

**Illinois Department of Revenue  
Regulations**

<b>Title 86 Part 480 Section 480.115 Books and Records</b>
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**TITLE 86: REVENUE  
CHAPTER I: DEPARTMENT OF REVENUE**

**PART 480  
HOTEL OPERATORS' OCCUPATION TAX ACT**

**Section 480.115 Books and Records**

- a) General Requirements  
*Every operator shall keep separate books or records of his or her business as an operator so as to show the rents and occupancies taxable under the Hotel Operators' Occupation Tax Act separately from his or her transactions that are not taxable under that Act. If any such operator fails to keep separate books or records, he or she shall be liable to tax at the rate designated in Section 3 of the Hotel Operators' Occupation Tax Act upon the entire proceeds from his hotel.*
  
- b) Preservation and Retention of Records
  - 1) Books and records and other papers reflecting gross receipts received during any period with respect to which the Department is authorized to issue proposed assessments as provided by the Act shall be preserved until the expiration of that period unless the Department, in writing, shall authorize their destruction or disposal prior to that expiration. (See 86 Ill. Adm. Code 130.825.)
  
  - 2) In determining the period for which the Department is authorized to issue a proposed assessment, the following material (with necessary adaptations because of the time when the Hotel Operators' Occupation Tax became effective) from Sections 4 and 5 of the Retailers' Occupation Tax Act [35 ILCS 120] (which are incorporated by reference into Section 7 of the Hotel Operators' Occupation Tax Act) must be considered.
  
  - 3) Except in case of willful failure or refusal to file a return, or except in case of a fraudulent return, or except with the consent of the person to whom the proposed assessment is to be issued, no proposed assessment shall be issued on and after each January 1 and July 1 covering gross receipts received during any month or period of time more than 3 years prior to that January 1 and July 1, respectively:
    - A) Provided, however, that:
      - i) the foregoing limitations upon the issuance of a proposed assessment shall not apply to the issuance of a proposed assessment with respect to any prior period of time in cases in which the Department has, within the period of limitation then provided, notified the person making the return of a proposed

assessment even though that return had not been corrected by the Department in the manner required by the Act prior to the issuance of the notice; and

ii) the foregoing limitations upon the issuance of a proposed assessment shall not apply to the issuance of any such assessment with respect to any prior period of time prior in cases in which the Department has, within the period of limitation then provided, notified a person of the amount of tax computed even though the Department had not determined the amount of tax due from that person in the manner required by the Act prior to the issuance of the notice; but in no case shall the amount of any such proposed assessment for any period otherwise barred by the Act exceed for that period the amount shown in the Notice of Proposed Assessment.

B) If, when a tax or penalty under the Act becomes due and payable, the person alleged to be liable is out of the State, the proposed assessment may be issued, within the times limited by the Act, after that person enters or returns to the State; and if, after the tax or penalty under the Act becomes due and payable, the person alleged to be liable departs from and remains out of the State, the time of that person's absence is no part of the time limited for the issuance of the proposed assessment; but these provisions concerning absence from the State shall not apply to any case in which, at the time a tax or penalty becomes due under the Act, the person allegedly liable is not a resident of this State.

c) **Preservation of Books During Pendency of Assessment Proceedings**  
However, if a Notice of Proposed Assessment has been issued, and if the questions raised by that Notice have not been completely disposed of, books and records reflecting receipts received during the period covered by the proposed assessment must be preserved until the termination of all proceedings before the Department and before any court upon review.

d) **Department Authorization to Destroy Records Sooner than Would Otherwise be Permissible**  
In all cases, the Department may, in writing, authorize the destruction of books and records and other papers prior to the expiration of the periods of time during which the taxpayer, except for the written authorization from the Department, is required to keep the books and records.

(Source: Amended at 43 Ill. Reg. 5109, effective April 16, 2019)