

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 above-named private corporation, and I am

CHECK ONLY ONE the sole shareholder, or
 the only shareholder other than my spouse.

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 in the calendar quarter filed.**

Employer Account Number _____
 Federal Employer Identification Number (FEIN) _____
 Secretary of State Corporate Entity Number _____
 Corporation Name _____
 Doing Business As _____
 Corporation Mailing Address _____
Street City State ZIP Code
 Contact Person's Phone Number () _____ Fax Number () _____
 Sole Shareholder's Name _____ SSN _____
 Sole Shareholder's Spouse's Name _____ SSN _____

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).

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.) 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filed and for not less than the two succeeding complete calendar years, and in all subsequent calendar quarters until withdrawn.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

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**