

## Instructions for Completing the *Voluntary Plan for Disability Insurance Quarterly Adjustment Form (DE 938)*

The [Voluntary Plan for Disability Insurance Quarterly Adjustment Form \(DE 938\) \(PDF\)](http://edd.ca.gov/pdf_pub_ctr/de938.pdf) ([edd.ca.gov/pdf\\_pub\\_ctr/de938.pdf](http://edd.ca.gov/pdf_pub_ctr/de938.pdf)) is used to request corrections to a previously reported *Quarterly Contribution Return (DE 3D)*, and/or *Quarterly Contribution Return and Report of Wages (Continuation) (DE 9C)*.

You can also file adjustments to previously filed returns online through the Employment Development Department (EDD) [e-Services for Business](http://edd.ca.gov/e-Services_for_Business) ([edd.ca.gov/e-Services\\_for\\_Business](http://edd.ca.gov/e-Services_for_Business)). For assistance, please contact the Taxpayer Assistance Center at 1-888-745-3886 (voice) or TTY 1-800-547-9565.

**Use the following chart to determine when and how you should notify the EDD of adjustments. (Instructions for completing the DE 938 begin on page 2.)**

Type of Adjustment	How to Make Adjustment
<b>Underpaid</b> Unemployment Insurance (UI), Employment Training Tax (ETT), State Disability Insurance (SDI), and/or Personal Income Tax (PIT) <b>prior to filing the DE 3D</b> for the quarter.	Submit a <i>Payroll Tax Deposit (DE 88)*</i> ( <a href="http://edd.ca.gov/Payroll_Taxes/Required_Filings_and_Due_Dates.htm">edd.ca.gov/Payroll_Taxes/Required_Filings_and_Due_Dates.htm</a> ) and pay the amount due, including penalty and <a href="http://edd.ca.gov/Payroll_Taxes/Interest_Rate.htm">interest</a> ( <a href="http://edd.ca.gov/Payroll_Taxes/Interest_Rate.htm">edd.ca.gov/Payroll_Taxes/Interest_Rate.htm</a> ).  Indicate the pay date on the DE 88. The penalty amount is 15% of the portion of the payment that is late (penalty is 10% for periods prior to 3rd quarter 2014).
<b>Overpaid</b> UI, ETT, SDI, and/or PIT on a DE 88 <b>prior to filing the DE 3D</b> for the quarter.	On the next <b>DE 88*</b> for the same calendar quarter, reduce the amount of taxes due by the amount of the overpayment. Do not show credits (negative amounts) on the DE 88*. If you cannot reduce the overpayment on your next deposit within the quarter, claim the amount overpaid on line J of your DE 3D when you file your return for the quarter.
<b>Overpaid</b> UI, ETT, SDI, and/or PIT on a DE 88 <b>prior to filing the DE 3D</b> for the quarter and you cannot reduce the overpayment on your next deposit within the quarter.	Claim the amount overpaid on line J when you file your <b>DE 3D</b> for the quarter.
Allocated the wrong amounts to specific funds on a <b>DE 88</b> .	<b>Do not adjust.</b> The EDD will make the necessary adjustments at the end of the quarter when you file your <b>DE 3D</b> .
Reported incorrect UI, ETT, SDI, and/or PIT information on the <b>DE 3D</b> .	Complete sections I, II, III, and V of the <b>DE 938</b> . If taxes are due, send a payment with the DE 938 for the additional tax amount plus penalty and interest. Also, complete section IV (items A and C) of the DE 938 if a correction is needed to the DE 9C for the quarter.
Did not report employee(s) on a previously filed <b>DE 9C</b> .	Complete sections I, II, IV (items A and C), and V of the <b>DE 938</b> . Refer to pages 3 to 5 for detailed instructions and examples of wage line adjustments. Also, complete section III of the DE 938 if a correction is needed to the DE 3D for the quarter.
Reported employee(s) on a previously filed <b>DE 3D</b> and <b>DE 9C</b> in error.	Complete sections I, II, III, IV (items A and C), and V of the <b>DE 938</b> .
Reported incorrect wage and/or PIT withholding information on a previously filed <b>DE 9C</b> .	Complete sections I, II, IV (items A and C), and V of the <b>DE 938</b> . Refer to pages 3 to 5 for detailed instructions and examples of wage line adjustments. Also, complete section III of the DE 938 if a correction is needed to the DE 3D for the quarter.
Reported incorrect employee Social Security number (SSN) and/or name on a previously filed <b>DE 9C</b> .	Complete sections I, II, IV (items A and C), and V of the <b>DE 938</b> . Refer to pages 3 to 5 of the DE 938-I for detailed instructions and examples of wage line adjustments.
No SSN reported for employee(s) on a previously filed <b>DE 9C</b> .	Complete sections I, II, IV (items A and C), and V of the <b>DE 938</b> . Refer to pages 3 to 5 for detailed instructions and examples of wage line adjustments.
Incorrect wage plan code(s) reported on the <b>DE 9C</b> .	Complete sections I, II, IV (items A and B or items A and C), and V of the <b>DE 938</b> . If correcting wage plan codes for all employees, complete items A and B in section IV. If correcting the wage plan codes for individual employees, complete items A and C (C1 through C6 and C9) for each affected employee.  Refer to the <a href="http://edd.ca.gov/pdf_pub_ctr/de231wpc.pdf">Information Sheet: Reporting Wage Plan Codes on Quarterly Wage Reports and Adjustments (DE 231WPC) (PDF)</a> ( <a href="http://edd.ca.gov/pdf_pub_ctr/de231wpc.pdf">edd.ca.gov/pdf_pub_ctr/de231wpc.pdf</a> ) for information on wage plan codes and which wage plan code corrections do not need to be reported.

\*As of January 1, 2018, all employers are required to electronically submit payroll tax deposits to the EDD to avoid noncompliance penalties. You can submit payments online through [e-Services for Business](http://edd.ca.gov/e-Services_for_Business) ([edd.ca.gov/e-Services\\_for\\_Business](http://edd.ca.gov/e-Services_for_Business)) to comply with the [e-file and e-pay mandate](http://edd.ca.gov/EfileMandate) ([edd.ca.gov/EfileMandate](http://edd.ca.gov/EfileMandate)).

## Instructions for Completing the DE 938

### General Reminders:

- **If you over withheld PIT from your employee(s) during the prior year and have issued a *Wage and Tax Statement (Form W-2)* to your employee(s), do not refund the PIT over withholdings to the employee nor change the PIT withholding amount on the Form W-2.** The employee(s) will receive a credit when they file their California personal income tax return with the [California Franchise Tax Board](http://ftb.ca.gov) (ftb.ca.gov). Do not file a claim for refund with the EDD.
- **The EDD cannot process adjustment forms if you have not filed the DE 3D and/or DE 9C for the quarter.**
- Do not report negative amounts. If amounts were reported incorrectly, complete the adjustment form(s) for the quarter(s) in which the information was reported incorrectly.
- **Complete one DE 938 per quarter.** DE 938 forms submitted with annual amounts will not be processed.
- **Statute of Limitations:** A claim for refund must be filed within 3 years of the last timely date of the quarter being adjusted, 6 months after an assessment becomes final, or 60 days from the date of the overpayment, whichever date occurs later.

### Line Item Instructions

**Check the Box That Applies:** Mark the box that indicates the forms that you are correcting on the DE 938. Most adjustments to wages and withholdings will require the correction of amounts reported on both the DE 3D and DE 9C for the quarter.

### Section I: Employer Information

Enter the business name, address, quarter (two digits for the year and one digit for the quarter), and eight-digit employer payroll tax account number that needs to be adjusted.

### Section II: Reason for Adjustment

Enter a detailed reason for the adjustment that is being requested. A reason must be provided for all adjustments requested. If more space is needed, attach an additional page or correspondence.

### Section III: Request to Adjust the DE 3D

Complete section III of the DE 938 if you need to adjust the amounts previously reported on your DE 3D or most recent adjustment form. If a correction is also needed to the DE 9C, then also complete section IV.

#### For Lines A Through I

- Column 1:** Enter the amounts previously reported on your DE 3D or your most recent adjustment form in the appropriate fields for lines A through I. Complete all fields in column 1, even if there are no changes to the amounts. The adjustment form will be returned to you if these amounts do not match the amounts previously reported to the EDD or if the DE 3D has not been filed for the quarter.
- Column 2:** Enter the total amounts that you **should have reported** for the quarter for all employees in the appropriate fields for lines A through I. Complete all fields in column 2, even if there are no changes to the amounts.
- Column 3:** Calculate the difference between the amounts reported in each field in column 1 and column 2 and enter the amounts in the respective fields in column 3. If the difference is zero, leave the field in column 3 blank or enter 0.00.

**Line J, Subtotal:** Add the amounts for lines E, F, G, H, and I and enter the total in the appropriate field on line J.

**Line K, Erroneous SDI Deductions Not Refunded:** Enter any erroneous SDI deductions that have not been refunded to your employees. Since SDI deductions (including Paid Family Leave [PFL] amounts) are employee contributions, the EDD cannot refund these contributions to you unless the erroneous deductions have been refunded to the employee(s).

If the overpayment has not been refunded because the employee(s) are no longer employed and you are unable to locate them, attach a letter with the employee(s) name, SSN, last known address, and the amount of SDI not refunded.

**Line L, Contributions and Withholdings Paid:** Enter the total contributions and withholdings previously paid to the EDD for the quarter. Do not include penalty and interest amounts.

**Line M, Total Taxes Due or Overpaid:** Add the Subtotal (line J, column 2), plus Erroneous SDI Deductions Not Refunded (line K), minus Contributions and Withholdings Paid for the Quarter (line L). If a balance is due, calculate the Penalty (line N) and Interest (line O). **Credits under \$10 will not be refunded unless requested in writing. Line M must be completed for all refund requests.**

**Line N, Penalty:** If a balance is due for the quarter, calculate the penalty due. The penalty amount is 15% of the amount on line M (penalty is 10% for periods prior to 3rd quarter 2014).

**Line O, Interest:** If a balance is due for the quarter, calculate the interest due on the total of the amount on line M plus line N. Since the interest rate changes periodically, visit [Interest Rate](http://edd.ca.gov/Payroll_Taxes/Interest_Rate.htm) (edd.ca.gov/Payroll\_Taxes/Interest\_Rate.htm) for the daily interest rate or call the Taxpayer Assistance Center at 1-888-745-3886.

**Line P, Total Due:** Add the Total Taxes Due (line M) plus Penalty (line N) and Interest (line O) and pay the total due.

**Line Q, SDI and PIT Overpayments:** If you are requesting a credit adjustment (decreasing the amounts previously reported) for SDI or PIT, you must answer the questions on line Q for SDI and/or PIT. The adjustment form may be returned to you if these fields are not completed.

- The EDD cannot issue a refund to you for SDI and PIT contributions, including PFL amounts, unless you first refund the erroneous deductions to the employee(s).
- If you are requesting a PIT credit for a prior year because you paid the EDD more than the amount withheld from the employee(s) and the correct PIT amount was reported on the Form(s) W-2 issued to the affected employees, attach a copy of the Form(s) W-2 to the DE 938. Only provide Form W-2 for impacted employees, otherwise your adjustment form may be returned.
- The EDD will allow a PIT credit for the current calendar year or the recently completed calendar year if the Form W-2 has not been issued to the affected employee (prior to January 31).

#### Section IV: Request to Adjust the DE 9C

**Item A, DE 9C Grand Totals for the Quarter:** Complete items A1-A3 for all DE 9C adjustments to report the correct grand totals for the quarter.

**Item A1:** Enter the correct Grand Total Subject Wages, PIT Wages, and PIT Withheld for **all** employees for the quarter. If only correcting the grand totals previously reported on your DE 9C for the quarter, do not complete item C.

**Item A2:** Enter the correct total number of employees, full-time and part-time, who worked during or received pay subject to UI for the pay period that includes the 12th day of the calendar month.

**Item A3:** Enter the correct total number of wage lines reported for the quarter. Do not include employees with no wages or withholdings.

**Item B, Wage Plan Code Corrections for All Employees:** Complete item B only when you are requesting a correction to the wage plan code for **all** employees. Provide the number of employees with the incorrect wage plan codes, the wage plan code previously reported for the employees, and the correct wage plan code in the spaces provided in item B. Do not complete item C if no other corrections are needed to the employee wage lines. See the example on page 4.

**Item C, Individual Wage Line Adjustments:** Enter the information that **should have been reported** for each employee in fields C1-C6. Complete the information in fields C7-C9 (previously reported) only for name, SSN or corrections to wage plan codes. Required fields are noted on item C of the adjustment form. Attach additional adjustment pages, if needed.

- Include only the employee wage lines that need to be corrected.
- Do not report negative amounts. Make corrections to the quarter(s) in which the information was originally reported.
- If you have adjustments in multiple quarters, complete a separate DE 938 form for each quarter.

#### Section V: Declaration

The employer or an authorized individual must sign and print their name in section V and should include their title, current contact phone number, email address, and the date signed. Adjustment requests will not be processed without a signature.

## Mail Completed Form

When all sections of the DE 938 have been completed, mail all pages of the DE 938 to the following address:

Employment Development Department  
PO Box 989073  
West Sacramento, CA 95798-9073

## Example of Wage Plan Code Correction for All Employees (Item B)

**Example 1:** To correct the wage plan codes for employees who were previously reported with an “R” wage plan code (which indicates that employees are exempt from DI and were reported on an account that is subject to UI and DI) but should have been reported with an “S” wage plan code.

**B. Wage Plan Code Correction for All Employees:** Enter Number of Employees: 100 Prior Plan Code: R  
Correct Plan Code: S (Do not complete item C below if only adjusting wage plan codes for **all** employees.)

## Examples of Individual Wage Line Adjustments in Section IV (Item C)

**Example 2:** To add an employee not previously reported, enter the amounts that should have been reported for the employee in fields C1 to C6.

C1. Social Security Number (SSN) <u>xxx-xx-xxxx</u>	C2. Employee Name (First, Middle Initial, Last) <u>John Smith</u>				C7. Previously Reported Name (First, Middle Initial, Last)			
C3. Total Subject Wages <u>1200</u> <u>00</u>	C4. PIT Wages <u>1200</u> <u>00</u>	C5. PIT Withheld <u>50</u> <u>00</u>	C6. Plan Code <u>S</u>	C8. Previously Reported SSN	C9. Previously Reported Plan Code			

**Example 3:** To remove an employee reported in error, enter 0.00 for fields C3 to C5.

C1. Social Security Number (SSN) <u>xxx-xx-xxxx</u>	C2. Employee Name (First, Middle Initial, Last) <u>John Smith</u>				C7. Previously Reported Name (First, Middle Initial, Last)			
C3. Total Subject Wages <u>0</u> <u>00</u>	C4. PIT Wages <u>0</u> <u>00</u>	C5. PIT Withheld <u>0</u> <u>00</u>	C6. Plan Code <u>S</u>	C8. Previously Reported SSN	C9. Previously Reported Plan Code			

**Example 4:** To adjust wages/PIT amounts previously reported, enter the amounts that should have been reported for the employee in fields C1 to C6.

C1. Social Security Number (SSN) <u>xxx-xx-xxxx</u>	C2. Employee Name (First, Middle Initial, Last) <u>John Smith</u>				C7. Previously Reported Name (First, Middle Initial, Last)			
C3. Total Subject Wages <u>1500</u> <u>00</u>	C4. PIT Wages <u>1200</u> <u>00</u>	C5. PIT Withheld <u>0</u> <u>00</u>	C6. Plan Code <u>S</u>	C8. Previously Reported SSN	C9. Previously Reported Plan Code			

**Example 5:** To correct the name of an employee, enter the information that should have been reported for the employee in fields C1 to C6 and enter the name previously reported in field C7.

C1. Social Security Number (SSN) <u>xxx-xx-xxxx</u>	C2. Employee Name (First, Middle Initial, Last) <u>John Smith</u>				C7. Previously Reported Name (First, Middle Initial, Last) <u>Johnathan A Smith</u>			
C3. Total Subject Wages <u>1200</u> <u>00</u>	C4. PIT Wages <u>1200</u> <u>00</u>	C5. PIT Withheld <u>50</u> <u>00</u>	C6. Plan Code <u>S</u>	C8. Previously Reported SSN	C9. Previously Reported Plan Code			

**Example 6:** To correct an employee's SSN, enter the information that should have been reported for the employee in fields C1-C6 and enter the SSN that was previously reported in field C8.

C1. Social Security Number (SSN) <u>xxx-xx-xxxx</u>	C2. Employee Name (First, Middle Initial, Last) <u>John Smith</u>				C7. Previously Reported Name (First, Middle Initial, Last)			
C3. Total Subject Wages <u>1200</u> <u>00</u>	C4. PIT Wages <u>1200</u> <u>00</u>	C5. PIT Withheld <u>0</u> <u>00</u>	C6. Plan Code <u>S</u>	C8. Previously Reported SSN <u>xxx-xx-1111</u>	C9. Previously Reported Plan Code			

**Example 7:** To correct an employee's name and SSN, enter the information that should have been reported for the employee in fields C1-C6. Enter the name that was previously reported in field C7 and the SSN that was previously reported in field C8.

C1. Social Security Number (SSN) xxx-xx-xxxx		C2. Employee Name (First, Middle Initial, Last) John Smith			C7. Previously Reported Name (First, Middle Initial, Last) Johnathan A Smith	
C3. Total Subject Wages 1200 00	C4. PIT Wages 1200 00	C5. PIT Withheld 50 00	C6. Plan Code S	C8. Previously Reported SSN xxx-xx-1111	C9. Previously Reported Plan Code	

**Example 8:** To report an SSN if no SSN was previously reported or if it was reported as 000-00-0000, enter the information that should have been reported for the employee in fields C1-C6 and enter 000-00-0000 in field C8.

C1. Social Security Number (SSN) xxx-xx-xxxx		C2. Employee Name (First, Middle Initial, Last) John Smith			C7. Previously Reported Name (First, Middle Initial, Last)	
C3. Total Subject Wages 1200 00	C4. PIT Wages 1200 00	C5. PIT Withheld 50 00	C6. Plan Code S	C8. Previously Reported SSN 000-00-0000	C9. Previously Reported Plan Code	

**Example 9:** To correct the wage plan code for one or more employees, enter the information that should have been reported for the employee in fields C1-C6 and enter the previously reported wage plan code in field C9.

C1. Social Security Number (SSN) xxx-xx-xxxx		C2. Employee Name (First, Middle Initial, Last) John Smith			C7. Previously Reported Name (First, Middle Initial, Last)	
C3. Total Subject Wages 1200 00	C4. PIT Wages 1200 00	C5. PIT Withheld 50 00	C6. Plan Code S	C8. Previously Reported SSN	C9. Previously Reported Plan Code R	