

**Hotel Tax Matrix
City of Chicago**

HOTEL ROOM REVENUE		Chicago		
Revenue Description Furnished By Hotels	Taxable Y/N	Tax Type	Comments	
This matrix addresses only those City of Chicago taxes that are administered by the Chicago Department of Revenue. The matrix does not address the City of Chicago taxes that are enforced by the Illinois Department of Revenue.				
1 Transient Rooms Revenue - Sleeping Rooms	Y	Hotel	Chicago Municipal Code, chapter 3-24	
2 Guaranteed No Show Revenue	Y	Hotel		
<i>A guest does not arrive for a guaranteed reservation and fails to cancel. The guest was guaranteed the right to use or possess the room.</i>				
3 Complimentary Rooms Provided at No Charge To:				
a. Guests.....	N			
b. Employees.....	N			
c. Travel Agents, Advertisers, etc.....	N			
4 Early Departure Fees	Y	Hotel		
<i>Charged when a reservation is made for a certain period of time and guest leaves earlier than the scheduled departure date.</i>				
5 Late Departure Fees	Y	Hotel		
<i>Charged when a reservation is made for a certain period of time and guest checks out after the required checkout time.</i>				
6 Cancellation Fees (Guest Rooms):	Y	Hotel		
<i>Liquidated damages charged when a scheduled event is cancelled. At no time does the guest occupy or have the right to occupy or possess any rooms.</i>				
7 Attrition/Fees (Guest Rooms):	Y	Hotel		
<i>Liquidated damages charged because a group did not fulfill their total event commitment. (Example: An event books 200 rooms. Only 150 are rented and occupied. A penalty is charged for the 50 remaining rooms. At no time does a guest occupy or have the right to occupy the 50 remaining rooms.)</i>				
8 Mini-Bar Sales (example: cookies, chips, nuts, candy bars)				
a. Retail food sales				
b. Retail nonfood sales (example: toothpaste, aspirin, bandages, dental floss)				
c. Nonalcoholic beverages	Y	Bottled Water Tax	Chicago Municipal Code, chapter 3-43	
d. Alcoholic beverages	Y	Liquor	Chicago Municipal Code, chapter 3-44	
9 Packages (example: golf, honeymoon, ski)				
<i>Any additional charges such as goods, services or activities in addition to the rental of a room.</i>				
a. Hotel records do not maintain a breakout stating each item and the applicable tax. (Lump Sum)	Y	Hotel		
b. Hotel internal records separately state each item and the applicable tax. (Breakout of each revenue stream in hotel records.)	Y	Various	Each element of the package is subject to the relevant tax (see other line items of matrix).	
10 Rooms for resale sold to:				
a. Tour operators.....	Y	Hotel	No sale for resale exemption for hotel tax	
b. Meeting planners	Y	Hotel		
c. Others who resell rooms to their customers.....	Y	Hotel		
11 Pet Charges (Pet's Occupancy of Guest Room)	Y	Hotel		
12 Pet Clean-up Fees (Cleaning of Room after Stay)	N		If separate charge that is optional or for specific damage, not taxable. If mandatory for all occupants with pets, it is taxable as above, as a charge for a rental of the accommodations.	
13 Child Care Charges				
a. Provided by hotel employees.....	N			
b. Provided by unrelated third party.....	N			
14 Rollaway Bed Charges	Y	Lease Trans	Chicago Municipal Code, chapter 3-32. If separately stated and optional.	
15 Refrigerator Charges	Y	Lease Trans	If separately stated and optional.	
16 Safe Charges	Y	Lease Trans	If separately stated and optional.	
17 Complimentary Meal Provided With Room:				
<i>A complimentary meal is provided for each room occupant. The meal is included in the price of the guest room. The guest cannot opt out of the meal for a lower room rate.</i>				
a. Hotel purchases food and prepares meals	N			
b. Hotel purchases prepared food & meals from leased restaurant and/or outside vendor.....	N			
18 Complimentary Beverage Provided With Room:				
<i>Complimentary beverages are provided for each room occupant at a reception. The beverages are included in the price of the guest room. The guest cannot opt out of the reception for a lower room rate.</i>				
a. Liquor, Beer, Wine				
1.) Hotel purchases & serves drinks	N			
2.) Hotel leases complimentary beverage service to an unrelated third party.....	N			

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b. Nonalcoholic Beverages				
1.) Hotel purchases & serves drinks	Y	Bottled Water Tax	Hotel, as user, pays the tax	
2.) Hotel leases complimentary beverage service to an unrelated third party.....	N			
19 Bottled Water Provided in Room (Complimentary)	Y	Bottled Water Tax	Hotel, as user, pays the tax	
20 Bottled Water Provided in Room (At Retail)	Y	Bottled Water Tax	Hotel, as retailer, collects the tax	
21 Damage Fees				
<i>A fee charged by the hotel because the guest damaged the hotel room or furnishings. The guest does not gain ownership of any damaged property.)</i>				
a.) Fee approximates replacement value of item	N			
b.) Fee does not approximate replacement value	N			
22 Restaurant Food Sales	Y	Restaurant and Bottled Water	Chicago Municipal Code, chapter 3-30 (restaurant tax)	
23 Beverage Sales (Liquor, Wine, and Beer)	Y	Liquor and Restaurant	If there is an area with beverage service, but no food service, the transaction may not be subject to the Restaurant Tax. See the Chicago Restaurant and Other Places For Eating Tax Regulations at (web address) for detailed information.	
24 Beverage Sales (Carbonated, Fruit, Mixers)	Y	Restaurant	See above	
25 Gratuities:				
a. Voluntary:				
1. Fully Distributed to Server.....	N			
2. Restaurant Retains a Portion.....	N			
b. Mandatory:				
1. Fully Distributed to Server.....	N			
2. Restaurant Retains a Portion.....	N			
26 Room Service Food and Beverage	Y	Restaurant /Liquor/ Bottled Water		
27 Room Service Separately Stated Delivery Charges	N			
28 Cover or Minimum Charges for Food Service	Y	Restaurant		
29 Corkage	N			
30 Cake cutting Charges - (Guest provides own cake)	N			
31 Ice carving charges				
32 Employee Meals:				
a. Provided Free of Charge.....	N			
b. Provided for a Charge above Cost.....	Y	Restaurant		
c. Provided at Cost.....	Y	Restaurant		
d. Provided at a charge below cost.....	Y	Restaurant		
33 Complimentary Food				
<i>A manager entertains in the hotel restaurant a prospective guest who plans to bring a large group to stay at the hotel. The manager comps the client's dinner at the restaurant.</i>				
a. Food provided for customer satisfaction (Example: customer complaint)	N			
b. Food provided for promotional purposes	N			
34 Meeting Room Revenue (No Meals Served)	Y	Hotel		
35 Meeting Room Revenue (Meals Served)				
a. Rental of room, separately stated from meal....	Y	Hotel & Restaurant	Hotel for room; Restaurant for meal	
b. Lump sum billing.....	Y	Hotel & Restaurant	Hotel to compute a fair allocation.	
36 Meeting Room Revenue (Incidental food Served)	Y	Hotel		
37 Banquet Room/Convention Charges (Lump Sum Billing)				
<i>Provided/Performed by Hotel Employees</i>				
a. Rigging, electrical cabling and light set up fees	Y	Hotel		
b. Phone line setup fees/labor	Y	Hotel		
c. Theme equipment, decorations charges, and set up fees/labor	Y	Hotel		
d. Phone line/Internet cabling line setup	Y	Hotel		
38 Banquet Room/Convention Charges (Separately Stated And Mandatory)				
<i>Provided/Performed by Hotel Employees</i>				
a. Rigging, electrical cabling and light set up fees	Y	Hotel		
b. Phone line setup fees/labor	Y	Hotel		
c. Theme equipment, decorations charges, and set up fees/labor	Y	Hotel and possibly Lease		
d. Phone line/Internet cabling line setup	Y	Hotel		

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39 Banquet Room/Convention Charges (Separately Stated And Optional) <i>Provided/Performed by Hotel Employees</i>				
a. Rigging, electrical cabling and light set up fees	N			
b. Phone line setup fees/labor	N			
c. Theme equipment, decorations charges, and set up fees/labor	Possibly	Least		
d. Phone line/Internet cabling line setup	N			
Banquet Room/Convention Charges (Separately Stated And Mandatory) <i>Provided/Performed by Unrelated Third Party</i>				
a. Rigging, electrical cabling and light set up fees	Y	Hotel	If customer pays hotel, hotel to collect and remit tax	
b. Phone line setup fees/labor	Y	Hotel	If customer pays hotel, hotel to collect and remit tax	
c. Theme equipment, decorations charges, and set up fees/labor	Y	Hotel	If customer pays hotel, hotel to collect and remit tax	
d. Phone line/Internet cabling line setup	Y	Hotel	If customer pays hotel, hotel to collect and remit tax	
Banquet Room/Convention Charges (Separately Stated And Optional) <i>Provided/Performed by Unrelated Third Party</i>				
a. Rigging, electrical cabling and light set up fees	N			
b. Phone line setup fees/labor	N			
c. Theme equipment, decorations charges, and set up fees/labor	N			
d. Phone line/Internet cabling line setup	N			
40 Floral				
a. Facility Furnished With Banquet - Mandatory	Y	Hotel		
b. Facility Furnished With Banquet - Separately Stated & Optional				
41 Cancellation Fees: (Banquet Rooms) <i>Liquidated damages because an event was cancelled. Damages may cover lost revenue not merely from the room rental, but from food that was ordered and must be thrown away, party decorations ordered, etc. Guest never occupies or has right to occupy the room.</i>				
a. The space	Y	Hotel		
b. Food and beverages				
i. Hotel prepares meals	Y	Restaurant		
ii. Unrelated third party prepares and serves meals	N			
c. Other services	N			
42 Attrition Fees: (Banquet Rooms) <i>Liquidated damages because group did not fulfill their total event commitment (Example: an event booked a banquet for 200 people, only 150 attended and a penalty was charged for 50 non-attendees.)</i>				
a. The space	Y	Hotel		
b. Food and beverages				
i. Hotel prepares meals	Y	Restaurant		
ii. Unrelated third party prepares and serves meals	N			
c. Other services	N			
OTHER GUEST CHARGES:				
43 Telephone Charges:	Y	Telecom	Chicago Municipal Code, chapter 3-73. Telecommunications due on markup provided that tax is correctly paid to the provider on cost.	
a. Local Charges (Mark up on Carrier Charges).....	Y	Telecom	Telecommunications due on markup provided that tax is correctly paid to the provider on cost.	
b. Local Charges (Flat Fee Per Call).....	Y	Telecom	Telecommunications due on markup provided that tax is correctly paid to the provider on cost.	
c. Long Distance Intrastate (Mark up on Carrier Charges).....	Y	Telecom	Telecommunications due on markup provided that tax is correctly paid to the provider on cost.	
d. Long Distance Interstate (Mark up on Carrier Charges).....	Y	Telecom	Telecommunications due on markup provided that tax is correctly paid to the provider on cost.	
44 High Speed Internet Access	N		Based on provisions of amended Internet Tax Freedom Act that become effective June 30, 2008, City will not require collection of telecommunications tax on Internet transmission charges on or after January 1, 2008. This does not affect issue of liability for telecommunications tax on such charges in prior periods.	
45 Bundled Telephone and Internet Access Charges	N		Based on provisions of amended Internet Tax Freedom Act that become effective June 30, 2008, City will not require collection of telecommunications tax on Internet transmission charges on or after January 1, 2008. This does not affect issue of liability for telecommunications tax on such charges in prior periods.	
46 Guest Laundry/Dry Cleaning:				

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a. Hotel is retailer & seller of services.....	N			
b. Outside vendor performs services, bills guest & pays commission to hotel.....	N			
c. Outside vendor performs services, bills hotel & hotel marks up charges to guests.....	N			
d. Outside vendor performs services, bills guest & there is no markup or commission.....	N			
e. Coin operated laundry - hotel owned	N			
f. Coin operated laundry - independently owned	N			
47 Pay per View Television (Provided by satellite/electronically over internet): <i>The Pay per View provider owns and services equipment in hotel. Service & selections are controlled by provider via the internet. The provider, not the hotel is the seller of the pay per view service per the terms of the provider's contract with the hotel.</i>				
a. Charges from third party vendor without markup by the hotel.....	Y	Amusement	Hotel and third party video company are jointly and severally responsible.	
b. Charges from third party vendor with markup by hotel.....	Y	Amusement	Hotel and third party video company are jointly and severally responsible.	
c. Commission from 3rd party vendor.....	N			
48 Pay per View Television (Provided electronically by the hotel): <i>The hotel owns and services pay-per-view equipment in the hotel. Service & selections are controlled electronically by the hotel. The hotel is the seller of the pay per view service.</i>	Y	Amusement		
49 Pay per View Video Games (Provided by satellite/electronically over internet): <i>The Pay Per View provider owns and services equipment in the hotel. Service & selections are controlled by the provider via the internet. The provider, not the hotel, is the seller of the pay per play service. per the terms of the provider's contract with the hotel.</i>				
a. Charges from third party vendor without markup by the hotel.....	Y	Amusement	Hotel and third party video company are jointly and severally responsible.	
b. Charges from third party vendor with markup by hotel.....	Y	Amusement	Hotel and third party video company are jointly and severally responsible.	
c. Commission from 3rd party vendor.....	N			
50 Pay per View Video Games (Provided electronically by the hotel): <i>The hotel owns and services pay-per-view equipment in the hotel. Service & selections are controlled electronically by the hotel. The hotel is the seller of the pay per view service.</i>	Y	Amusement		
51 Rental of Movies, DVD, Video Games (tangible personal property rental) a. Hotel owns & provides tangible personal property..... b. Third party owns & provides tangible personal property..... c. Commission from 3rd party vendor.....	Y N N	Lease Trans	Hotel is not subject to tax, but vendor is responsible for collecting Lease Trans Tax.	
52 Parking a. Mandatory valet service fee assessed to room b. Mandatory valet service operated by outside parking company c. Guest option valet service d. Charges for self-parking owned by hotel e. 3rd party charge appearing on guest folio for guest convenience only - hotel does not mark up f. 3rd party charge with hotel mark up g. Commission to hotel on third-party operated self-parking	Y N Y Y Y Y N	Parking	Chicago Municipal Code, chapter 4-236 Not taxable to hotel, but vendor is responsible for remitting parking tax.	
53 Transportation Charges: a. Performed by hotel - for hire (a fee is charged for service) b. Performed by hotel - not for hire (no fee is charged, e.g. complimentary shuttle to airport) c. Arranged by hotel and performed by out side service provider d. Commission to hotel from third-party provider	Y N N N	Ground Trans	Chicago Municipal Code, chapter 3-46 Not taxable to hotel, but outside provider is responsible to register for & pay GTT.	
GIFT SHOP				
54 Retail Video Rental/DVD Rental	Y	Lease Trans		
55 Retail Food Sales				
56 Retail Candy				
57 Retail Beer/Wine Sales	Y	Liquor		
58 Retail Clothing				
59 Retail Non-Food Sales (Toothpaste, Baby Wipes, Pens, etc.)				
60 Newspapers				
61 Periodicals				
MISCELLANEOUS FEES (Golf, tennis, swimming, etc.)				
62 Lessons	N			
63 Swimming Pool Access	Y	Amusement		
64 Green fees	Y	Amusement		
65 Court usage (Tennis, Racquetball, etc.)	Y	Amusement		
66 Commission paid to hotel by outside providers	N			
67 Resort Fees/Amenity Fees <i>Per diem charge related to the right of room occupancy for a number of additional amenities provided by a resort, such as beach chairs,</i>	Y	Hotel		

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Revenue Description Furnished By Hotels	Taxable Y/N	Tax Type	Comments	
<i>bottled water in the hotel room, access to the hotel fitness center, newspaper delivery, shuttle service, etc.</i>				
HEALTH SPA & SALON				
68 Massage revenue	N			
69 Weight room fees	Y	Amusement		
70 Tanning booth	Y	Lease Trans		If no operator provided
71 Nutritional counseling	N			
72 Facials	N			
73 Barber/beauty services	N			
BUSINESS CENTER REVENUE				
74 Fax Charges (Fax is sent by business center employees)	N			
75 Copy Charges (Copies are made by business center employees)	N			
76 Copy Charges (Coin-operated copy machine)	N			
77 Document printing Charges (Guest uses printer)	Y	Lease Trans		
78 Computer usage charges (internet access)	Y	Lease Trans		
79 Computer usage charges (without internet access)	Y	Lease Trans		
80 Shipping/mailling charges	N			
MISCELLANEOUS SALES				
81 Telephone Commissions received from Pay Phones	N			
82 Prepaid Telephone Cards				
83 Fax Charges (Sent from in-room)	Y	Telecom		
84 Vending Machine Sales (Hotel Maintains Machine) - for immediate consumption*	Y	Restaurant		See Chicago Restaurant and Other Places for Eating Tax Regulations for definition.
85 Vending Machine Sales (Hotel Maintains Machine) - not for immediate consumption*				
86 Vending Commissions (Vendor Maintains Machine)	N			
87 Commissions earned from room service meals provided by leased restaurant.....	N			
88 Equipment Rental (example: audio visual equipment)	Y	Lease Trans		
89 Commissions earned from equipment rentals provided by outside equipment vendor.....	N			
90 Lease of Real Property				
a. Space in Hotel Lobby	N			
b. Space for Restaurant	N			
c. Space for Gift Shop	N			0
91 Commission on Automatic Teller Machines (ATM's)	N			
92 Meeting Supplies	?			
MISCELLANEOUS PURCHASES				
93 Consulting Services	N			
94 Housekeeping Services	N			
95 Janitorial Services	N			
96 Professional Services	N			
97 Landscaping Services	N			
98 Cleaning Supplies, Maintenance Supplies, Repair Supplies	Y	Nontitled Use		Chicago Municipal Code, chapter 3-27. If purchased by hotel for hotel's own use.
99 Pool Maintenance Services	N			
100 Security Service				
a. Provided by a security company/firm.....	N			
b. Provided by off-duty police officers.....	N			
c. Fire safety/Burglar alarm monitoring	N			
101 Salvage Sales				
102 Uniforms - Owned	Y	Nontitled Use		
103 Uniforms - Leased	Y	Lease Trans		
104 Cleaning of Uniforms	N			
105 Maintenance Contracts on Hotel Equipment (Services)	N			
106 Freight Charges				
107 Lease of Tangible Personal Property for Hotel Use	Y	Lease Trans		
108 Employee Drug Tests	N			
109 Employee Background Checks	N			
HOTEL OPERATIONS PURCHASES				
110 In-Room Amenities Provided with the Guest Room: Shampoo, Soap, Toilet Paper, Laundry Bag.....	Y	Nontitled Use		
111 In-Room Coffee Provided at No Charge to Guests	Y	Nontitled Use		
112 In-Room Cookies Provided at No Charge to Guests	Y	Nontitled Use		
113 Newspapers Provided to Guests (No separate charge on hotel folio) a. Guest can opt out for a refund of the paper's price				

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b. Guest cannot opt out for a refund of the paper's price				
114 Linens and Towels	Y	Nontitled Use		
115 Coffeemakers for In-Room Guests	Y	Nontitled Use		
116 Flowers (for hotel common areas, display, hotel decorating)	Y	Nontitled Use		
117 Promotional Materials (Tangible Personal Property)	Y	Nontitled Use		
118 Promotional (Non Tangible Personal Property) (Examples: Media, Advertising, etc.).....	N			
119 Operating Supplies	Y	Nontitled Use		
FOOD AND BEVERAGE PURCHASES				
120 China, Glassware, and Utensils	Y	Nontitled Use		
121 Linens	Y	Nontitled Use		
122 Operating Supplies	Y	Nontitled Use		
123 Disposable Napkins, Plates, Etc. Provided with Purchased Meal	N			
124 Disposable Napkins, Plates, Etc. Provided with Complimentary Meal	Y	Nontitled Use		
CAPITAL ASSETS				
125 Capital Assets - General	Y	Nontitled Use or Lease Trans		
126 Computer - Hardware	Y	Nontitled Use or Lease Trans		
127 Computer - Software (Delivered on floppy discs/tangible media)				
a. Custom designed specifically for a single customer	N			
b. Prepackaged "canned" software	Y	Nontitled Use or Lease Trans		
128 Computer - Software (Delivered via the internet - electronic delivery)				
a. Custom designed specifically for a single customer	N			
b. Prepackaged "canned" software	Y	Nontitled Use or Lease Trans		
129 Computer - Software (Use of software located outside the user's state) <i>The software is located on a server outside the state. The user accesses and utilizes the software via the internet. The user never receives a copy of the program files to load on the in-state computer.</i>	Y	Lease Trans		
130 Furniture and Fixtures - For Hotel	Y	Nontitled Use or Lease Trans		
131 Televisions, Telephones, and other Electronics	Y	Nontitled Use or Lease Trans		
132 Office Equipment - For Hotel	Y	Nontitled Use or Lease Trans		
133 Furniture and Fixtures - For Restaurant	Y	Nontitled Use or Lease Trans		
134 Kitchen Machinery and Equipment	Y	Nontitled Use or Lease Trans		
135 Office Equipment - For Restaurant	Y	Nontitled Use or Lease Trans		
136 Telephone Switching Equipment	Y	Nontitled Use or Lease Trans		
137 New Construction of Real Property	N			Contractor is responsible for paying nontitled use on the materials they use.
138 Repair of Real Property	N			Contractor is responsible for paying nontitled use on the materials they use.
139 Installation of Tangible Personal Property Purchased By Hotel	Y	Nontitled Use		No tax on service itself -- just on property purchased
140 Repair of Tangible Personal Property Purchased By Hotel	Y	Nontitled Use		No tax on service itself -- just on property purchased
141 Fabrication of Tangible Personal Property Purchased By Hotel	Y	Nontitled Use		No tax on service itself -- just on property purchased
142 Sale of Entire Business				
a. Real property - land, buildings, other real property	Y	Real Property Trans		Chicago Municipal Code, chapter 3-33
b. Furniture, Fixtures & Equipment - tangible personal property				
c. Bulk sale (Are there special requirements/regulations?)	Y			Bulk sales/transfers reportable under Chicago Municipal Code Section 3-4-140.
d. Tax clearance (Is buyer or seller responsible for obtaining this?)	Both			
FRANCHISE/MANAGEMENT REVENUE				
143 Management Fees	N			
144 Franchise Fees/Royalties	N			
145 Marketing Fees	N			
146 Reservation Fees	N			
147 Reimbursement of Expenses at Cost	N			
148 Travel Agent & Airline Commission Reimbursement	N			
149 Payroll and Accounting Reimbursements	N			
150 Legal and Technical Services Reimbursements	N			
MISCELLANEOUS				
151 Are US postmarks acceptable as timely filings?	Y			
152 Is a business License required for the management company?	Y			
153 Are local taxes subject to state taxes?				
154 Are any state or local taxes, fees, or assessments billed to the guest subject to any state or local tax? (Ex: a local transient occupancy tax subject to state sales tax)				
155 Are there any Utility Exemptions available for Hotels?	N			