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Title 22@ Social Security

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Division 1@ Employment Development Department

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Subdivision 1@ Director of Employment Development

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Division 1@ Unemployment and Disability Compensation

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Part 1@ Unemployment Compensation

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Chapter 5@ UNEMPLOYMENT COMPENSATION BENEFITS

1342.1-1 Voluntary Federal Income Tax Withholding on

Article 3@ FILING, DETERMINATION, AND PAYMENT OF UNEMPLOYMENT COMPENSATION BENEFIT CLAIMS

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Section 1342.1-1@ Voluntary Federal Income Tax Withholding on Unemployment Compensation

(a)

At the time a claimant initially files for unemployment compensation, he or she may voluntarily elect to have federal income tax deducted and withheld from his or her unemployment compensation.

(b)

The election shall be effective when it is received in writing and processed by the department and the election shall remain in effect until a written revocation or change to the previous election is received and processed by the department. If the claimant elects to have federal income tax withheld, the department shall deduct and withhold the federal income tax from the claimant's unemployment compensation payment at the rate specified in Section 3402(p)(2) of the Internal Revenue Code. The department shall transmit the federal income tax withholding to the federal taxing authority as payment on account of the claimant-taxpayer.

(c)

Definitions. For purposes of this regulation, the following definitions shall apply:

(1) "Unemployment compensation" means any amount received under a law of the United States or of a State which is in the nature of unemployment compensation. In the State of California, unemployment compensation includes unemployment compensation benefits. (2) "Reductions" means adjustments to

unemployment compensation payable to the claimant, including but not limited to claimant illness, prior work pensions, wages, work sharing and workers' compensation payments. (3) "Benefit deductions" means any overpayment offsets and support obligations. (4) "Adjusted weekly benefit amount" means the maximum unemployment compensation payable to the claimant after all reductions and overpayment offsets are subtracted.

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"Benefit deductions" means any overpayment offsets and support obligations.

(4)

"Adjusted weekly benefit amount" means the maximum unemployment compensation payable to the claimant after all reductions and overpayment offsets are subtracted.

(d)

Deductions and withholdings from unemployment compensation shall be made in accordance with procedures specified by the United States Department of Labor and the Internal Revenue Service pertaining to the deducting and withholding of income tax, and in accordance with the following priority: (1) Overpayment offsets. (2) Support obligations. (3) Voluntary federal income tax withholding.

(1)

Overpayment offsets.

(2)

Support obligations.

(3)

Voluntary federal income tax withholding.