

## February 2000 Information Bulletin

### Information Bulletin

#### Parking Tax Amendments/Record-Keeping Requirements

##### TO: Registered Parking Lot and Garage Operators

The purpose of this bulletin is to outline recent amendments to the Parking Lot and Garage Operations tax and to advise operators of their right to appeal to the Director of Revenue for alternative record-keeping requirements where acceptable systems, controls and an audit trail are in place to ensure accurate reporting and documentation of the collection of this tax. This is the first Information Bulletin issued to parking operators.

##### General Information

The parking 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 this tax is on the parking recipient. It shall be the duty of every operator of a parking lot or garage to secure the tax from each recipient and to remit the tax to the Department of Revenue. The municipal code reference for this tax is Chapter 4-236.

##### Amendments to the Parking Tax

On November 17, 1999 , the City Council passed amendments to the parking tax which are effective March 1, 2000. The amendments include:

- A Tax Rate Increase

Except as noted below, the parking tax rate has been increased from \$1.50 to \$2.00 for each motor vehicle parked in a lot or garage for every 24-hour period or fraction thereof. The rate of tax has been increased from \$7.50 to \$10.00 if the charge for parking is made on a weekly basis and from \$30.00 to \$40.00 if the charge for parking is on a monthly basis.

- Limited Reduced Tax Rates

The parking tax has been reduced under certain circumstances. If the charge for parking a motor vehicle for a 24-hour period or fraction thereof is greater than \$2.00 but less than \$5.00, the parking tax will be 75 cents. If the charge for parking a motor vehicle on a weekly basis is greater than \$10.00 but less than \$25.00, the parking tax will be \$3.75. If the charge for parking a motor vehicle on a monthly basis is greater than \$50.00 but less than \$100.00, the tax will be \$15.00.

- Limited Tax -Free Parking

The tax shall not be imposed on parking privileges where the charge or fee does not exceed \$2.00 for a 24-hour period or fraction thereof, or \$10.00 for a weekly period or \$40.00 for a monthly period.

In summary, where an operator charges different parking rates based on the day of week or length of time that a motor vehicle is parked, the applicable tax rate for the parking privilege shall be determined by the actual amount charged for that motor vehicle.

It should be noted that the full tax rate will apply to all parking privileges in cases where an operator fails to keep accurate and complete books and records evidencing that the reduced rate or no tax applies.

- New Collector's Commission

For the period February 1, 1997 to July 31, 1997, operators may retain a total of one percent of the parking tax they collect to reimburse themselves for expenses incurred in connection with collecting, accounting for and remitting the tax, and with implementing the parking tax changes set forth in the recent amendments to the parking ordinance.

This commission shall not be allowed for taxes not timely remitted to the Department of Revenue or for periods during which an operator is not in compliance with the ticket, tag or receipt requirements contained in Chapter 4-236 of the municipal code of Chicago.

- Issuance of Receipts

An additional requirement has been added to the parking tax. Operators will now be required to issue receipts to daily parkers showing the amount of the parking charge and the amount of the parking tax paid.

Unless a cash register is used which produces a daily summary tape showing the number of motor vehicles parked, the total charges paid and the amount of tax collected for each tier of parking taxes, and unless the tapes are maintained as required, the receipt shall be in the form of a two-part numerical receipt.

Operators required to issue two-part receipts shall retain one part and issue one part to the recipient. Each part shall show the parking charge and the amount of tax paid.

Operators who fail to issue receipts in the form or manner provided for in the parking tax ordinance shall be subject to fines of not less than \$50.00 nor more than \$200.00 for each motor vehicle parked for which no conforming receipt is issued to the patron.

- Additional Record-Keeping Requirements

Section 4-236-050 outlines an operator's duty to keep accurate and complete books and records to which the Director of Revenue shall at all times have full access.

A requirement to maintain all cash register and other receipts and all cash register tapes was added in the recent amendments.

In addition, the daily sheets required to be maintained must now be kept separate for each

location. These daily sheets are to include:

- the number of motor vehicles parked in or on each lot or garage, segregated on a daily, weekly, monthly or other basis and further segregated by the amount of the charge or fee imposed for parking.
- the actual parking tax receipts collected from all transactions.
- Additional Reporting Requirement

Operators will now also be required to report their monthly parking receipts, net of tax collected, and the number of non-taxable parkers on their returns

### **Rights to Appeal to the Director of Revenue for Alternative Record- Keeping Requirements**

The amendments related to record keeping and issuance of receipts were added to ensure a sufficient audit trail exists should an operator be selected for audit or come under investigation. It is possible an operator may have systems, controls and audit trails in place presently that vary from these requirements but are acceptable to the Department of Revenue.

If an operator feels this is the case, an application may be submitted to the Director outlining systems, controls and the audit trail of documents.

All applications should detail the nature of the operation ( ie. garage, parking lot operated at a fixed location throughout the year, parking lot operated on an event basis, honor lot, etc.) for which the application is made and include sufficient explanation of proposed alternatives. Copies of related business documents and records should be attached to the application where possible.

You should also be aware of the fact that the parking tax ordinance includes a provision wherein operators, on an annual basis, may request approval from the Director of Revenue to discard tickets and tags that were issued more than one year earlier. The Director shall grant such approval if he or she determines that the operator's books and records satisfy the record-keeping requirements of the parking tax ordinance.

All applications should be sent to the address below:

Chicago Department of Revenue  
Audit Division  
DePaul Center  
333 S. State, Suite 300  
Chicago, IL 60604-3977  
Attn: Charles E. Brown

### **New Parking Tax Returns**

Parking tax returns and instructions for 1997 will be mailed out in January, 1997. If you do not receive your returns by the end of January or if you have any questions, contact our Customer Service Unit at (312) 747-9723.