



INFORMATIONAL BULLETIN

■ Chicago Amusement Tax

TO: All Bar and Night Club Owners:

The purpose of this informational bulletin is to clarify the Chicago Amusement Tax, chapter 4-156 of the Chicago Municipal Code ("Code"), as it pertains to disc jockeys (DJs) who service various bars and night clubs within the City of Chicago.

General Information

An amusement tax is imposed upon the patrons of every amusement within the city. Section 4-156-020 provides for an exemption or for a reduced rate of tax for live cultural performances. The Chicago Department of Revenue ("Department") has released a tax ruling that specifies situations in which the Department will consider the activities of a DJ to qualify as a "live cultural performance" at a dance club or other venue, and therefore qualify for the exemption or reduced rate set forth in Subsections 4-156-020(D)(1) and (E) of the Code. This ruling, Amusement Tax Ruling #4, is attached to this bulletin.

What is the tax rate?

The rate of the tax shall be equal to eight percent of the admission fees or other charges paid for the privilege to enter, to witness, to view or to participate in such amusement, unless (1) the event is considered to be a live cultural performance at a venue with a maximum seating capacity of more than 750, in which case the tax rate is four percent (see subsection 4-156-020(E)), or (2) the event is considered to be a live cultural performance at a venue with a maximum seating capacity of 750 or less, in which case the event is exempt (see subsection 4-156-020(D)(1)).

Can all bars and night clubs claim the live cultural exemption for any night a DJ is playing?

No. The ruling sets very specific guidelines that dictate under which circumstances a DJ qualifies as live entertainment. The ruling states that the DJ's activities must substantially add to or otherwise modify the pre-recorded material used by the DJ, in the form of a significant degree of technical manipulation, singing, speaking, dancing or other activity. Please refer to Amusement Tax Ruling #4 for further clarification on how to determine if the Department will deem a DJ to be live entertainment.

What if, after reading the Tax Ruling, I still cannot determine if the DJ can be considered a live cultural performance for Chicago amusement tax purposes?

If desired, at least 14 days in advance of an event involving a DJ, a venue may submit to the Department books and records showing the name of each DJ who will perform at the venue, the dates and times of each DJ performance, and the admission fees or other charges paid by patrons to witness the DJ at each of the dates and times at which each DJ performs, along with the DJ's contract, and such other documents and information as the Department may reasonably require. The Department will endeavor to provide the venue with an advance written determination of whether or not the event qualifies for treatment as a live cultural performance.

How often is the Amusement Tax remitted and when are returns due?

The tax is to be remitted monthly with taxes collected in one month payable by the last day of the subsequent month. The tax return for periods commencing on July 1st of each year and ending on June 30th of the subsequent year, is filed annually and is due by August 15th of each year.

Questions?

Please visit our website at: www.cityofchicago.org/revenue for more information on this tax or any of our other taxes. If you wish to speak with someone in person, please call our customer service unit at 312-747-IRIS (4747) between the hours of 8am and 4pm. You may also write us at the address below:

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