

## 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).

I hereby declare that	I am a corporate officer of the abo	ove-named private corporation, a	nd I am
	the sole shareholder, or the only shareholder other than my	y spouse.	
	Prepare an original and retain a cop mber shown on the Reporting Instru		fax immediately upon completion to ve in the calendar quarter filed.
Employer Account N	lumber		
Federal Employer Ide	entification Number (FEIN)		
Secretary of State Co	orporate Entity Number		
Corporation Name _			
Doing Business As _			
Corporation Mailing	Address		
	Street one Number ()	City	State ZIP Code
Sole Shareholder's N	Name	SSN	
Sole Shareholder's S	Spouse's Name	SSN	
Election Statemer	nt		
	be excluded from any rights to SD ng to be excluded).	I benefits based on wages paid t	o me by this corporation.
IMPORTANT - PLEA	ASE NOTE CAREFULLY		
Training Tax (ETT) u	st report your wages and pay contruntess your corporation is not subjection.) Only certain types of nonpro	ect to the Federal Unemployment	Tax Act (FUTA). (Refer to
calendar year in which subsequent calendar may terminate this ex		ot less than the two succeeding co anges in the ownership of the sto- nis exclusion applies only to SDI	
Sole Shareholder's S	Signature	Date _	
Sole Shareholder's Spouse's Signature		Dat	te
	FOR DE	PARTMENT USE ONLY	٦
		LTR. SENT	
	EVAMINED		

SEE THE FOLLOWING REPORTING INSTRUCTIONS

## REPORTING INSTRUCTIONS

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.
- 2. When filing on paper, the sole shareholder wages and withholdings must be reported on a separate *Quarterly Contribution Return and Report of Wages (Continuation)* (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. Insert Plan Code "R" on the wage line(s) to designate the sole shareholder wages only when reporting on an account that is subject to UI and SDI.

## **GENERAL INFORMATION**

**NOTE:** A Sole Shareholder/Corporate Officer Exclusion Statement (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) to determine whether the services are subject to employment taxes in California.

If the corporation does not have an employer account number, attach a completed *Registration Form* for Commercial Employers (DE 1) or Registration Form for Agricultural Employers (DE 1AG) with your election.

**Do not delay in filing this form.** 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 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 CUIC.

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 P.O. Box 2068 Rancho Cordova, CA 95741-2068

> Phone: 916-654-6288 Fax: 916-319-1179