Compliance Alert - Persons or entities renting living quarters or sleeping accommodations to the public must remit hotel tax.

STATE OF Illinois
DEPARTMENT OF REVENUE

tax.illinois.gov
217 524-4772

June 2016

Compliance Problem

It has become a common practice for homeowners (including persons in apartments and condominiums), operators of retreat centers (whether spiritual, religious, or otherwise), conference centers, camps, campsites, or hunting lodges, including, but not limited to, cabins, tents, and tepees, to offer rooms for rent to the general public, through any medium, including, but not limited to, web based platforms. The Department has found that some of these persons or entities renting living quarters or sleeping accommodations to the general public, in addition to its members, may be unaware that they must remit the tax imposed by the Hotel Operators' Occupation Tax Act, 35 ILCS 145/1, *et seq.*, commonly referred to as "hotel tax." This publication attempts to educate taxpayers about the law so that they can avoid potential penalties and additional interest.

Solution

Hotel tax is imposed on the receipts received from renting living quarters or sleeping accommodations to the general public for periods of less than 30 consecutive days. Persons or entities engaged in renting living quarters or sleeping accommodations to the general public, or both to the general public and to its members, must be registered with the Illinois Department of Revenue and remit hotel tax on all their receipts.

To register for hotel tax, the persons or entities must complete Form REG-1, Illinois Business Registration Application and Schedule REG-1-L, Business Site Location Information, available on our website at **tax.illinois.gov**. You also may register using our online account management system, **MyTax Illinois**, also available on our website.

For information on hotel tax, see the general information regarding hotel tax on the Department's website. See also the Hotel Operators' Occupation Tax Act and its regulations at 86 Ill. Adm. Code 480. Hotel receipts and tax must be reported and remitted on Form RHM-1, Hotel Operators' Occupation Tax Return.

If you provide meals, you also may owe sales tax on those receipts. See 86 Ill. Adm. Code 130.2145 for more information.

Voluntary Compliance Initiative

To help persons or entites comply with the law, the Department is offering the following initiative.

1 For registered taxpayers filing returns, conduct a self-audit of the issue for reporting periods July 2014 to the current period (*i.e.,* June 2016) for monthly and quarterly filers and calendar years 2014 and 2015 for annual filers. The Department retains the right to verify the accuracy of the hotel operator's self-audit determination at any time prior to the expiration of the statute of limitations.

If you find in your self-audit that you have unreported receipts (net of any hotel tax previously paid), file Form RHM-1-X, Amended Hotel Operators' Occupation Tax Return. File your amended return prior to September 15, 2016, to receive abatement of applicable late-payment penalties. We will bill you for any interest that may be due. You may be able to complete your Form RHM-1-X electronically using MyTax Illinois. If you file Form RHM-1-X electronically, you must call 217 524-4772 to inform us that you have submitted an amended return in response to this compliance alert and are requesting penalty abatement. Paper forms are available on our website at **tax.illinois.gov**. If you are filing by paper, mail your completed form to the address below to ensure timely processing. Be sure to note on the paper copy of the amended return that it is in response to the compliance alert, CA-2016-15.

SALES TAX PROCESSING DIVISION
ILLINOIS DEPARTMENT OF REVENUE
PO BOX 19049
SPRINGFIELD IL 62794-9049

2 If you are required to file and pay hotel tax but currently are not registered with the Illinois Department of Revenue, you may qualify for the Voluntary Disclosure program which is described in 86 Ill. Adm. Code 210.126. To begin the process, you must complete Form BOA-2, Application for Voluntary Disclosure, and send it to the address indicated on the form. If you need additional assistance, visit our website at **tax.illinois.gov** or call weekdays between 8:00 a.m. and 5:00 p.m. at 217 524-4772.

Printed by authority of the State of Illinois
280 copies - 06/16 - P.O. Number 2160310