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Bulletin

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Hotel Operators' Occupation Tax Updates for Operators and Re-Renters of Hotel Rooms

This bulletin is written to inform you of recent changes; it does not replace statutes, rules and regulations, or court decisions.

To: Operators and Re-Renters of Hotel Rooms

Beginning on July 1, 2024, persons engaged in the business of re-renting hotel rooms are subject to Hotel Operators' Occupation Tax on the receipts from those rentals. See [Public Act 103-592](#).

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.

Note: "Re-renters of hotel rooms" do not include hosting platforms for short-term rentals of owner-occupied, tenant-occupied, or non-owner-occupied dwellings.

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

Yes, if you are a re-renter of hotel rooms with a physical presence in Illinois or, if you are not located in Illinois but meet a tax remittance threshold as discussed below, you must register for a Hotel Operators' Occupation Tax Account with the Illinois Department of Revenue (IDOR).

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

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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\(b-5\)](#).

How can re-renters of hotel rooms register for Hotel Operators' Occupation Tax?

Register with IDOR electronically using MyTax Illinois at mytax.illinois.gov or submit a paper [Form REG-1](#), Illinois Business Registration Application. Select "Yes" to this question from the form:

- "Are you registering as a re-renter of hotel rooms?"

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. You must add a changing location for each municipality or, if not in a municipality, county where you rent rooms.

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

Re-renters and hotel operators each must file [Form RHM-1](#), Hotel Operators' Occupation Tax Return (and [Form RHM-7](#), Hotel Operators' Occupation Tax Multi-Site Schedule, if a re-renter or operator has receipts from multiple sites) to report and pay the tax to IDOR.

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

Hotel operators must continue to collect Hotel Operators' Occupation Tax from rooms rented to 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 to re-renters as exempt for resale.** The Hotel Operators' Occupation Tax Act does not authorize this exemption.

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 may claim a deduction on Line 4 of Form RHM-1 for the cost of the room and any taxes paid to a hotel operator for the initial 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.

What books and records must re-renters and hotel operators retain?

Re-renters of hotel rooms and hotel operators should each retain all receipts showing hotel names, locations, rental fees, taxes paid to hotel operators, fees for re-renting the hotel rooms, and any deductions claimed. Identify multiple deductions by type and amount.

Where do I find more information?

See the [Hotel Operators' Occupation Tax Information Page](#) on our website at tax.illinois.gov for updated form instructions, examples, and detailed deduction information.