



Parking Excise Tax Frequently Asked Questions

These FAQ's are a supplement for Informational Bulletin FY 2020-07, New Tax Requirements for Operators of Parking Areas, Spaces, or Garages.

1. What is the nature of the Parking Excise Tax?

Beginning January 1, 2020, the Parking Excise Tax Act ("Act") imposes a tax on the privilege of using in this State a parking space in a parking area or garage for the use of parking one or more motor vehicles, recreational vehicles, or other self-propelled vehicles.

The tax is imposed upon the person purchasing and using a parking space in a parking area or garage. The tax is collected from the purchaser by the operator of the parking area or garage. See [35 ILCS 525/10-5](#).

2. What is the definition of "parking area or garage"?

The Parking Excise Tax Act defines a "parking area or garage" as any real estate, building, structure, premises, enclosure or other place, whether enclosed or not, except a public way, within the State:

- where motor vehicles, recreational vehicles, or other self-propelled vehicles, are stored, housed or parked for hire, charge, fee or other valuable consideration in a condition ready for use, or
- where rent or compensation is paid to the owner, manager, operator or lessee of the premises for the housing, storing, sheltering, keeping or maintaining motor vehicles, recreational vehicles, or other self-propelled vehicles.

This definition includes any parking area or garage, whether the vehicle is parked by the owner of the vehicle or by the operator or an attendant. See [35 ILCS 525/10-5](#).

3. What is the definition of "operator"?

The Parking Excise Tax Act defines an "operator" as 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 or storage of motor vehicles, recreational vehicles, or other self-propelled vehicles, at that parking place. This definition includes, but is not limited to, "any facilitator or aggregator that collects from the purchaser the charge or fee paid for parking." See [35 ILCS 525/10-5](#).

4. Who is responsible for the collection and remittance of the Parking Excise Tax?

The operator of a parking area, space, or garage is responsible for collecting and remitting the Parking Excise Tax to the Illinois Department of Revenue (IDOR).

5. I am an operator; do I need to register?

Yes. [35 ILCS 525/10-30](#) requires that you electronically register with IDOR and obtain a Parking Excise Tax License. Beginning January 1, 2020, you must also collect and remit the tax to IDOR. It is a Class A misdemeanor to operate a parking area or garage without a license.

6. How do I register for the Parking Excise Tax?

Register with IDOR electronically using MyTax Illinois, available at mytax.illinois.gov:

- If you are currently registered for other Illinois taxes but do not have a MyTax Illinois account, go to mytax.illinois.gov, click the "Sign up Now" button, and then submit the requested information to create a MyTax Illinois account. A MyTax Illinois account will allow you to complete your Parking Excise Tax registration by clicking the request "Register for New Tax Accounts."
- If you do not have a MyTax Illinois account and are not currently registered for Illinois taxes, click on "Registration," and then "Register a New Business" and complete Form REG-1, Illinois Business Registration Application. After you receive an email that your application has been processed, allow one business day before signing up for a MyTax Illinois account. To create a MyTax Illinois account, return to MyTax Illinois, click the "Sign up Now" button, and then submit the requested information.

- Corporations, S-Corps, Partnerships, or LLC organization types with active MyTax Illinois accounts can add new tax types, or licenses, by simply logging into their MyTax Illinois account and clicking on “Register for New Tax Accounts.”
- Sole Proprietorships can add new tax types, or licenses electronically by selecting “Registration” in the upper right corner of the MyTax Illinois home page and then selecting “Register a New Business.”

You cannot complete a paper Form REG-1 to register for this tax. Contact our Central Registration Division at 217 785-3707 for information or assistance with registering your business.

7. Do I need to register each parking area, space, or garage separately?

If you have one business, but operate parking areas, spaces, or garages in more than one location, you only need to register for one account. Separate books and records should be kept for each parking area, space, or garage you operate.

If you have more than one business that operates parking areas, spaces, or garages, you must register each business separately to report and pay the Parking Excise Tax.

8. What if I only operate a parking area, space, or garage for a few days each year?

You are still liable for the collection and remittance of the Parking Excise Tax to IDOR. Operators of parking areas for 14 days or less in a calendar year still need to register with IDOR, but qualify for an annual filing frequency.

Example: Every year a fair comes to a town. The owner of property near the fairgrounds sells parking spaces on their property for \$10 per day. If the owner of the property makes available for use more than 3 parking spaces, the owner is liable for collecting and remitting the Parking Excise Tax on an annual basis.

9. What is the Parking Excise Tax rate?

The Parking Excise Tax is imposed at the following rates:

- 6% (.06) of the purchase price for a parking space paid for on an hourly, daily, or weekly basis; and
- 9% (.09) of the purchase price for a parking space paid for on a monthly or annual basis.

The rate of tax is determined based on the rental period agreed to by the operator and the purchaser in the contract for the parking space. For example, for a contract to rent a parking space on a month-to-month basis that requires payments twice a month, the tax is imposed at the rate of 9%.

10. What form should operators use to file and pay the tax due?

Form PE-100, Parking Excise Tax Return, is used to report and pay the tax. Form PE-100 must be filed and the tax must be paid electronically at mytax.illinois.gov.

You may take a cost of collection discount if the return is filed electronically and the total tax due is paid by the due date. The discount is 1.75% (0.0175) of the tax due, not to exceed \$1,000 per month.

11. When is Form PE-100, Parking Excise Tax Return due?

Form PE-100 is due, along with any payment you owe, on or before the last day of each calendar month following the end of your reporting period.

The return is due monthly. Exception: Operators of parking areas for 14 days or less in a calendar year qualify for an annual filing frequency. New registrants will receive a letter informing them of their filing status (*i.e.*, monthly or annual).

12. What payments are required for parking returns?

In addition to the payment due with your Form PE-100, you may also be required to make quarter-monthly (accelerated) payments. Quarter-monthly (accelerated) payments are due on or before the 7th, 15th, 22nd, and the last day of each month that a tax liability has occurred. Each quarter-monthly (accelerated) payment will be the lower of either 22.5% of the actual liability for the month or 25% of the liability for the same month of the preceding year. The Department will notify you if your account reaches the statutory threshold to make quarter-monthly (accelerated) payments.

13. How do I make payments for taxes due from parking?

Payments must be made electronically through one of the following options:

- Make your electronic payment online at mytax.illinois.gov. For your initial payment through MyTax Illinois, you must set up your account and follow the instructions provided.
- Submit your payment through ACH credit (payments authorized through your financial institution). If you wish to set up or make changes to this option, you must first contact IDOR's Electronic Funds Transfer Division at 217 782-6257 for additional information.

14. Can I get a waiver from the electronic return filing and payment mandate?

Yes. You may request a waiver of the electronic filing requirement if it is a hardship to file a return or pay the tax electronically. To request a waiver of the electronic return filing and payment mandate, complete Form IL-900-EW, Electronic Waiver Request, which is available from IDOR by request at 217 782-5906. If granted and unless renewed, this waiver shall not exceed two years.

15. What if I rent an annual parking space, but the payment is made in a single month?

You should collect and remit the Parking Excise Tax on the return for the month the payment was received.

16. What receipts are subject to Parking Excise Tax?

The Parking Excise Tax is imposed on the gross amount of consideration for the use or privilege of parking a motor vehicle in or upon any parking lot or garage in Illinois that is collected by an operator, is valued in money, whether received in money or otherwise (including cash, credits, property, and services), and is determined without any deduction for costs or expenses. Tips received by persons parking cars for a valet service are not subject to the Parking Excise Tax if the tips are retained by the persons receiving them. If tips are turned over to the valet business, they are subject to the Parking Excise Tax.

If an operator offers credit to a customer for the privilege of parking, then the amount of credit offered is included in the operator's receipts only as payments are made.

If an operator requires advance payment for the privilege of parking for an entire term (*i.e.*, weekly, monthly, annually), the operator must remit the Parking Excise Tax on the return for the month the payment was received.

17. What receipts are not subject to Parking Excise Tax?

The following are not subject to the Parking Excise Tax:

- receipts from any locally parking tax imposed on the customer and collected from parking area rentals;
- receipts from parking in a parking area or garage operated by the federal government or its instrumentalities, the state of Illinois, Illinois universities created by statute, or a unit of local government (*i.e.*, counties, municipalities, townships, and special districts) that have been issued an active Illinois Sales Tax exemption number by IDOR (For this exemption to apply, the parking area or garage must be operated by the qualified entity. The exemption does not apply if the parking area or garage is operated by a third party, whether under a lease or other contractual arrangement, or any other manner whatsoever.);
- consideration for parking paid by the federal government, the state of Illinois, or a foreign mission that possesses an active tax exemption number;
- charges for residential off-street parking for home or apartment tenants or condominium occupants, if the arrangement for such parking is provided in the home or apartment lease or in a separate writing between the landlord and tenant or is provided in a condominium agreement between a condominium association and the owner, occupant, or guest of a unit, regardless of whether the parking charge is payable to the landlord or condominium association or to the operator of the parking spaces;
- receipts from parking paid by hospital employees in a parking area that is owned and operated by the hospital for which they work;

- receipts from parking in a parking area or garage where three or fewer motor vehicles are stored, housed, or parked for hire, charge, fee or other valuable consideration, if the operator of the parking area or garage does not act as the operator of more than a total of three parking spaces located in Illinois (If any operator of parking areas or garages, including any facilitator or aggregator, acts as an operator of more than three parking spaces in total that are located in Illinois, then this exemption shall not apply to any of those areas.);
- charges added to the parking charge or fee on account of the tax imposed by the Parking Excise Tax Act or any amounts added to a purchaser's bill because of charges made pursuant to a tax imposed on the customer by a county or municipal ordinance for the privilege of using a parking space in a parking area or garage.; or
- optional, separately stated charges not for the use or privilege of parking.

18. How can an operator prove to customers that the Parking Excise Tax has been collected?

The tax collected should be stated as a distinct item separate and apart from the purchase price of the parking area on the receipt. However, where it is not possible to state the tax separately, purchasers should be notified by an invoice or a sign posted in the parking area that the tax is included in the purchase price.

19. What if I rent parking spaces in my parking area or garage to another operator who will rent those spaces to persons who will park in them?

As the owner and operator of the parking area or garage, you are responsible for collecting the tax on the parking spaces rented to the second operator. You should show the tax on the bill to the second operator. The second operator that rents the parking spaces to users of the parking spaces must also be registered with IDOR and is responsible for collecting tax from the users. The Parking Excise Tax Act allows the second operator to claim a credit for tax that is collected by you in connection with the use of the same parking space. Operators claiming the credit have the burden of proving they are entitled to it. To claim this credit, they must retain an invoice that separately states the tax paid or states "All taxes included." They *must* maintain in their records your Illinois Account ID and any other documentation sufficient to support their claim for a credit for tax previously paid by you. Persons engaged in the business of providing valet services also are entitled to claim the credit for tax collected when contracting with other operators for space in a parking area.

Example 1: You rent spaces in your parking area or garage to another operator, and the operator then rents the spaces to individuals who park in the parking spaces. You are responsible for collecting tax on the spaces rented to the second operator based on the price you charge that operator and reporting the tax in the period in which you receive the purchase price.

Example 2: You pay for parking spaces in a parking area and then rent the parking spaces to your customer. You must pay tax to the operator you rent the spaces from based on the price you pay the operator for those spaces. You must collect tax from your customer based on what you charge them for parking. When you file your return, you may take a credit for tax paid to the operator you rented the parking spaces from in that reporting period. See instructions for Form PE-100 for additional information.

Example 3: You operate a valet service for a restaurant where you rent parking areas or spaces on a weekly basis from a parking garage to park cars for your valet service. The garage operator charges you \$10 to rent each space and charges you \$0.60 in tax. The garage operator would complete Form PE-100 using the total gross receipts of the spaces rented at \$10 and the \$0.60 in tax. As part of the valet service, you charge your customers \$20 and state that the 6% hourly Illinois tax is included in the purchase price. As the valet operator, you may take a credit for the \$0.60 in tax paid by the garage operator when determining your tax liability. If the customer provides a tip to your employee who is actually parking the car and you, as the valet operator, do not retain the tip, the tip is not subject to the Parking Excise Tax. If the employee who receives the tip for parking the car must turn over the tip to you, the valet operator, the tip is taxable, and you must include the tip in the purchase price. You, the valet operator, would complete Form PE-100 using total gross receipts of the spaces rented at \$20, including the \$1.20 collected in tax, plus any applicable tips. You can also claim a credit for the \$0.60 tax paid by the garage operator. See instructions for Form PE-100 for additional information.

20. If the amount I collect for parking is a single amount that includes tax, what amount do I use to calculate Illinois Parking Excise Tax?

Illinois Parking Excise Tax is calculated on the gross amount of consideration for the use or privilege of parking a motor vehicle in or upon any parking lot or garage in Illinois. This amount does not include any local parking tax imposed on the customer and collected from parking area rentals. If what you collect is a whole number that includes any locally imposed parking tax and Illinois Parking Excise Tax, you must determine the base amount to properly calculate the Illinois Parking Excise Tax and properly complete Form PE-100.

Example 1: If a parking operator charges a customer \$20 per week and that amount includes a 22% city tax, 9% county tax, and 6% Illinois Parking Excise Tax, to determine the base amount paid for parking, divide the total amount (including tax) by one plus the combined tax rate, shown as a decimal. In this example that decimal is 0.37 (*i.e.*, 0.22 city tax + 0.09 county tax + 0.06 Illinois tax). The formula used to calculate the base amount paid for parking would be as follows:

$$\$20 \div 1.37 \text{ (i.e., } 1.0 + 0.22 + 0.09 + 0.06) = \$14.60$$

The Illinois Parking Excise Tax that the operator must collect would be 6% of \$14.60 or \$0.88.

Example 2: If a parking operator charges a customer \$20 per week and that amount includes the 6% Illinois Parking Excise Tax, to determine the base amount paid for parking, divide the total amount (including tax) by one plus the combined tax rate, shown as a decimal. In this example that decimal is 1.06. The formula used to calculate the base amount paid for parking would be as follows:

$$\$20 \div 1.06 = \$18.87$$

The Illinois Parking Excise Tax that the operator must collect would be 6% of \$18.87 or \$1.13.

21. What if I operate a parking area owned by an entity that is exempt from the Parking Excise Tax Act?

If you operate a parking area owned by an exempt entity, you may still be required to collect and remit the Parking Excise Tax. See 86 Ill. Admin. Code 195.115.

Example 1: A municipality owns a parking area. The municipality enters into a contract with an operator to operate the parking area. The operator collects the purchase price from the customers. The operator is responsible for the collection and remittance of the Parking Excise Tax.

Example 2: A municipality owns a parking area. The parking area has signs that indicate the lot is owned and operated by the municipality. It retains a company to install machines on the lot that accept electronic payments. The company also provides a mobile application that permits a person to pay for parking electronically. All payments made by a customer either by using the machine on the lot or the mobile application go directly to the municipality. The company subsequently receives a fee for its services from the municipality. The municipality is the operator of the lot and pursuant to Section 195.115(b) is not required to collect and remit the tax.

For additional information see 86 Ill. Admin. Code Part 195.