



# *informational*

## *Bulletin*

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## **Hotel Operators' Occupation Tax Updates for Hosting Platforms for Short-Term Rentals**

### **To: Operators and Re-Renters of Hotel Rooms**

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

Beginning July 1, 2025, hosting platforms for short-term rentals that meet the definition of "re-renter" are subject to Hotel Operators' Occupation Tax. See 35 ILCS 145/2 as amended by Public Act 104-0006.

### **What is a hosting platform for a short-term rental?**

"Hosting platform" means a person who provides an online application, software, website, or system through which a short-term rental located in this State is advertised or held out to the public as available to rent for occupancy. "Short-term rental" means an owner-occupied, tenant-occupied, or non-owner-occupied dwelling including, but not limited to, an apartment, house, cottage, or condominium, located in this State where:

- at least one room in the dwelling is rented to an occupant for a period of less than 30 consecutive days, and
- all accommodations are reserved in advance; provided, however, that a dwelling shall be considered a single room if rented as such.

### **What is a re-renter of hotel rooms?**

"Re-renters of hotel rooms" are persons who are not employed by a hotel operator but who, either directly or indirectly, through agreements or arrangements with third parties collect or process the payment of rent from a guest of a hotel for a hotel room located in Illinois and either

- obtain the right or authority to grant control of, access to, or occupancy of a hotel room in Illinois to a guest of the hotel; or
- facilitate the booking of a hotel room located in Illinois.

Persons who obtain those rights or authorities are not considered re-renters of hotel rooms if they operate under a shared hotel brand with the operator. Beginning July 1, 2025, "re-renters of hotel rooms" include hosting platforms for short-term rentals who otherwise meet the definition of "re-renter."

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## What short-term rental receipts are taxable?

"Rent" or "rental" means the consideration received for occupancy, valued in money, whether received in money or otherwise, including all receipts, cash, credits, and property or services of any kind or nature. This includes any fee, charge, or commission received from a guest by a re-renter of hotel rooms specifically in connection with the re-rental of hotel rooms.

## What form do I use to report Hotel Operators' Occupation Tax?

Hotel operators, including hosting platforms of short-term rentals that meet the definition of "re-renter," must file [Form RHM-1](#), Hotel Operators' Occupation Tax Return (and [Form RHM-7](#), Hotel Operators' Occupation Tax Multi-Site Schedule, if the operator has receipts from multiple sites) to report and pay the tax to the Illinois Department of Revenue (IDOR).

## How do hotel operators and re-renters, including hosting platforms of short-term rentals that meet the definition of "re-renter," report receipts from rentals of the same hotel rooms?

Hotel operators must continue to collect Hotel Operators' Occupation Tax from rooms rented to re-renters and remit the tax to IDOR, as well as report the tax on Form RHM-1. **Hotel operators should not claim rentals made to re-renters as exempt for resale.** The Hotel Operators' Occupation Tax Act does not authorize this exemption.

Hotel re-renters owe tax on the entire charge to a guest for the rental of a hotel room, including any fee, charge, or commission received from a guest specifically in connection with the re-rental of hotel rooms. When filing Form RHM-1, hotel re-renters may claim a deduction on Line 4 of Form RHM-1 for the cost of the room and any taxes paid to a hotel operator for the initial rental of the hotel room. Enter the description "re-renter deduction" and deduct the amount paid to the hotel operator for the re-rental of hotel rooms, including tax paid. Re-renters with multiple Illinois locations should complete Form RHM-7, reporting taxable receipts (not including any local or Metropolitan Pier and Exposition Authority (MPEA) taxes you collected or any other allowable deductions) from the re-rentals for each location and include those totals on Line 7 of Form RHM-1.

The total of all other deductions must equal the amount on Line 4 of Form RHM-1. IDOR will disallow any deduction that is not itemized.

## What books and records must hotel operators retain?

Hotel operators must keep books and records of their business as a hotel operator to show taxable rentals separately from non-taxable rentals under the Hotel Operators' Occupation Tax Act. Failure to keep separate books and records will result in the operator being liable for all tax due from the proceeds of a particular hotel. Hotel operators must retain the records required to substantiate a filed return for at least 3.5 years from the due date of the return or the date filed, whichever is later.

## What if I need to register for or update a Hotel Operators' Occupation Tax Account?

You must register for a Hotel Operators' Occupation Tax Account if you are in the business of renting, leasing, or letting rooms to persons for periods of less than 30 consecutive days. If you are a re-renter of hotel rooms with a physical presence in Illinois or, if you are not located in Illinois but meet a tax remittance threshold as discussed below, you must register for a Hotel Operators' Occupation Tax Account with IDOR.

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Re-renters of hotel rooms that are headquartered outside of Illinois and have no presence in Illinois other than their business as re-renters, conducted remotely, shall determine on a quarterly basis, ending on the last day of March, June, September, and December, whether they meet either of the following thresholds for the preceding 12-month period:

- the cumulative gross receipts from rentals in Illinois by the re-renter of hotel rooms are \$100,000 or more; or
- the re-renter of hotel rooms cumulatively enters into 200 or more separate transactions for rentals in Illinois. See [35 ILCS 145/3\(b-5\)](#).

Register with IDOR electronically using MyTax Illinois at [mytax.illinois.gov](https://mytax.illinois.gov) or submit a paper [Form REG-1](#), Illinois Business Registration Application. Select “Yes” to this question from the form:

- “Are you registering as a re-renter of hotel rooms?”

Re-renters of hotel rooms apply tax rates based on where the hotel is located. As a result, permanent locations are not utilized during the registration process by re-renters of hotel rooms. You must add a changing location for each municipality or, if not in a municipality, county where you rent rooms, including short-term rentals of dwellings.

If you need to update your Hotel Operators' Occupation Tax Account, send us a completed [Form REG-3-C](#), Business Information Update, or use MyTax Illinois to update your account.

### **Where do I find more information?**

See the [Hotel Operators' Occupation Tax Information Page](#) on our website at [tax.illinois.gov](https://tax.illinois.gov) for updated form instructions, examples, and detailed deduction information.