



INFORMATIONAL BULLETIN

■ Chicago Restaurant And Other Places For Eating Tax

TO: All Chicago restaurants that sell food prepared for immediate consumption:

The purpose of this informational bulletin is to discuss specific tax issues identified by the Department of Revenue relating to the Chicago Restaurant and Other Places for Eating Tax (Restaurant Tax), chapter 3-30. Please refer to the ordinance and regulations for exact terms.

What is the tax rate?

Please refer to the Chicago Department of Revenue website for current tax rate information. Our web address is:

www.cityofchicago.org/revenue

How do I know if my establishment is subject to the Restaurant Tax?

Two criteria must be met in order for your establishment to be subject to the Restaurant Tax.

1. The establishment must sell food prepared for immediate consumption. Generally, this refers to food made ready by the retailer to be eaten without substantial delay after the final stage of preparation.
2. The establishment must provide for on-premises consumption. Generally, this means that the business provides accommodations for eating the food on the premises, *regardless of whether or not the food is actually eaten on the premises.*

If your establishment meets both criteria then your business is subject to the Restaurant Tax. Unless you meet the requirements for "mixed facilities or operations" (see Restaurant Tax

Regulations Part 5), the tax applies to the selling price of all non-exempt food and beverages (both alcoholic and non-alcoholic) that your establishment sells at retail.

What are considered to be accommodations?

Examples of accommodations include, but are not limited to:

- Tables
- Chairs
- Ledge / Counter-tops
- Food Court Seating
- Benches

Are carry out and delivery orders taxable?

If you meet both criteria, then all of your non-exempt retail sales of food are taxable whether it is carry out, delivery, or consumed on-premises.

Are there any types of exempt sales?

Sales which are exempt under the Illinois Retailers' Occupation Tax are exempt. For example, school cafeteria food sold to students and hospital food sold to patients are not taxable.

Are alcohol sales taxable?

Businesses that meet the two criteria must report their alcohol sales with their food sales. This includes establishments whose primary source of revenue is from liquor sales, but meet the two criteria listed previously (i.e. bars, taverns, etc.) For example, bars and taverns that heat and sell frozen pizzas have been determined to be subject to the tax.

Are catering sales taxable?

If your business provides catering services, there are several factors that you

must consider in order for those sales to be excluded from the tax. If your business is taxable for the Restaurant Tax, your catering service is also taxable if the "service" is limited to delivery of the food. Factors such as separate kitchen, separate accounting records, and additional services provided to the client must be considered before taking a deduction for catering. (Please reference the Restaurant Tax Regulations Section 5 concerning "mixed facilities or operations").

Are ledges and counters considered accommodations for eating?

If your business offers a ledge or counter for your customers to eat their food, you are subject to the restaurant tax. Please note that if your business is a "Carry-Out Only" facility, but you provide a table and/or a chair for waiting customers, you will not be considered taxable unless on-premises consumption of food is allowed.

What should I do if after reading this bulletin I find I may have made errors on a previous year's filing?

If you feel you have made errors on your Restaurant Tax return, please contact our Tax Policy Division. We will work with you to correct your return and help make sure you do not make the same errors in the future. For more information please write or email :

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