

**Revision History**

**This page will contain details of changes to the document**

Date	Version	Description of Updates	Author
11/4/2013	1.1	Information contained in TB-341A was used to create this original document. The information was updated and reformatted and additional system operator instructions were added.	K Nabors Gross

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The independent contractors bill (SB 542) requires that employers, businesses, and government entities report specific information on independent contractors to the Employment Development Department (EDD). The independent contractor reporting requirements apply if you hire an independent contractor and all the following statements apply:

- You are required to file a Form 1099-MISC for the services performed by the independent contractor.
- You pay the independent contractor \$600 or more OR enter into a contract for \$600 or more.
- The independent contractor is an individual or sole proprietorship.

If all the above statements apply, you must report the independent contractor to EDD within 20 days of paying/contracting for \$600 or more in services. You are not required to report independent contractors that are corporations, general partnerships, limited liability partnerships, and limited liability companies.

For additional information see [EDD Independent Contractor Reporting](#) website.

## SETUP OPS AND POS VENDORS FOR REPORTING

1. Vendor Maintenance (POS - PSMEN1 Option 1, OPS - POMEN1 Option)
  - a. Print 1099 = Y
  - b. Sole Proprietor = Y

**Note:** Per EDD, compliance with SB542 requires that the RC obtain the vendors SSN or, if they are unable to do so, to have documented their attempts. Documentation can be done under menu SB542 Option 1 Enter/Update VNDEDD.

When Print 1099 = Y, Sole Proprietor = Y and the vendor has been paid \$600 or more, a record will be written to VNDEDD when a check/EFT payment is issued through one of the following menus:

- POME23 Option 3 Generate Checks and/or EFT Transactions;
- POME24 Option 3 Print Prepaid Checks Register;
- PSME24 Option 3 Generate Checks;
- PSME25 Option 3 Post Prepaid Checks.

**SB542 VENDOR REPORTING File Maintenance Menu**

From PSMEN1 or POMEN1 Option 10 Go to menu SB542 (EDD reporting)

```
Menu: SB542          SB542 Vendor Reporting          User ID: KANABOQA
10/27/15 11:58:42          File Maintenance

    1. Enter/Update VNDEDD
    2. Reformat vendor name in VNDEDD file

    4. Print OPS VNDEDD records without SSN#
    5. Print all OPS VNDEDD records

    8. Print POS VNDEDD records without SSN#
    9. Print all POS VNDEDD records

    13. Print ALL VNDEDD records (by date reported to EDD)

                                           90. Sign off

Selection or Command
==> _
```

- Option 1 Enter/Update VNDEDD – This option allows users to make changes to an existing VNDEDD record, or add a SB542 eligible vendor that has entered into a contract for  $\geq$  \$600 before a check has been issued.
- Option 2 Reformat vendor name in VNDEDD file – Query that will show any vendor names in the VNDEDD file that contain a comma “,” or “DBA”
- Option 4 Print OPS VNDEDD records without SSN# - A report of operations vendors who are eligible for SB542 reporting but will not be reported until SSN is entered and the tax type is “S”. This report can be used to track and document attempts to obtain an OPS vendors SSN.
- Option 5 Print all OPS VNDEDD records – A report of all OPS vendors with a record in the VNDEDD file.
- Option 8 Print POS VNDEDD records without SSN# - A report of POS vendors who are eligible for SB542 reporting but will not be reported until SSN is entered and the tax type is “S”. This report can be used to track and document attempts to obtain a POS vendors SSN.
- Option 9 Print all POS VNDEDD records – A report of all POS vendors with a record in the VNDEDD file.
- Option 13 Print ALL VNDEDD records (by date reported to EDD) – A report of all OPS and POS SB542 eligible vendors reported to EDD, sorted by report date.

## ADD A CONTRACTED VENDOR

1. From Menu SB542 select Option 1 Enter/Update VNDEDD
2. Select F10=Entry
3. The fields highlighted in yellow are required. Note the input of operations vendors with leading zeros if vendor # is less than 6 characters.

Update Vendors reported to EDD	Mode . . . . .	ENTRY
Format . . . . .	VNDEDDRA	File . . . . .
Vendor #:	_____	(Required) - Operations enter leading zeroes - this is a 6 digit field)
Amount Paid/Contract Amount:	_____	(Required)
Date Reported to EDD:	_____	(Leave blank)
Created by User ID:	_____	(User signon)
Date \$ > \$600 or Contract Start Date:	_____	(MMDDYYYY)
Creation Time:	_____	(Optional)
Tax ID #:	_____	(Required)
Tax Type E/S:	__	(Required)
Tax ID# Requested:	__	(Use for documentation)
Contact Date 1:	_____	(Use for documentation)
Contact Date 2:	_____	(Use for documentation)
Contact Date 3:	_____	(Use for documentation)
Tax Name First-Last:	_____	(Required)
Vendor Type POS=P, OPS=O:	__	(Required)
Contract Expiration Date:	_____	(Optional)
Ongoing Contract (Y/N):	__	(Optional)

4. After input press Enter then F3=Exit.  
At the End Data Entry screen you will see a summary of changes. To exit press Enter again.

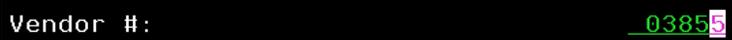
**Note:** If you confirm the entry when doing an F10=New Entry you must go back to Enter/Update and follow the Update Vendor instructions to make any corrections.

## UPDATE A VENDOR

You can use the update vendor feature to document attempts to obtain SSN's as well as, input the SSN, change the Tax Type, and/or change the Tax Name to standard format. These updates will only modify the VNDEDD file. To update tax modifications to the vendor record permanently, go to the appropriate Vendor Maintenance menu.

**Note:** Records will not copy from the VNDEDD file to the report for EDD until the vendor's SSN is input and the tax type is changed to an 'S'.

1. From Menu SB542 select Option 1 Enter/Update VNDEDD
2. Type in the 6 digit Vendor Number and Enter. (OPS vendor numbers must be input with leading zeros or spaces if there are no leading zeros)  
Example: OPS vendor number 03855 would be input as [space]03855



Vendor #: 03855

3. Update fields as necessary.
  - Tax I/D = Vendors SSN
  - Tax Type = S;
  - Tax Name = First Name, Middle Initial, Last Name
  - Documented attempts for SSN if relevant.

**Note:** The Tax ID# Requested field is a Y or N entry
4. When update is completed press Enter
5. Enter another vendor # to update or F3=Exit  
At the End Data Entry screen you will see a summary of changes. To exit press Enter again

## DELETE A VENDOR FROM VNDEDD

If you need to remove a vendor from the VNDEDD file for any reason, send an email to [AST@dds.ca.gov](mailto:AST@dds.ca.gov) with the Vendor# and reason for removal.

## REVIEWING AND PREPARING REPORT FOR EDD

The other options on the SB542 menu provide various reports to assist with the timely reporting to EDD. Options 4 and 8 will inform you of files that have been excluded because they do not contain a Tax Type of 'S' and an SSN.

When all corrections have been made the System Operator will create the text file that can be uploaded to EDD via their e-Services for Business website.

**CREATE FILE FOR EDD (SYSTEM OPERATOR FUNCTION)**

1. Logon as system operator
2. From SYOPMAIN select Option 16 File Transfer
3. Select Option 1 Create EDD File of Vendor Payments (VNDEDDPAY)

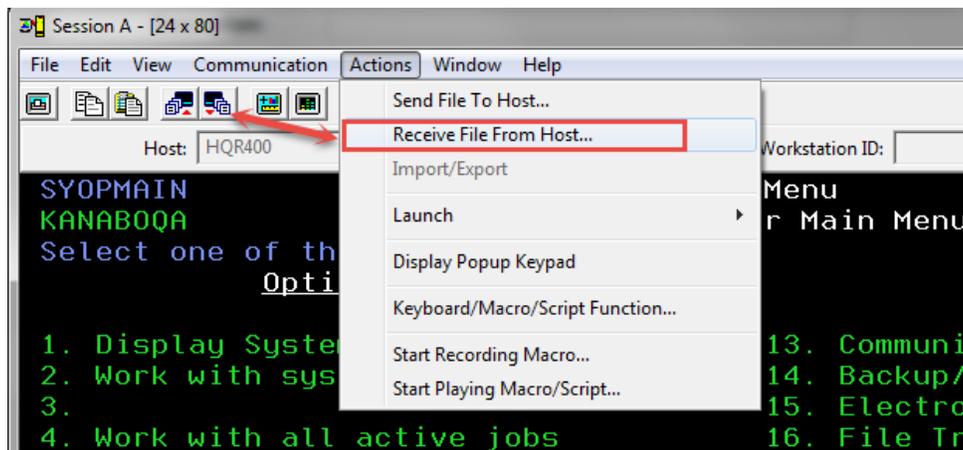
**Note:** This option can only be run once in a calendar day. If you must run it more than once per day contact the DDS Service Desk or email [AST@dds.ca.gov](mailto:AST@dds.ca.gov)

If the process has been run already you will see the follow message:

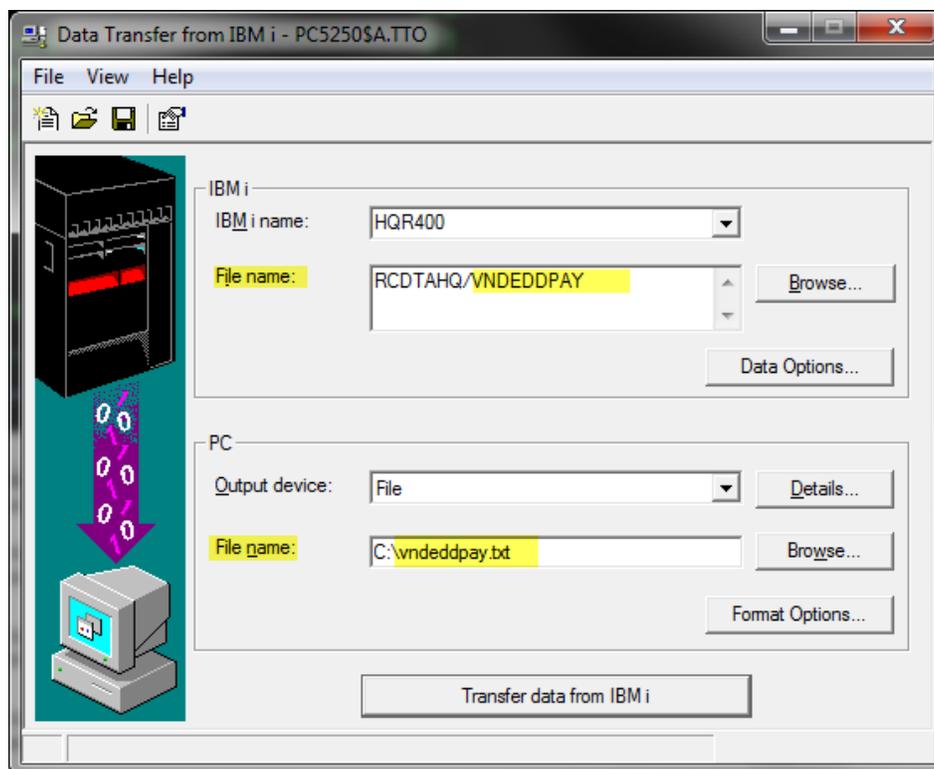
```
There are no records to create an EDD file
Enter 'Y' to cancel this job.

Enter Reply _____
```

4. Use client access “Data Transfer from IBM i” to download the VNDEDDPAY file. (Icon or Actions menu)



5. In the Data Transfer from IBM i window
  - a. Verify your IBM i name is correct
  - b. Input the appropriate library and the VNDEDDPAY file name
  - c. Specify the PC location and add a file name with .txt as the file extension



(Example only)

6. Close the file transfer window using the Red X in the upper right corner.  
At prompt "Do you want to save this transfer request?" Select Yes or No based on your preference.

After the file is created you will need to ZIP the file. Then logon to the eServices website at EDD and complete the process to upload the return.

Regional Centers should create their own instructions for logging on at EDD and uploading the file.

**Note:** At the end of the calendar year, the VNDEDD file will need to be cleared. This process is part of the 1099 procedure.