



INFORMATIONAL BULLETIN

■ Chicago Parking Tax ■

TO: Registered Parking Lot And Garage Operators

The purpose of this bulletin is to outline the recent amendments to the Parking Lot and Garage Operations Tax ("Tax"). This bulletin discusses certain issues pertaining to the Tax and what tax rate applies to specific situations.

General Information

The Tax is imposed on the use and privilege of parking a motor vehicle in or upon any parking lot or garage in the City of Chicago. The ultimate incidence of and liability for payment of the Tax is on the parking recipient.

Amendments to the Parking Tax

On April 10, 2013, the City Council passed amendments which are effective **July 1, 2013**. The amendments include the following changes to the daily, weekly and monthly rates (with the old rates stricken and the new rates underscored):

4-236-010 Definitions.

The following definition was added to the ordinance

"Charge or fee paid for parking" means the gross amount of consideration for the use or privilege of parking a motor vehicle in or upon any parking lot or garage in the City of Chicago, valued in money, whether received in money or otherwise, including cash, credits, property, and services, determined without any deduction for costs or expenses whatsoever, but not including charges that are added to the charge or fee on account of the tax imposed by this chapter or on account of any other tax imposed on the charge or fee. The term "charge or fee for parking" shall exclude separately stated charges not for the use or

privilege of parking. If any separately stated charge is not optional, it shall be presumed, unless proved otherwise, that it is part of the charge for the use or privilege of parking.

4-236-020 Tax imposed.

(a) Except as otherwise provided by this Section 4-236-020, there is imposed upon the use and privilege of parking a motor vehicle in or upon any parking lot or garage in the City of Chicago a tax of \$5.00 for each such motor vehicle parked in or upon each parking lot or garage for every 24 hour period or fraction thereof; provided, however, that if the charge for parking is made on a weekly or monthly basis, the tax shall be calculated at the rate of \$25.00 per week or \$120.00 per month, respectively at the applicable rate set forth in subsection (d).

(Omitted text is not affected by this ordinance)

(d) (i) The tax imposed by this chapter shall not apply if the charge or fee imposed for the privilege of parking does not exceed \$2.00 for a 24-hour period or less, or \$10.00 for a weekly period or \$40.00 for a monthly period.

(ii) The tax imposed by this chapter for the privilege of parking for a 24-hour period or less shall be \$1.00, if the charge or fee is greater than \$2.00 but less than \$5.00; \$1.75, if the charge or fee is \$5.00 or more but less than \$12.00; \$3.00, if the charge or fee is \$12.00 or more and paid 18% of the charge or fee paid for parking on a Saturday or Sunday; and \$5.00, if the charge or fee is \$12.00 or more and paid 20% of the charge or fee paid for parking on a Monday, Tuesday, Wednesday, Thursday or Friday.

(iii) The tax imposed by this chapter for the privilege of parking on a weekly basis shall be \$5.00 if the charge or fee is greater than \$10.00 but less than \$25.00; \$8.75, if the charge or fee is \$25.00 or

more but less than \$60.00; and \$25.00, if the charge or fee is \$60.00 or more 20% of the charge or fee paid for parking.

(iv) The tax imposed by this chapter for the privilege of parking on a monthly basis shall be \$20.00 if the charge or fee is greater than \$40.00 but less than \$100.00; \$35.00, if the charge or fee is \$100.00 or more but less than \$210.00; \$90.00, if the charge or fee is \$210.00 or more but less than \$300.00; \$110.00 if the charge or fee is \$300.00 or more but less than \$100.00; and \$120.00 if the charge or fee is \$100.00 or more 20% of the charge or fee paid for parking.

(v) The tax rates set forth in subsection (a) subsections (d) (ii) - (iv) shall be deemed to apply to the privilege of parking a motor vehicle in a parking lot or garage unless the taxpayer or tax collector keeps accurate and complete books and records as required by this chapter showing that either a reduced rate or no tax applies.

Clarification of the application of the new daily parking tax rates to specific situations

Weekday/Weekend overlap

Where a taxable period of 24 hours or less starts on a weekday and ends on a weekend, the weekend rate of 18% will apply to that entire period. Conversely, where a taxable period of 24 hours or less starts on a weekend and ends on a weekday, the weekday rate of 20% will apply to that entire period.

Where a taxable period of 24 hours or less starts and ends on a weekend, the weekend rate of 18% will apply to that entire period. Conversely, where a taxable period of 24 hours or less starts and ends on a weekday, the weekday rate of 20% will apply to that entire period.

Example #1

If a customer parks in a garage at 8:00 a.m. on Friday and leaves at 8:00 a.m. on Saturday, the Tax due for that period is computed using the 18% rate.

Example #2

If a customer parks in a garage at 8:00 a.m. on Sunday and leaves at 8:00 a.m. on Monday the Tax due is computed using the 20% rate.

In both situations above the tax rate that applies depends on when the parking charge is paid. Both situations assume the charge is paid when the customer leaves the parking facility. Generally the tax is calculated when the payment is made. Monday through Friday the **20%** tax rate applies. On Saturday and Sunday the lower 18% tax rate applies.

Example #3

If a customer parks at an airport at 10:00 a.m. on Monday and leaves at 10:00 a.m. on Saturday, the 20% tax rate applies to each of the 24 hour periods starting at 10:00 a.m. on Monday, 10:00 a.m. on Tuesday, 10:00 a.m. on Wednesday, and 10:00 a.m. on Thursday, with 18% tax rate due for the period of 10:00 a.m. Friday to 10:00 a.m. Saturday. If the customer instead leaves at a later time on Saturday, the weekend rates apply to any taxable charges for the additional time.

Example #4

A hotel guest enters the garage at 10:00 a.m. on Saturday and departs at 10:00 a.m. on Monday. An 18% tax is due for the period of 10:00 a.m. Saturday to 10:00 a.m. Sunday, and a 20% tax is due for the period of 10:00 a.m. Sunday to 10:00 a.m. Monday. If the customer instead leaves at a later time on Monday, the weekday rates apply to any taxable charges for the additional time.

Advance Purchase Situations

Defined Event

A customer pre-purchases a book of passes for a sports team's home games where parking passes are on pre-defined game days. The parking tax rate due applies as described above for the given day the sporting event takes place either on a weekday (20%) or weekend (18%).

Since these charges are paid in advance and the time and date of the event are

defined, the start time and date dictate whether the 20% or 18% rate applies.

Non-defined Event

A customer purchases bulk validation tickets or coupons for future use where date of use cannot be determined. For example, a law firm that buys numerous validation tickets to give to clients throughout a month or year, or downtown residents who buy multiple coupons for guest parking:

The operator selling the "bulk validation tickets or coupons" should sell both weekday and weekend tickets which users can redeem on the applicable day.

The 18% weekend rate will apply to the weekend tickets, and the 20% weekday rate will apply to the weekday tickets.

Annual Tax Returns

Every Operator is required to file an annual tax return with the Department. Such return shall include a separate site schedule for each individual lot, garage or site operated by the Operator. Returns shall include Gross Revenues and Parker counts by category as well as authorized deductions by site.

An Annual tax return is required for every lot or garage operated, regardless is tax is due or not. A detailed accounting of all revenues and deductions must be made annually.

Valet Operators

The 15% "safe harbor" that had previously been allowed will no longer be permitted effective July 1, 2013.

Valet Parking Operators are now expected to collect and remit Parking tax using the 18% and 20% rates outlined in 4-236-020 and include all revenues received on Line 1 of the annual return. Any revenues received where the vehicle is parked on the street should be deducted on line 2(e) of the tax return. Operators are required to maintain documentation to verify the deductibility of those revenues.

Furthermore, if a Valet Operator parks the vehicle in a lot or garage and remits the tax directly to that operator they should deduct the collected revenues on line 2 (e) of their annual return and maintain documentation to support the deduction because tax has been paid to another Operator.

Questions?

If you have questions or need more information, please write us. Our address is:

**City of Chicago
Department of Finance
Tax Division
c/o Raul Medina
333 South State Street, Suite 300
Chicago, Illinois 60604-3977
rmedina@cityofchicago.org**