

This letter discusses the Parking Excise Tax. 35 ILCS 525; 86 Ill. Adm. Code 195.
(This is a GIL.)

April 24, 2025

NAME
COMPANY1
EMAIL

Dear NAME:

This letter is in response to your email dated April 10, 2025, in which you requested information. The Department issues two types of letter rulings. Private Letter Rulings (“PLRs”) are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department’s regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter (“GIL”) is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at <https://tax.illinois.gov/> to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

I am looking for some clarification on parking excise tax collection responsibilities. We started using an intermediary service from COMPANY2. They charge %%% service fee off the customer invoice total. It appears they are not collecting/accounting for sales tax. My question is which amount should I add to Line 1 of Step 1 the gross receipts collected ? COMPANY2 collects \$\$\$ from a customer and pays us \$\$\$\$. Should we add \$\$\$ or \$\$\$ to our gross receipts?

COMPANY2 claims that they are not required to collect/file sales taxes in Illinois.

DEPARTMENT’S RESPONSE:

The Illinois Parking Excise Tax Act (the “Act”) imposes a Parking Excise Tax (the “Tax”) effective January 1, 2020 “on the privilege of using in this State a parking space in a parking

area or garage”. 86 Ill. Adm. Code 195.100. The tax is imposed at the rate of 6% of the purchase price for a parking space paid for on an hourly, daily, or weekly basis; and 9% of the purchase price for a parking space paid for on a monthly or annual basis. 86 Ill. Adm. Code 195.110(a).

“Purchase price” means the consideration paid for the purchase of a parking space in a parking area or garage, valued in money, whether received in money or otherwise, including cash, gift cards, credits, and property, and shall be determined without any deduction on account of the cost of materials used, labor or service costs, or any other expense whatsoever. “Purchase price” includes any and all charges that the recipient pays related to or incidental to obtaining the use or privilege of using a parking space in a parking area or garage, including but not limited to any and all related markups, service fees, convenience fees, facilitation fees, cancellation fees, overtime fees, or other such charges, regardless of terminology.

86 Ill. Adm. Code 195.105.

The Tax is on the purchaser of the parking and must be collected by the operator. 86 Ill. Adm. Code 195.110(a). Under the Act, an “operator” required to collect the Tax is any “person who engages in the business of operating a parking area or garage, or who, directly or through an agreement or arrangement with another party, collects the consideration for parking . . .” 35 ILCS 525/10-5. “Operator” does not include a bank, credit card company, payment processor, booking intermediary (except as stated below), or person whose involvement is limited to performing functions that are similar to those performed by a bank, credit card company, payment processor, or booking intermediary. 86 Ill. Adm. Code 195.105.

A “booking intermediary” is any person or entity that facilitates the processing and fulfillment of reservation transactions between an operator and a person or entity desiring parking in a parking lot or garage of that operator. 86 Ill. Adm. Code 195.105. Beginning January 1, 2024, a booking intermediary must register under the Act if it facilitates the processing and fulfillment of a reservation for an operator that is not registered under the Act, or if it charges a separately stated service fee. 86 Ill. Adm. Code 195.135. The booking intermediary is liable for and must remit the tax on any reservation facilitated for an unregistered operator. 86 Ill. Adm. Code 195.110(m)(2). Similarly, the booking intermediary is liable for and must remit the tax on any separately stated service fee that the booking intermediary charges to the customer. In this situation, the operator is liable for and must remit the tax on the remainder of the purchase price for the transaction. 86 Ill. Adm. Code 195.110(m)(3).

The Department's Administrative Rule at 86 Ill. Adm. Code 195.110(m)(3) provides the following examples to demonstrate an operator's tax liability when a booking intermediary includes an additional service fee:

EXAMPLE 1: A booking intermediary charges and collects \$40 from a purchaser for the use of a parking space in a registered operator's garage. The \$40 includes a charge of \$35 set by the operator to use the parking space in the operator's garage and a charge of \$5 that is imposed and retained by the booking intermediary for facilitating the use of the parking space by the purchaser. The \$5 charge is not separately stated. Per the agreement between the operator and the booking intermediary, the booking intermediary receives a 20% commission on each parking space it facilitates on behalf of the operator ($.20 \times \$35 = \7). The booking intermediary forwards \$28 to the operator. The operator has a parking excise tax liability of \$2.40 ($.06 \times \40).

EXAMPLE 2: A booking intermediary charges and collects \$25 from a purchaser for the use of a parking space in a registered operator's garage. The \$25 includes a charge of \$20 set by the operator to use the parking space in the operator's garage and a separately stated service charge of \$5 imposed and retained by the booking intermediary for facilitating the use of the parking space by the purchaser. Per the agreement between the operator and the booking intermediary, the booking intermediary receives a 15% commission on each parking space it rents on behalf of the operator ($.15 \times \$20 = \3). The booking intermediary forwards \$17 to the operator. The operator has a parking excise tax liability of \$1.20 ($.06 \times \20). The booking intermediary has a parking excise tax liability of \$0.30 ($.06 \times \5).

86 Ill. Adm. Code 195.110(m)(3).

A person that provides payment processing, collection functions, parking area maintenance, or security functions is not an operator subject to the tax when:

- 1) all parking revenues flow directly to the operator;
- 2) the operator sets the parking rates;
- 3) the person is paid a separate fee for the service provided; and
- 4) the sign at the parking area or garage does not identify the person as the operator.

86 Ill. Adm. Code 195.110(l).

The operator of a parking area or garage must collect the tax on the purchase of all parking spaces in a parking area or garage unless the operator is exempt from collecting the tax or the tax is not due on the transaction. The Act does not contain a resale exemption for purchases of parking space by a person that intends to resell the parking space to a customer. 86 Ill. Adm. Code 195.110(d). However, an operator that has paid or remitted the tax imposed by the Act to another operator in connection with the same parking transaction, or the use of the same parking space, is entitled to a credit for the tax paid or remitted against the amount of tax owed under the Act, provided that the other operator is registered under the Act. The operator claiming the credit shall have the burden of proving it is entitled to claim a credit. An invoice to the operator that separately states “tax paid” or states “all taxes included” is sufficient documentation to permit the operator to claim the credit. 86 Ill. Adm. Code 195.110(c).

Operators must report Parking Excise Tax on Form PE-100 and file the form with and remit the tax collected to the Department on or before the last day of each calendar month for all purchases of parking made during the preceding calendar month. For more information on the Parking Excise Tax Act, see the Department’s Administrative Rules at [86 Ill. Adm. Code 130.195](#); [Form PE-100 Instructions](#); [FY 2020-07](#); and the [Department’s Frequently Asked Questions](#), available on the Department’s website.

I hope this information is helpful. If you require additional information, please visit our website at <https://tax.illinois.gov/> or contact the Department’s Taxpayer Information Division at 800-732-8866.

Very truly yours,

Alexis K. Overstreet
General Deputy Counsel

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