Insights: Publications

3 Key Takeaways | Update on Chicagoland Local Taxes

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Kilpatrick's **Samantha Breslow**, a partner focusing her practice on state and local tax matters, recently presented to the Illinois State Bar Association on Chicagoland local taxes, including the Chicago Personal Property Lease Transaction Tax (Lease Transaction Tax), Chicago/Cook County Amusement Tax, and the Cook County Parking Lot Tax.

Key takeaways from her presentation, include:

1. Local Tax Rates Increase in Chicago. In December 2024, the Chicago City Council passed a 2025 Revenue Ordinance, which imposed several rate changes impacting Chicago taxes. Notably, effective January 1, 2025, the City Council increased the Chicago Transaction Tax rate from 9% to 11% on all leases and the Amusement Tax from 9% to 10.25% on paid television and amusements that are delivered electronically, such as streaming video, music, and online games. These staggering rates just keep increasing.

2. Another FOIA Battle in Chicago? Unlike the Illinois Department, which is transparent with all ruling requests, Chicago used to be a black box for informal guidance. The winds shifted in 2019 when, at the prompting of a Freedom of Information Act Request (FOIA), the Chicago Department relinquished redacted private letter rulings by posting them online. There have been no rulings posted since April 2022, but surely taxpayers have requested rulings in the last three years. This raises the question: are we due for another FOIA battle?

3. Chicago and Cook County Audit Challenges. The Chicago Department of Finance and Cook County Department of Revenue are active and aggressive in auditing local taxes. The initial information request can be quite voluminous – taxpayers should be cautious in responding without counsel to avoid opening a can of worms. And once the assessment comes, act fast. In Cook County the deadline to appeal a Notice of Determination is 35 days from the date of receipt of the notice. This is a huge improvement from the 20-day rule that was amended last year, but it is still a quick and unforgiving turnaround.

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