



MICHAEL J. BAKALIS

COMPTROLLER
STATE OF ILLINOIS

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201 STATE HOUSE
SPRINGFIELD, ILLINOIS 62706
217/782-6000

TO: Agency Heads and Chief Fiscal
Officers of All State Agencies

SUBJECT: Social Security and Persons Paid by C-02 Vouchers

This memorandum is to inform agencies that payments to persons pursuant to C-02 vouchers generally do not constitute self-employment income under Social Security guidelines and render these persons ineligible to contribute to Social Security as a self-employed person. Persons paid solely by C-02 vouchers are also not eligible for Social Security withholding by the state.

In order to qualify to contribute to Social Security as a self-employed person, an individual must be an independent contractor as that term is defined in C.U.S.A.S. Procedure 17.20.55, as opposed to an employee.

Prior to the issuance of W-2 forms, it is requested that agencies inform persons who are "employees" that they may not report contractual service payments from the state as self-employment income for Social Security purposes.

This information is intended to preclude employee contacts with the Internal Revenue Service and the Social Security Administration concerning the status of these payments.

Questions concerning this memorandum should be directed to Roy Miller at (217) 782-3608.

Sincerely yours,

A handwritten signature in cursive script that reads "Joseph J. DiRocco".

Joseph J. DiRocco
Manager, Accounting Operations