

INSTRUCTIONS FOR COMPLETING THE *TAX AND WAGE ADJUSTMENT FORM, DE 678*

The *Tax and Wage Adjustment Form, DE 678*, is used to make changes to the *Annual Reconciliation Statement, DE 7*, *Quarterly Wage and Withholding Report, DE 6*, and *Payroll Tax Deposit, DE 88*, for tax years 2010 and prior. For amendments to tax year 2011 and forward, use the *Quarterly Contribution and Wage Adjustment Form, DE 9ADJ*. Annual Domestic Employers who file the *Employer of Household Worker(s) Quarterly Report of Wages and Withholdings, DE 3BHW*, and the *Employer of Household Worker(s) Annual Payroll Tax Return, DE 3HW*, should continue to use the DE 678 for all tax years.

If you submitted your original return(s) using e-Services for Business, you may request adjustments to the affected quarter(s) by logging in to your account at www.edd.ca.gov/e-Services_for_Business.

Complete the DE 678 if you are filing a claim for refund, adjusting the subject wages or taxes, adjusting Personal Income Tax (PIT) wages or withholding, correcting employee(s) Social Security number(s) (SSN) or name(s), or to report employee(s) previously not reported to the Employment Development Department (EDD).

Use the following chart to clarify when you should notify the EDD of adjustments and how to make them:

TYPE OF ADJUSTMENT	HOW TO MAKE ADJUSTMENT	FORM TO USE
Underpaid UI, ETT, SDI, and/or PIT prior to filing DE 7/DE 3HW.	File a DE 88* and pay the amount due, including penalty and interest. Indicate the delinquent quarter on the DE 88.	DE 88* (DO NOT USE A DE 678)
Overpaid UI, ETT, SDI, and/or PIT on a DE 88 prior to filing of the DE 7/DE 3HW.	On the next DE 88* for the same calendar year, regardless of quarter, reduce the amount of taxes due by the amount of the overpayment. Do not show credits on the DE 88.	DE 88* (DO NOT USE A DE 678)
Allocated the wrong amounts to specific funds on a DE 88.	DO NOT ADJUST. The EDD will make the necessary adjustments at the end of the year when your DE 7/DE 3HW is filed.	No form required.
Overpaid UI, ETT, SDI, and/or PIT on a DE 88 prior to filing DE 7/DE 3HW and it is not feasible to offset the overpayment against your next deposit.	File one DE 678 for each tax deposit for which you are requesting a refund. NOTE: This is for a refund prior to filing your year end DE 7/DE 3HW.	DE 678, complete Sections I, II, III, and IV.
Provided incorrect UI, ETT, SDI, and/or PIT information on DE 7/DE 3HW.	File a DE 678 with correct information. NOTE: If taxes are due, send a payment for tax amount plus penalty and interest, if any, with the DE 678.	Complete DE 678, Sections I, III, and IV, with the correct information.
Incorrect employee SSN or name reported on the DE 6/DE 3BHW.	File a DE 678, requires two entries in Section V. For first entry, enter the quarter, incorrect SSN, employee name, and enter zeros in total subject wages, PIT wages, and PIT withheld fields. In second entry, enter the corrected information. Refer to page 2 for examples.	Complete DE 678, Sections I and V.
No SSN reported for employee(s) on the DE 6/DE 3BHW.	File a DE 678, requires two entries, enter quarter, all zeros for the SSN filed, employee name and zeros in the subject wages, PIT wages, and PIT withheld fields. In the second entry, enter the corrected information.	Complete DE 678, Sections I and V.
Employee(s) not previously reported on DE 6/DE 3BHW.	Complete DE 678 with unreported employee(s) SSN and full name, total subject wages, PIT wages, and PIT withheld by quarter.	Complete DE 678, Sections I and V. If DE 7/DE 3HW has been filed with the incorrect information, also complete Section III.
Incorrect wages and/or PIT information for employees previously reported on the DE 6/DE 3BHW.	Complete DE 678 with correct wages and/or PIT information for each employee by quarter. Information provided in annual amounts will be returned unprocessed. Refer to page 2 for examples.	Complete DE 678, Sections I and V. NOTE: If DE 7/DE 3HW has been filed with incorrect information, also complete Section III.

***Mandatory electronic funds transfer (EFT) filers must remit all SDI/PIT funds by EFT to avoid noncompliance penalties.**

To complete the DE 678, provide the following information:

SECTION I: Business name, address, employer payroll tax account number, and tax year to be adjusted. Provide the reason for the adjustment or refund.

SECTION II: If you are requesting a refund of overpaid taxes before the DE 7/DE 3HW has been submitted, provide the Pay Date, Year and Quarter, and the Amount Previously Paid on the original DE 88, electronic funds transfer, or EZPay deposit.

SECTION III: If you are requesting a refund or adjusting the information provided on the DE 7/DE 3HW, please provide the following information:

- Item A: If you are only adjusting the total subject wages paid during the calendar year, enter the correct amount that should have been reported.
- Items A through E: For all other adjustments, enter the amounts you should have reported on the DE 88, or the DE 7/DE 3HW.
- Item F: Enter the subtotal of taxes you should have reported.
- Item G: Enter the total taxes paid.
- Item H: Enter erroneous SDI Contributions (includes Paid Family Leave amount) not refunded to employee(s).
- Item I: Enter the total taxes due or overpaid (the difference between Item F minus Item G plus Item H). If taxes are due, enclose a check for payment of contributions and penalty and interest with this form. If taxes are overpaid, a refund will be sent.

If this adjustment changes what you reported on the DE 6 or the DE 3BHW, complete Section V of the DE 678.

SECTION IV: This information is necessary to allow State Disability Insurance (SDI) or California Personal Income Tax (PIT) credit or for a refund to be issued.

The SDI (includes Paid Family Leave amount) and PIT deductions are employee contributions. The EDD cannot refund these contributions to you unless you first refund the erroneous deductions to the employee(s).

You may claim a credit or refund of PIT overwithheld from an employee's wages when the excess amount is credited or refunded to the employee during the same calendar year and the excess amount is **not** shown on the *Wage and Tax Statement, Form W-2*, issued to the employee. If you paid the EDD more than the amounts withheld from an employee's wages and you want a refund, you can adjust the amount reported on this form.

NOTE: If you have issued a Form W-2, do not refund the PIT overwithholdings to the employee nor change the PIT withholding amount on the Form W-2. The employee will receive a credit when the *California Resident Income Tax Return, Form 540*, is filed with the Franchise Tax Board.

SECTION V: If it is necessary to add or adjust information that was previously reported on the DE 6/DE 3BHW, complete this section of the DE 678.

NOTE: You may adjust more than one quarter on the form as totals per quarter are not required.

TYPE OF ADJUSTMENT	HOW TO MAKE ADJUSTMENT
Incorrect SSN or name reported for employee(s).	For each correction (NOTE: This correction requires two entries for each employee): 1. Enter the quarter, incorrect SSN, employee full name, and enter zeros in total subject wages, PIT wages, and PIT withheld. 2. Enter the quarter, correct SSN, employee full name, total subject wages, PIT wages, and PIT withheld.
NO SSN reported for employee(s).	For each correction (NOTE: This correction requires two entries for each employee): 1. Enter the quarter, all zeros (000-00-0000) for SSN, employee full name, and enter zeros for total subject wages, PIT wages, and PIT withheld. 2. Enter the quarter, SSN, employee full names, total subject wages, PIT wages, and PIT withheld.

EXAMPLE (Incorrect SSN or name reported for employee):

QUARTER 10/1	SOCIAL SECURITY NUMBER xxx-xx-xxxx	EMPLOYEE NAME (FIRST, MIDDLE, INITIAL, LAST) DON Z MITCHELL		
		TOTAL SUBJECT WAGES 0.00	PIT WAGES 0.00	PIT WITHHELD 0.00
QUARTER 10/1	SOCIAL SECURITY NUMBER xxx-00-xxxx	EMPLOYEE NAME (FIRST, MIDDLE, INITIAL, LAST) DAVE Z MITCHELL		
		TOTAL SUBJECT WAGES 5700.00	PIT WAGES 5700.00	PIT WITHHELD 94.74

TYPE OF ADJUSTMENT	HOW TO MAKE ADJUSTMENT
Employee(s) not previously reported on DE 6/DE 3BHW.	To add unreported employee(s) (NOTE: This correction only requires one entry for each employee): 1. Enter the quarter, the unreported employee(s) SSN and full name, total subject wages, PIT wages, and PIT withheld.
Incorrect wages and/or PIT information on employee(s) previously reported on the DE6/DE 3BHW.	For each correction (NOTE: This correction only requires one entry for each employee): 1. Enter the quarter, employee(s) SSN and full name. Enter correct total subject wages, PIT wages, and PIT withheld. If no change to the previously reported information leave the field blank (do not enter zero).

EXAMPLE (Incorrect PIT information reported):

QUARTER 10/1	SOCIAL SECURITY NUMBER xxx-xx-xxxx	EMPLOYEE NAME (FIRST, MIDDLE, INITIAL, LAST) SARAH J PETERSON		
		TOTAL SUBJECT WAGES	PIT WAGES 4300.00	PIT WITHHELD 104.00

Sign and date the form.

For assistance in completing the DE 678 or obtaining additional information, contact the Taxpayer Assistance Center at 888-745-3886. For TTY (non verbal) access, call 800-547-9565.