

## Employment Development Department

# Employment Tax

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## Independent Contractor Reporting Requirements

### Fact Sheet

<b>Background</b>	California State Senate Bill 542 was passed during the 1999-2000 legislative session and signed into law. This law requires businesses and government entities to report specified information to the Employment Development Department (EDD) on independent contractors.
<b>Who Must Report</b>	<p>Any business or government entity (defined as a "service-recipient") that is required to file a federal Form 1099-MISC for services performed by an independent contractor (defined as a "service-provider") must report. A service-recipient means any individual, person, corporation, association, or partnership, or agent thereof, doing business in this State, deriving trade or business income from sources within this State, or in any manner in the course of trade or business subject to the laws of this State.</p> <p>An independent contractor is 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.</p>
<b>Benefits of the Program</b>	The information you provide to EDD will increase child support collection by helping to locate parents who are delinquent in their child support obligations.
<b>Effective Date</b>	January 1, 2001
<b>When Must the Information Be Reported</b>	<p>You must report to EDD within twenty (20) days of EITHER making payments totaling \$600 or more OR entering into a contract for \$600 or more with an independent contractor in any calendar year, whichever is earlier.</p> <p>You are required to provide the following information that applies.</p>
<b>What Information Must Be Reported</b>	<p>Business or government entity's (service-recipient):</p> <ul style="list-style-type: none"><li>Federal employer identification number</li><li>California employer account number</li><li>Social security number</li><li>Business name, address, and telephone number</li></ul> <p>Independent contractor's (service-provider):</p> <ul style="list-style-type: none"><li>First name, middle initial, and last name</li><li>Social security number</li><li>Address</li><li>Start date of contract (if no contract, date payments equal \$600 or more)</li><li>Amount of contract, including cents (if applicable)</li><li>Contract expiration date (if applicable)</li><li>Ongoing contract (check box if applicable)</li></ul>

**General Information** Report independent contractor information on the *Report of Independent Contractors* form (DE 542) or online with [iICR](#). To obtain forms and/or information, call our hotline number (916) 657-0529. You may also call our toll-free number 1-888-745-3886, visit your local [Employment Tax Office](#) listed in your local telephone directory in the State Government section under "Employment Development Department," or access our Internet site at [www.edd.ca.gov](http://www.edd.ca.gov). For magnetic media filing, please call (916) 651-6945.

**Where to Send Reports** Employment Development Department  
PO Box 997350 MIC 99  
Sacramento CA 95899-7350  
Fax: (916) 319-4410

## REPORT OF INDEPENDENT CONTRACTOR(S) PRINTING SPECIFICATIONS FOR EDD SUPPLIED DE 542 FORMS

The Employment Development Department (EDD) provides form DE 542, *Report of Independent Contractor(s)*, suitable for laser printers at no cost. To obtain less than 25 DE 542s, please contact our hotline at (916) 657-0529 or contact our Employment Tax Customer Service Office at 1-888-745-3886.

To obtain 25 or more forms, please contact the EDD Forms Warehouse at 1788W Sports Drive, Sacramento, CA 95834, (916) 322-2835. The EDD will also accept alternate (facsimile) forms printed with laser or computer printers on plain white paper **after** we have tested them on our optical character readers. Please contact the Alternate Forms Coordinator at (916) 255-0649 for specifications.

### GENERAL REQUIREMENTS

**Ink:** To allow data to be captured correctly, the *Report of Independent Contractor(s)* must be printed in black, **non-ferric** ink only. Ferric ink contains metal and is used to print micro-code on checks. The main objective is to create a clear, distinct image. Do not use a dot matrix printer.

**Font type:** Print six vertical lines per inch, ten horizontal print positions per inch. A 12 point Courier font achieves high read rates. Do not use bold print.

**Alignment:** The top edge of the form is zero; the bottom of the form is line 66; the left edge is print position zero; and the right edge is print position 85.

**Display of numbers:** Left justify the amount of contract reported (begin printing in the first print position). If left justification is a problem, end the amount of contract fields four to five print positions to the left of the actual end of field. The object is to have no printed data at the end of the field. Do not use commas or dollar signs. Use decimals or spaces between digits as appropriate, for example, 32 417.98 or 32 417 98.

**Display of Social Security Account (SSA) Numbers:** SSA numbers must always contain nine digits. Do not use "/" between digits. Acceptable ways of printing are 012345678 or 01234 5678 or 012-34-5678 (if your program cannot delete the dashes).

**Display of SERVICE-PROVIDER Names:** Please show the first name, middle initial, and the last name of each Service-provider. If your program will not parse out the middle initial, place the middle initial in the first name field. If your program does not print the employee names in this format, contact the Alternate Form Coordinator for instructions on reporting employee names. Please print letters in UPPER CASE.

**User Codes:** If you print user codes or letters on your forms, please position them above the title **.SERVICE-RECIPIENT.** field on lines 6 or 7 and print positions 7 thru 40.