



Effective July 1, 2021 Delivery Companies Are Required to Collect and Remit Chicago Restaurant Tax

In recent years, many restaurants have entered into agreements with businesses that accept food and drink orders online, accept customer payments, and deliver food and drinks to customers (delivery companies).

As of January 1, 2021, in certain situations, the State of Illinois requires delivery companies to collect and remit sales taxes on their food and drink orders. Previously, delivery companies would collect the tax and remit it to the restaurant, which in turn would remit it to the State.

To eliminate confusion regarding tax remittance responsibilities that may result from inconsistent handling of state and city taxes, delivery companies are required to collect the Chicago restaurant tax from their customers and remit it directly to the Department of Finance for all taxable sales incurred on or after July 1, 2021, in accordance with Chapter 3-30 of the Municipal Code of Chicago. **Note: Restaurants are still required to pay or remit the Restaurant Tax on all taxable sales on which the tax is not collected and remitted by a delivery company.**

For periods beginning January 1, 2021, each restaurant should review its books and records to determine whether the appropriate amount of restaurant tax was paid or remitted on its sales, either by the restaurant or its delivery partners. In addition, restaurants should refer to the information provided by each of their delivery partners regarding whether restaurant tax was being collected on delivery orders, and if so, whether the tax was being remitted by the delivery company or turned over to the restaurant to remit to the Department. If additional clarification is needed regarding the tax collection or remittance procedures of a specific delivery company, the restaurant should contact the delivery company to obtain this information.

If it is determined that the restaurant tax was under-remitted for the periods January 2021 through June 2021, restaurants will have the opportunity to come into compliance without assessment of penalties or interest, provided the full amount of tax due is paid on or before August 16, 2021. To take advantage of this opportunity, simply file your 2021 restaurant tax return and pay the full amount of tax due by the 8/16/2021 filing deadline.

If you have questions regarding this or any other City tax matter, please call our Business Contact Center at 312-747-4747 or email us at revenuecs@cityofchicago.org.