



SOLE SHAREHOLDER/CORPORATE OFFICER EXCLUSION STATEMENT
(Section 637.1 of the California Unemployment Insurance Code [CUIC])

Eligibility Requirements

In a private corporation, any person who is a corporate officer and sole shareholder, or the only shareholder other than his or her spouse, may file a statement electing to be excluded only from State Disability Insurance (SDI) coverage for contributions and benefits, which includes Paid Family Leave (PFL). You may file your exclusion request online using e-Services for Business. Log in to your [e-Services for Business](http://edd.ca.gov/e-Services_for_Business) (edd.ca.gov/e-Services_for_Business) account or enroll.

I hereby declare that I am a corporate officer of the above-named private corporation, **and**

- CHECK ONLY ONE** The sole shareholder, or
 The only shareholders are my spouse and me.

Please print or type. Prepare an original and retain a copy with your payroll records. Mail or fax immediately upon completion to the address or fax number shown on the Reporting Instructions. Your exclusion is effective on the first day of the calendar quarter in which this statement is filed.

Employer Payroll Tax Account Number

Federal Employer Identification Number (FEIN)

Secretary of State Corporate Entity Number

Corporation Name

Doing Business As

Corporation Mailing Address

City

State

ZIP Code

Contact Person's Phone Number

Fax Number

Sole Shareholder's Name

The Last Four Digits of Social Security Number

Sole Shareholder's Spouse's Name

The Last Four Digits of Social Security Number

Election Statement

- I hereby elect to be excluded from any rights to SDI benefits based on wages paid to me by this corporation.
 Spouse (If electing to be excluded, must be both a corporate officer and shareholder.)

IMPORTANT - PLEASE NOTE CAREFULLY

The corporation must report your wages and pay contributions for Unemployment Insurance (UI) and Employment Training Tax (ETT) unless your corporation is not subject to the Federal Unemployment Tax Act (FUTA). Refer to section 637 of the CUIC for further information. Only certain types of nonprofit and agricultural corporations are not subject to FUTA.

I understand that this statement is effective in the calendar quarter filed and is effective during the remainder of the calendar year in which the statement is filed and for not less than the two succeeding complete calendar years, and in all subsequent calendar quarters until withdrawn. Any changes in the ownership of the stock or status of the corporate officer may terminate this exemption. I also understand that this exclusion applies only to SDI taxes administered by the State of California and has no effect on the administration of federal UI taxes.

Sole Shareholder's Signature _____

Date

Sole Shareholder's Spouse's Signature _____

Date

FOR DEPARTMENT USE ONLY	
EFF. DATE _____	LTR. SENT _____
EXAMINER _____	DATE _____

SEE THE FOLLOWING REPORTING INSTRUCTIONS

REPORTING INSTRUCTIONS

You are required to electronically submit employment tax returns, wage reports, and payroll tax deposits using e-Services for Business to comply with the e-file and e-pay mandate. Visit the [E-file and E-pay Mandate for Employers](http://edd.ca.gov/payroll_taxes/e-file_and_e-pay_mandate_for_employers.htm) (edd.ca.gov/payroll_taxes/e-file_and_e-pay_mandate_for_employers.htm) website for more information.

Please follow these reporting procedures:

1. File a single *Quarterly Contribution Return and Report of Wages* (DE 9) for the quarter and include wages and withholdings for all of the corporation's employees, including the sole shareholder and sole shareholder's spouse, if electing the exclusion.
2. If you have an approved e-file and e-pay mandate waiver to file the *Quarterly Contribution Return and Report of Wages (Continuation)* (DE 9C) by paper, the sole shareholder wages and withholdings must be reported on a separate DE 9C for the quarter. Write "Sole Shareholder" across the top of the DE 9C. Report all other employees' wages and withholdings on a separate DE 9C.
3. When filing electronically, one DE 9C for the quarter may be used to report wages and withholdings for all the corporation's employees, including the sole shareholder and the sole shareholder's spouse, if electing exclusion. Insert Plan Code "R" on the wage line(s) to designate the sole shareholder wages and sole shareholder's spouse, if electing exclusion, only when reporting on an account that is subject to UI and SDI.

GENERAL INFORMATION

NOTE: A DE 459 is not required if services performed are not subject to California law for UI, ETT, or SDI purposes. Please refer to [Information Sheet: Multistate Employment \(DE 231D\) \(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de231d.pdf) (edd.ca.gov/pdf_pub_ctr/de231d.pdf) to determine whether the services are subject to employment taxes in California.

If the corporation does not have an employer payroll tax account number, please register online through e-Services for Business. **Do not** submit this form until you have received an employer payroll tax account number.

It is important to file the form during the calendar quarter in which you want the exemption to take effect. The exemption becomes effective the first day of the calendar quarter in which it is filed. A delay in filing this form may cause your exemption to take effect in the next calendar quarter. **Do not** file this form as an attachment to your DE 9, DE 9C, or any other Employment Development Department (EDD) form.

The EDD reserves the right to request additional information pertaining to this form.

The exemption may be terminated at any time by a change in stock ownership or status of the corporate officer as described in section 637.1 of the CUIIC.

The exemption may be voluntarily terminated after two succeeding complete calendar years have passed. The corporate officer/sole shareholder must submit a written request to the EDD for termination.

If you have any questions concerning the exemption or reporting requirements, please contact the EDD at the address below.

**Attention: Specialized Coverage Desk
Employment Development Department
Taxpayer Assistance Center
PO Box 2068
Rancho Cordova, CA 95741-2068**

Phone: 1-888-745-3886

Fax: 1-916-319-1179

The EDD is an equal opportunity employer/program. Auxiliary aids and services are available upon request to individuals with disabilities. Requests for services, aids, and/or alternate formats need to be made by calling 1-888-745-3886 (voice) or TTY 1-800-547-9565.