



Publication 106

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Hotel Operators' Occupation Tax

About this publication

Knowing how Illinois tax laws apply to your business can save you time, trouble, and money. The information included in this publication supplies you with general tax information involving the renting, leasing, or letting of rooms to persons for periods of less than 30 consecutive days that are subject to Hotel Operators' Occupation Tax to help you collect the proper amount of tax due and to help you file your returns correctly.

Throughout this publication, the term "hotel tax" refers to all IDOR-collected hotel taxes to which you are subject.

This publication provides information to:

- identify the hotel taxes that are collected by IDOR
- identify who is responsible for paying the hotel taxes
- identify allowable deductions under the hotel taxes
- answer frequently asked questions regarding hotel tax deductions

Illinois **statutes** and **regulations** related to these topics are available on the Illinois General Assembly website at ilga.gov.

Taxpayer Bill of Rights

You have the right to call the Illinois Department of Revenue (IDOR) for help in resolving tax problems.

You have the right to privacy and confidentiality under most tax laws.

You have the right to respond, within specified time periods, to IDOR notices by asking questions, paying the amount due, or providing proof to refute IDOR's findings.

You have the right to appeal IDOR decisions, in many instances, within specified time periods, by asking for department review, by filing a petition with the Illinois Independent Tax Tribunal, or by filing a complaint in circuit court.

If you have overpaid your taxes, you have the right, within specified time periods, to a credit (or, in some cases, a refund) of that overpayment.

For more information about these rights and other IDOR procedures, you may write us at the following address:

Problems Resolution Division
Illinois Department of Revenue
PO Box 19014
Springfield, IL 62794-9014

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Legal References

Statutory - 35 ILCS 145/1 to 145/10

Regulations - 86 Ill. Adm. Code 480

General Information

What is the definition of a hotel?

“Hotel” means any building or buildings in which the public may, for a consideration, obtain living quarters, sleeping or housekeeping accommodations. The term includes, but is not limited to:

- inns,
- motels,
- tourist homes or courts,
- lodging houses,
- rooming houses and apartment houses,
- retreat centers,
- conference centers,
- hunting lodges, and
- short-term rentals.

What is a short-term rental?

“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 hosting platform?

A hosting platform is an online application, software, website, or system for short-term rentals of owner-occupied, tenant-occupied, or non-owner-occupied dwellings.

What is the definition of 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.

Effective July 1, 2025, hosting platforms for short-term rentals are subject to Hotel Operators’ Occupation Tax if they meet the definition of “re-renters of hotel rooms” as defined above. Public Act (P.A.) 104-0006.

What hotel taxes does IDOR collect?

IDOR collects the following state and Chicago area hotel taxes (see the **Excise Tax Rates and Fees webpage** on the Tax Rate Database for more information):

State tax

- Illinois Hotel Operators’ Occupation Tax (HOOT)

Chicago area taxes

- Chicago Municipal Hotel Tax (CMHT)
- Illinois Sports Facilities Tax (ISFT)
- Metropolitan Pier and Exposition Authority (MPEA) Hotel Tax

IDOR does not collect any local hotel taxes other than the Chicago area taxes listed above. All other local taxes are paid directly to the local taxing authority.

Upon whom are these taxes imposed?

The state and Chicago area hotel taxes collected by IDOR are imposed on persons in the occupation of renting, leasing, or letting rooms to the public for living quarters for periods of less than 30 days (*i.e.*, hotel operators).

- HOOT is imposed on all hotel operators whose businesses are located in Illinois.
- CMHT, ISFT, and MPEA Hotel Tax are imposed on hotel operators whose businesses are located in the city of Chicago.

Depending on the location of your business, you may be subject to one or more of these hotel taxes.

Registering Your Business

If I am just starting my business, what do I do to register?

Register with IDOR electronically using **MyTax Illinois**.

If you are not already registered, select “Register a New Business (Form REG-1)” and complete the registration application. When registering your business, you must provide a complete list of all of your properties in Illinois. If you are a re-renter, you must register a changing location for each municipality or, if not in a municipality, county where you rent rooms.

If you choose to register using the paper application, complete and sign Form REG-1, Illinois Business Registration Application, allow six to eight weeks for processing, and submit it via email, fax, or mail to:

CENTRAL REGISTRATION DIVISION 3-222

ILLINOIS DEPARTMENT OF REVENUE

PO BOX 19030

SPRINGFIELD IL 62794-9030

Fax: 217 785-6013

Email: Rev.CRD@Illinois.gov

How do I activate a MyTax Illinois logon?

Once your business is registered, you can activate your MyTax Illinois logon. Please allow 24 hours from your registration confirmation email before activating a logon for MyTax Illinois. To activate a logon for a business, select the taxpayer ID type. You can use one of the following options to validate the activation:

- Owner/Officer or Responsible Party Social Security Number
- PIN previously used by IDOR (used for certain electronic filing methods, such as Webfile and third-party tax software, separate from MyTax Illinois)
- Account activity validation

This activation process is to help ensure only individuals who are authorized by their organization gain access to a business’s tax information.

Once you have activated your MyTax Illinois logon, if you are a Corporation, S-Corp, Partnership, or LLC organization type and are registered for other tax accounts, you can register for the Hotel Operators’ Occupation Tax (HOOT) or other new tax types through your existing MyTax Illinois logon, by selecting “More...” and then selecting “Register for New Tax Accounts.”

Sole proprietorships can only register for new tax accounts by selecting “Register a New Business (Form REG-1)” and completing Form REG-1 on the MyTax Illinois home screen.

How will I know that I have successfully registered?

We will issue you a Certificate of Registration (Certificate) when you register for HOOT. The Certificate lists your Account ID, your business name, address, the effective date, the tax for which you are registered, and the date the Certificate will expire.

MyTax Illinois is the primary method you should use to obtain and print or download a copy of your Certificate. If you are unable to print or download a copy of your business’s Certificate, you can also contact our Central Registration Division (CRD) by email at **Rev.CRD@Illinois.gov** or phone at 217 785-3707 to request a paper copy be mailed to you.

What if my Certificate is lost, damaged, or destroyed?

If your Certificate is lost, damaged, or destroyed, you can print a replacement using MyTax Illinois at mytax.illinois.gov. You can also contact CRD to request a new Certificate.

What if I change the location of my business?

If you change the location of your business or, if you are a multiple location filer and one of your locations changes, you can update your registered locations on your HOOT account using MyTax Illinois. It is important for you to keep this information up to date to ensure that IDOR allocates the tax you collected to the proper jurisdiction.

Note: 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. Add a changing location for each municipality or, if not in a municipality, county where you rent rooms.

What if I discontinue my business or one of my locations or change my business structure?

If you change the structure of your business (for example, changing from a sole proprietor to a corporation), you must tell us to discontinue the old business entity, and register the new business entity by completing a new Form REG-1.

Note: Certificates cannot be transferred.

In addition, you must update your registration information with IDOR. MyTax Illinois allows you to close your existing business, register a new one, and maintain your existing locations on your HOOT account. You can also contact CRD or send us a completed paper **registration form** depending on the change or update needed.

You must complete and file **Form CBS-1, Notice of Sale, Purchase, or Transfer of Business Assets**, if, outside your usual course of business, you sell or transfer

- the major part of the stock of goods that you are in the business of selling,
- the furniture or fixtures of your business,
- the machinery and equipment of your business, or
- the real property of your business

Form CBS-1 must be filed with IDOR at least ten (10) days prior to the sale date or it will not be processed. See 86 Ill. Adm. Code 130.1701 for more information.

Do re-renters of hotel rooms need to register for a Hotel Operators' Occupation Tax Account?

Yes. Beginning on July 1, 2024, re-renters of hotel rooms who rent, lease, or let hotel rooms are subject to HOOT on the receipts from those rentals and must file **Form RHM-1, Hotel Operators' Occupation Tax Return**, (and Form RHM-7, Hotel Operators' Occupation Tax Multi-Site Schedule, if the re-renter has receipts from multiple sites) and pay the collected taxes to IDOR. P.A. 103-0592.

Re-renters of hotel rooms that are headquartered outside of Illinois and have no presence in Illinois other than their businesses 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).

Who do I contact if I have questions about registration?

For registration questions, see our Taxpayer Answer Center, available on our website at tax.illinois.gov. If you cannot find an answer, you can email IDOR from the Taxpayer Answer Center. You also can email CRD at Rev.CRD@Illinois.gov or call us at 217 785-3707.

Requirements, Deductions, and Reporting Information for Businesses who File Form RHM-1

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

You must file Form RHM-1 if you are in the business of renting, leasing, or letting rooms to persons for periods of less than 30 consecutive days. If you have more than one business location, you must also attach Form RHM-7 and provide a breakdown of receipts for each site.

When must I file Form RHM-1?

If you are a monthly filer, your return is due on or before the last day of the month following the month for which you are filing. If you are a quarterly filer, your return is due on or before the last day of the month following the quarter for which you are filing. If you are an annual filer, your return is due on or before January 31 of the year following the year for which you are filing.

Note: You must file monthly unless IDOR notifies you to do otherwise.

How do hotel operators and re-renters report receipts from rentals of the same hotel rooms?

Hotel operators must collect HOOT from rooms rented through 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 through re-renters as exempt for resale.** The Hotel Operators' Occupation Tax Act does not authorize this exemption. Hotel re-renters must remit HOOT collected for the hotel operator's receipts to the hotel operator instead of remitting it directly to IDOR on the hotel operator's behalf.

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 should claim a deduction on Line 4 of Form RHM-1 for the cost of the room and the taxes that were paid to a hotel operator for the 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. See the **Hotel Operators' Occupation Tax Information Page** on our website at tax.illinois.gov for examples.

Do I include all hotel taxes I collected on Form RHM-1, Line 1, Total receipts?

Yes. You must include all state, Chicago area, and local hotel taxes you collected in your total receipts on Form RHM-1, Line 1.

If you collected a local hotel tax, you may deduct that tax on Line 2, Local tax deduction, because you pay it directly to the local jurisdiction. You may not deduct the amount you collected for the CMHT, ISFT, or MPEA Hotel Tax on Line 2.

What deductions are allowable under these taxes?

You may take the following deductions on Form RHM-1:

- local hotel tax paid directly to a local jurisdiction and not collected by IDOR
- receipts from permanent residents
- receipts from foreign diplomats
- receipts from student housing not applicable to hotels
- receipts associated with display rooms, public rooms, sampler rooms, meeting rooms, dressing rooms for swimming pools, offices, and private dining rooms
- receipts from the sale of food and beverages
- receipts from the use of a telephone
- receipts associated with barber shops, laundry services, vending services, ticket sales, valet parking, garage rent, promotions, photos, magazines, and sundries
- receipts from rooms rented or leased to qualified organizations chartered by the United States Congress for the purpose of providing disaster relief that possess an active Illinois Sales Tax Exemption Identification Number issued by IDOR (e.g., the American National Red Cross) *
- room adjustment charges, allowances, and discounts
- bad debts and uncollectables
- intracompany sales
- refunds
- complimentary nights received through the redemption of reward points (See General Information Letter Ruling **ST 13-0043-GIL** for more information.)
- for re-renters of hotel rooms, the cost of a room and any taxes paid to a hotel operator for the rental of the hotel room

Each of these items is deductible under all IDOR-collected state and Chicago area hotel taxes.

If an item is not listed above, it most likely is not an allowable deduction on Form RHM-1.

Note: Receipts from the sale of food and beverages, prepaid phone cards, barber shop services, laundry services, vending services, promotions, photos, magazines, and sundries may be subject to Illinois sales tax.

* To properly document a deduction for a room rented or leased to qualified organizations chartered by the United States Congress for the purpose of providing disaster relief that possess an active Illinois Sales Tax Exemption Identification Number issued by IDOR, you should verify the organization's Illinois Sales Tax Exemption Identification Number is valid and active by using the **Exemption Lookup tool**, available at mytax.illinois.gov. You should also retain a copy of the employee identification badge that belongs to the representative from the organization renting or leasing the room from you.

Where can I find more information about qualifying organizations that are exempt from hotel tax?

See the **Hotel Operators' Occupation Tax Information Page** for additional information.

Are receipts from "no shows," "cancellation fees," or "attrition fees" deductible on Form RHM-1?

No. When a guest becomes liable for paying a charge to rent a room, the receipts from the rental are subject to hotel tax, regardless of whether the person actually occupies the room. Guaranteed room charges and early departure fees are subject to HOOT, regardless of whether they are called no-show fees, cancellation fees, or room attrition fees. Such charges represent gross receipts directly related to the right to occupy a room at a hotel. As such, they are subject to Hotel Operators' Occupation Tax.

Who is a “permanent resident?”

A permanent resident is a person who has the right to occupy any room in a hotel for at least 30 consecutive days. When you have a binding contract with a permanent resident for at least 30 days, no hotel tax is due. However, if the contract is terminated before the end of the first 30 days, you owe hotel tax for the period up to the time when the contract was terminated.

If your guest stays for 30 consecutive days or more and has paid hotel tax, your guest has a legal right to request a refund of hotel tax paid. Therefore, if requested, you should refund the amount of tax paid to your guest. If you do not refund the amount of tax paid, you are liable to pay that amount to us. IDOR does not refund hotel tax to hotel guests. When you do not know whether a guest is a permanent resident at the end of the period for which you are filing Form RHM-1 because the guest’s first 30 days have not ended, you owe hotel tax on receipts from that rental. If the guest later stays for 30 days, the receipts from that rental for the first 30 days, or portion thereof, upon which you have already paid tax should be deducted on Form RHM-1, Step 1, Line 3, for the next month. Be sure to include a breakdown with that month’s RHM-1 explaining the deduction.

Who is a “foreign diplomat?”

A foreign diplomat is an official from a foreign country who is stationed in the United States while working as a diplomat, consular officer, or staff member at a foreign mission. This individual has been issued a tax exemption card. Each card contains the individual’s picture and either a blue, a green, a yellow, or a red stripe. A blue-striped card exempts the individual from paying hotel tax. A red-striped card exempts the individual from paying hotel tax over a minimum purchase amount listed on the face of the card. A yellow-striped or green-striped card exempts the individual from paying hotel tax unless hotels are listed as a restricted category on the face of the card, (e.g., exempt on purchases, except hotels). The United States Department of State, Office of Foreign Missions, issues two types of tax exemption cards:

- A personal tax exemption card is for use only by the individual named on the card.
- A mission tax exemption card is for official use only.

In order to receive the exemption, your guest must provide you with proper identification.

If a foreign diplomat has a

- blue-striped mission card,
- red-striped mission card and is spending above the minimum purchase amount listed on the card, or
- yellow-striped or green-striped mission card that does not specifically restrict hotels,

he or she may rent rooms on behalf of the mission and obtain tax-exempt lodging for visitors or nonaccredited persons. The individual using the card does not need to stay at the hotel. He or she may pay the hotel bill with a mission credit card or a mission check, but may not use a personal credit card, check, or cash.

The foreign diplomat may not use his or her personal tax exemption card to pay for hotel rooms of those outside his or her immediate family.

If you would like more information about foreign diplomats and their exemption from hotel tax, request a copy of Diplomatic Tax Exemption Program by contacting:

**U.S. DEPARTMENT OF STATE
OFFICE OF FOREIGN MISSIONS
77 WEST JACKSON BLVD., SUITE 2122
CHICAGO, IL 60604**

OR

**OFFICE OF LEGAL SERVICES (5-500)
ILLINOIS DEPARTMENT OF REVENUE
101 WEST JEFFERSON STREET
SPRINGFIELD, IL 62702**

Phone: 312 353-5762

Fax: 312 353-5768

Are receipts from rentals to federal, state, and local government employees exempt from hotel tax?

No. Receipts from rooms rented to federal, state, and local government employees are not exempt from hotel tax. Being government employees does not exempt these individuals from paying hotel tax.

Are receipts from rentals to persons affiliated with schools or charitable, religious, or other not-for-profit organizations exempt from hotel tax?

No. Under the Hotel Operators’ Occupation Tax, public renting of hotel rooms is subject to the tax, even if the person paying for the room may be a church (except as provided in 86 Ill. Adm. Code 480.101(c)(2)), charity (except as provided in 86 Ill. Adm. Code 480.101(c)(3)), or school or some other kind of nonprofit organization, and even if the person paying for the room may be a governmental agency or instrumentality (federal, State, or local, or even a foreign government). Receipts from rooms rented to individuals associated with these groups are not exempt from hotel tax. Being associated with a school or not-for-profit organization does not exempt these individuals from paying hotel tax.

If a person or not-for-profit organization presents a tax exemption certificate issued by IDOR to me, are receipts from that rental exempt from hotel tax?

No. A tax exemption certificate issued by IDOR exempts certain entities from Illinois sales tax, not hotel tax.

I operate a private club and rent rooms only to club members and their guests. Am I exempt from paying hotel tax?

Since hotel tax is limited to the renting of rooms to the public and your club restricts its renting of rooms to members and their guests, you are not liable for hotel tax on your rental receipts from such rooms.

Are schools that rent rooms to students as living quarters subject to hotel tax?

A school is not subject to hotel tax on receipts from renting rooms to its students for use as living quarters, or for sleeping or housekeeping accommodations, because these are not rentals to the public. If the school rents rooms for such purposes to persons who are not enrolled with the school in courses of study for credit, such renting is being made to the public. Therefore, the school owes hotel tax on receipts from such rentals, as long as the person does not qualify as a permanent resident.

If a guest requests a roll-away bed, are receipts from the rental of the bed subject to hotel tax?

Yes. Receipts from the rental of the roll-away bed are subject to hotel tax. If you make a separate and specific charge for the use of bedding or other facilities furnished in connection with the use of a room as living quarters or for sleeping or housekeeping accommodations, the receipts from this source are subject to hotel tax.

Are receipts from meeting or banquet rooms subject to hotel tax?

No. Since hotel tax is imposed on receipts from renting rooms for living quarters or for sleeping or housekeeping accommodations, the tax does not apply to receipts from the renting of rooms for other purposes (e.g., for use as display rooms, sample rooms, meeting rooms, offices, or private dining rooms). If food or beverages are provided or sold in conjunction with the rental, the room rental charges may be subject to Illinois sales tax.

If I do not include breakfast in the room rate, are receipts from breakfast subject to hotel tax?

No. The receipts you receive from selling food, beverages, or other tangible personal property are not subject to hotel tax.

If you provide complimentary food to your guests and do not operate a restaurant that is open to the public, you incur a use tax liability on the cost of the food. This tax is generally paid to a grocer upon purchase. If you sell food to your guests and operate a restaurant that is open to the public, your receipts are likely subject to Illinois sales tax. You must be registered separately with us to report and pay sales tax on these items.

Are “in-room movies” subject to hotel tax?

Receipts for movie rentals are not subject to hotel tax if you

- are not the entity that actually provides the movie,
- authorize a movie vendor to install equipment in the rooms and sell movies to your guests, and
- merely collect the money for the movie vendor.

However, if you actually provide movies to your guests, these receipts are subject to hotel tax.

What if a person or organization refuses to pay hotel tax?

As a hotel operator, the liability for paying hotel tax falls upon you, not your guests. You may, however, pass hotel taxes to which you are subject on to your guests as separately stated items on your guests' bills. If you do not pay the tax liability on Form RHM-1, you will be assessed for the tax due, plus penalty and interest.

Will I be penalized if I fail to properly identify a deduction I claim on Form RHM-1?

If you do not properly identify a deduction you claim on Form RHM-1, you will be automatically assessed for the tax due, plus penalty and interest. If the deduction is allowable, you must file Form RHM-1-X, Amended Hotel Operators' Occupation Tax Return, identifying the allowable deduction you are claiming. If, after reviewing your return, the deduction is allowed, the assessment will be withdrawn in full. If, after review, the deduction is not allowed, you will owe the full assessment.

How can I correct an error I made on my return?

If you made an error on your Form RHM-1 (e.g., failed to claim an allowable deduction), you must file **Form RHM-1-X, Amended Hotel Operators' Occupation Tax Return**, to correct the error. You must pay any additional tax due. Penalty and interest will be due on the additional tax if you do not file the amended return and pay the additional tax due by the due date of the original return. If your amended return shows that you have overpaid tax, you must indicate this fact and request a refund or credit.

Keeping Complete and Accurate Records

What books and records must I keep?

You must keep books and records of your 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.

What records are required to support a deduction taken on my return?

You must maintain support in your books and records for specific deductions claimed. For example, documentation such as a copy of an employee identification badge must be maintained for a hotel operator to claim a deduction for receipts from rooms rented or leased to qualified organizations chartered by the United States Congress for the purpose of providing disaster relief that possess an active Illinois Exemption Identification Number issued by IDOR. Deductions claimed on Form RHM-1 that are not properly itemized and supported in your books and records may be disallowed when reviewed by IDOR.

How long must I keep records?

You must retain the records required to substantiate Form RHM-1 for at least 3.5 years from the due date of the return or the date filed, whichever is later.

See 86 Ill. Adm. Code 480.115 for more information pertaining to books and records requirements under the Hotel Operators' Occupation Tax Act.

Contact Information: Visit our website at tax.illinois.gov or scan the QR code provided.
For specific phone number and email contacts see our Contact Us page.
Call us at **217 782-5906**.
Write us at Illinois Department of Revenue, PO Box 19019, Springfield, IL 62794-9019.
Call our 24-hour Forms Order Line at **1 800 356-6302**.



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Visit tax.illinois.gov to learn more.