

# Advisory Opinion: Unemployment insurance exemption for LLC owner

<b>Agency Name:</b>	<b>Department of Employment Security</b>
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<b>Subject:</b>	Unemployment insurance exemption for LLC owner
<b>Admin Code Citation/Public Act Number:</b>	
<b>Section Numbers:</b>	
<b>Illinois Register Citation (Page Number and Publication Date):</b>	
<b>Type of Rule: (New/Emergency/Amended)</b>	
<b>Type of Impact (Reporting/Cost or Fee/Education Credit/Other - specify):</b>	Exemption for unemployment insurance contributions
<b>Business or Industry Type Affected:</b>	
<b>Effective Date:</b>	
<b>Plain Language Explanation:</b>	
<b>Public Hearing Location (if applicable):</b>	
<b>Advisory Opinion (if applicable):</b>	Owners of an LLC ask whether contributions should be paid on the wages paid to them by the LLC. Owners are to be treated for Illinois unemployment insurance purposes the same way they are treated for federal unemployment tax taxes. As an example, owners designated as member managers under State law, who are treated as sole proprietors or partners for federal tax purposes would be

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	treated as sole proprietors or partners for State purposes, so their wages would not be subject to the payment of contributions. However, member managers of an LLC that elected to be treated as a sub-chapter S corporation for federal tax purposes would be treated as corporate officers and their wages would be subject to the payment of contributions.

Members of the public may submit comments to the agency contact listed above. Comments should be submitted within 45 days of publication in the *Illinois Register*.