 928	Subject when granted CUIC Section 928	Subject when granted CUIC Sections 13003(b)(5) and 13009	Reportable when granted CUIC Section 13009.5
	Subject when exercised CUIC Section 928	Subject when exercised CUIC Section 928	Subject when exercised CUIC Sections 13003(b)(5) and 13009	Reportable when exercised CUIC Section 13009.5
D. California Qualified Stock Option: <ul style="list-style-type: none"> <li>• Defined by R&amp;TC 17502</li> <li>• Not defined by R&amp;TC 17502</li> </ul>	Not subject CUIC Section 928	Not subject CUIC Section 928	Not subject	Not reportable CUIC Section 13009.5
	Depends on type of option CUIC Section 928	Depends on type of option CUIC Section 928	Subject when disposed CUIC Sections 13003(b)(5) and 13009	Reportable when disposed CUIC Section 13009.5
<b>Supplemental Unemployment Compensation Plan Benefits</b> paid under an employer's plan	Exempt CUIC Section 1265	Exempt CUIC Section 1265	Subject CCR, Title 22 Section 4309-1(b)(4)	Reportable CUIC Section 13009.5
<b>Tips:</b> Refer to <i>Information Sheet: Tips</i> (DE 231T)				
A. Cash tips which are received by the employee while performing services in employment and which are included in a written statement furnished to the employer.	Subject if \$20 or more in a month. CUIC Section 927 and CCR, Title 22 Section 927-1	Subject if \$20 or more in a month. CUIC Section 927 and CCR, Title 22 Section 927-1	Subject if \$20 or more in a month. CUIC Sections 13009 and 13009(n)(2)	Reportable if \$20 or more in a month. CUIC Section 13009.5
B. Employer controlled tips, such as banquet tips, that are received by the employee from the employer while performing services in employment.	Subject CUIC Section 926	Subject CUIC Section 926	Subject CUIC Section 13009	Reportable CUIC Section 13009.5
C. Noncash tips	Exempt IRC Section 3121(a)(12)(A)	Exempt IRC Section 3121(a)(12)(A)	Not subject CUIC Section 13009(n)(1)	Not reportable CUIC Section 13009.5
<b>Vacation Pay, Sick Pay, and Holiday Pay</b> Only when earned but not paid prior to termination of employment due to a voluntary quit, discharge, or layoff due to lack of work with no specific date to return to work.	Exempt CUIC Sections 1265.5, 1265.6, and 1265.7	Exempt CUIC Sections 1265.5, 1265.6, and 1265.7	Subject CUIC Section 13009	Reportable CUIC Section 13009.5

## TYPES OF PAYMENTS

Types of Payment	Treatment for Tax Purposes			
	Unemployment Insurance and Employment Training Tax <sup>1</sup>	State Disability Insurance	Personal Income Tax Withholding	Personal Income Tax Wages
<b>Wage Limit</b> Maximum of taxable wages paid each employee by same employer in same calendar year.	\$7,000  Limit of new owner is reduced by amount of wages paid by predecessor to same employee. Wages paid by other employers are not counted toward the taxable limit. Wage limits are subject to change on an annual basis. CUI Section 930	See Footnote 8  Limit of new owner is reduced by amount of wages paid by predecessor to same employee. Wages paid by other employers are not counted toward the taxable limit. Wage limits are subject to change on an annual basis. CUI Section 985	Unlimited CUI Section 13020	Unlimited CUI Section 13009.5
<b>Worker Adjustment and Retraining Notification (WARN) Act</b> Payments received by an individual from an employer who has failed to provide the advance notice of a facility closure as required by the federal WARN Act.	Not subject CUI Section 1265.1	Not subject CUI Section 1265.1	Subject CUI Section 13009	Reportable CUI Section 13009.5
<b>Workers' Compensation</b>	Exempt CUI Section 931	Exempt CUI Section 931	Not subject CUI Section 13009(q)	Not reportable CUI Section 13009.5

- <sup>1</sup> Employers who have elected the "cost of benefit reimbursable method" of financing Unemployment Insurance contributions or who have a negative reserve account balance are not required to contribute to the Employment Training Tax fund.
- <sup>2</sup> The federal "Economic Growth and Tax Relief Reconciliation Act of 2001" (Public Law 107-16) amended IRC Section 137 to increase the exclusion amounts from gross income relating to adoption assistance programs. However, these payments are subject to California Personal Income Tax (PIT) withholding and reportable for PIT wages until California legislation is enacted to conform to the federal law.
- <sup>3</sup> Subject if employer and employee voluntarily agree to withhold California PIT.
- <sup>4</sup> Public Law 107-16 amended IRC Section 132 to exclude from gross income as a fringe benefit qualified retirement planning services. However, this type of payment is subject to California PIT withholding and reportable for PIT wages until California legislation is enacted to conform to the federal law.
- <sup>5</sup> Public Law 107-16 amended the IRC to increase the annual elective deferral contribution limits and also allow catch-up elective deferral contributions for individuals age 50 or over under certain pension, annuity, and other deferred compensation plans. The increased amounts are subject to California PIT withholding and reportable for PIT wages until California legislation is enacted to conform to the federal law.
- <sup>6</sup> Pension, annuity, and other deferred income distributions reported on Form 1099-R.
- <sup>7</sup> Public Law 107-16 amended IRC Section 117 to exclude from gross income as a qualified scholarship payments received under the National Health Services Corps Scholarship Program and F. Edward Herbert Armed Forces Health Professions Scholarship and Financial Assistance Program whether or not the recipient has any service obligation. However, these payments are subject to California PIT withholding and reportable for PIT wages until California legislation is enacted to conform to the federal law.
- <sup>8</sup> The maximum taxable wage limit for SDI was not available at the time this guide was published. Please call EDD's 24-hour automated call system at (916) 653-7795 or access our Web site at [www.edd.ca.gov/taxrte9x.htm](http://www.edd.ca.gov/taxrte9x.htm) for the SDI wage limit.