

**CITY OF CHICAGO  
DEPARTMENT OF REVENUE  
UNIFORM REVENUE PROCEDURES RULING**

Uniform Revenue Procedures Ruling #3

Subject: Rules, Regulations and Opinions of the Department of Revenue

Effective date: June 1, 2004

**ISSUANCE OF RULES OR REGULATIONS**

Section 1. Pursuant to Section 3-4-150 of the “Uniform Revenue Procedures Ordinance, Chicago Municipal Code (“Code”) chapter 3-4, the Department of Revenue (“Department”) has the power to adopt, promulgate and enforce rules and regulations pertaining to the administration and enforcement of all ordinances of the City that impose a tax.

Section 2. Rules and regulations of the Department are the official interpretation of the applicable tax law as determined by the Department. These rules and regulations may set forth not only the Department’s interpretation of the law but also the procedures the Department will use in carrying out the purpose of the law.

Section 3. Rules and regulations are issued by the Director of the Department (the “Director”). In accordance with Code Section 3-4-030, any rule or regulation promulgated by the Department shall be published in one or more newspapers of general circulation in the City no fewer than 10 days and no more than 30 days prior to its effective date. Commencing in 2004, all such rules and regulations will also be posted on the Department’s page of the City’s Web site.

Section 4. Amendments to rules or regulations shall be made following the same procedures set forth in Sections 1 through 3 above.

**ISSUANCE OF PRIVATE LETTER  
RULINGS BY THE DEPARTMENT OF REVENUE**

Section 5. The Department, through the Corporation Counsel of the City of Chicago (the “Corporation Counsel’s Office”) will issue private letter rulings concerning the applicability of a particular tax ordinance or rule to a specific set of facts or a specific situation of the taxpayer or tax collector. Any taxpayer or tax collector may request from the Department a private letter ruling as to its particular situation. This request must be in the format specified in Section 6 below. In addition, in general:

(a) A request for a private letter ruling must be made by, or on behalf of, an identified taxpayer or tax collector. A request for private letter ruling may be made by a taxpayer or tax collector, or by a representative of a taxpayer or tax collector under a power of attorney. The Department will not issue private letter rulings to taxpayer or tax collector representatives for anonymous or unidentified taxpayers or tax collectors.

(b) A private letter ruling will not be issued on alternative plans of proposed transactions or hypothetical situations.

(c) A private letter ruling will not be issued, if the taxpayer or tax collector is under audit or other investigation by the Department, unless the Department agrees that the ruling should be issued to assist with the audit or other investigation.

(d) Private letter rulings will not be issued to business, trade, or industrial associations, or to similar groups concerning the application of tax laws to members of the groups. Members of such groups may submit suggestions of general issues that would be appropriately addressed in information bulletins, or may submit general questions to be addressed by the Department in a general information letter.

(e) If there is case law or there are rules, which are dispositive of the subject of the request, the Department will decline to issue a private letter ruling on the subject.

(f) Whether to issue a private letter ruling in response to a private letter ruling request is within the discretion of the Department. The Department will respond to all requests for private letter rulings either by issuance of an opinion or by a letter explaining that the request will not be honored.

Section 6. For a private letter ruling, a taxpayer or tax collector must submit a letter to the Tax Policy Section of the Department (see below) including the following information:

(a) A complete statement of the facts and other information pertinent to the request. The request must contain a complete statement of all material facts. The material facts include the identification of all interested parties, a statement of the business reasons for the transaction, and a detailed description of the transaction. The request must contain an analysis of the relations of the material facts to the issues;

(b) A statement of authorities supporting the taxpayer's views, an explanation of the grounds for that conclusion and the relevant authorities to support that conclusion;

(c) A statement of any authorities contrary to the taxpayer's views. Each taxpayer is under an affirmative duty to identify any and all authorities contrary to the taxpayer's views. If the taxpayer determines that there are no authorities contrary to its views, or the taxpayer is unable to locate such authority, the request must contain a statement to that effect;

(d) Copies of all contracts, licenses, agreements, instruments or other documents relevant to the request;

(e) Signature of the taxpayer (or one of its officers), or the taxpayer's representative. A taxpayer's signature must be under penalty of perjury. A taxpayer's representative must also provide a properly executed power of attorney.

The letter must state that the taxpayer or tax collector is requesting a private letter ruling from the Department and be addressed to the Tax Policy Section, City of Chicago, Department of Revenue, Room 300, DePaul Center, 333 South State Street, Chicago, Illinois 60604-3977. If the Department believes that sufficient information is lacking or that one or more of the above requirements is not present, it can refuse to issue a private letter ruling.

Section 7. Private letter rulings shall be the official position of the Department as to the specific factual situation presented by the taxpayer or tax collector and will have no effect on any other set of facts or on other taxpayers or tax collectors. Private letter rulings must be signed by the Corporation Counsel's Office in order to be effective.

Section 8. A private letter ruling may be relied upon by the taxpayer or tax collector in determining its tax liability; however, reliance upon private letter rulings is subject to the provisions of Section 12 below. Private opinions will be open to the public, except for the name of the taxpayer or tax collector and other confidential facts identified by the taxpayer or tax collector, which will be redacted from the public's copy.

Section 9. Private letter rulings will cease to bind the Department if there is a pertinent change in statutory law, case law, rules or material facts. In certain rare circumstances, it will be necessary for the Department to expressly revoke a private opinion previously issued to a taxpayer or tax collector. In the case of such a revocation, the taxpayer or tax collector will incur no liability for any tax, penalty or interest as a result of reliance on the private letter ruling up to the date of the issuance of the revocation of the private letter ruling.

### **GENERAL INFORMATION LETTERS**

Section 10. If information is requested by a taxpayer or tax collector, or if a private letter ruling is denied, the Department, through the Corporation Counsel's Office, may issue a general information letter to the taxpayer or tax collector. This letter is a statement of the City's position as to a general area of the law and is not to be considered a private letter ruling. Thus, general information letters may not be relied upon by taxpayers or tax collectors with regard to the application of the law to any particular set of facts. General information letters must be signed by the Corporation Counsel's Office in order to be effective.

### **ORAL OPINIONS**

Section 11. In order to be assured of protection, taxpayers or tax collectors should not rely on oral opinions from Department employees, or from any other persons

working on behalf of the Department. Taxpayers and tax collectors will be assured of protection as to a given set of facts only if the opinion from the Department is a private letter ruling. Even then, the opinion ceases to have any effect if the law is changed in any pertinent respect or if there is a material change in the facts.

**RELIANCE ON WRITTEN INFORMATION  
OR WRITTEN ADVICE**

Section 12. Chicago Municipal Code Section 3-4-325 provides: “In the event that a taxpayer or tax collector demonstrates reasonable reliance upon erroneous written information or written advice from the department or the corporation counsel, then the director shall abate any taxes, interest or penalties that result from such information or advice.” The forms of “written information or written advice” on which a taxpayer or tax collector may reasonably rely are limited to rules and regulations, private letter rulings, general information letters (but not with regard to the application of the law to any particular set of facts), official information bulletins, and current tax return forms and instructions. Furthermore, reliance on any written information or written advice that is ten or more years old, other than a rule or regulation, shall be deemed not reasonable unless ratified in writing by the Corporation Counsel’s Office.