



Restaurant Tax guidance for COVID-19 related surcharges

We value our City's restaurants and know that you strive to be compliant with our municipal ordinances. Therefore, we want to ensure you understand the proper treatment of the COVID related "surcharge" that some restaurants have started to collect during these unprecedented times.

The rate of the City's restaurant tax is .50% of the "selling price" of all food and beverages sold. The term "selling price" means "the consideration for a sale" and "shall be determined without any deduction on account of the cost of the property sold, the cost of materials used, labor or service cost or any other expense whatsoever ..."

Accordingly, any "surcharge" your customers are required to pay for food or beverages is considered taxable and should be included in the basis upon which the restaurant tax is calculated.

In addition, it is important to note that any such "surcharge" is not a tax and should not be designated as such on any price list or invoice.

If you have any questions regarding this or any other City of Chicago tax matter, please email us at revenuecs@cityofchicago.org.

Guidance issued by DOF May 19, 2020