

**CITY OF CHICAGO**  
**DEPARTMENT OF REVENUE**  
**GENERAL LICENSING PROVISIONS RULING**  
**UNIFORM REVENUE PROCEDURES RULING**

Pursuant to Sections 2-80-040, 3-4-030 and 3-4-150 of the Chicago Municipal Code, I, Bea Reyna-Hickey, as Director of the City of Chicago Department of Revenue, do hereby adopt and promulgate General Licensing Provision Ruling #2005-1 and Uniform Revenue Procedures Ruling #4, effective March 1, 2005.

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Bea Reyna-Hickey  
Director  
Department of Revenue

Dated: February \_\_, 2005

General Licensing Provisions Ruling # 2005-1  
Uniform Revenue Procedures Ruling # 4  
Subject: License Holds for Tax Liabilities  
Effective date: March 1, 2005

Section 1. Chicago Municipal Code (“Code”) Section 4-4-150(b) provides that, with certain exceptions set forth in Section 4-4-150(c), “No initial or renewal license shall be issued to any license applicant who has acquired any outstanding debt, unless and until such person satisfies all outstanding debts or by authority of the city council discharges all such indebtedness in accordance with the terms and conditions fixed by the city council.”

Section 2. Code Section 4-4-150(c) provides that, notwithstanding Section 4-4-150(b), the City may issue an initial or renewal license if (1) the license applicant (“applicant”) has entered into an agreement for the payment of its debts and is in compliance with the agreement; or (2) the applicant is contesting liability for the debts in a pending audit or administrative or judicial proceeding; or (3) the applicant has filed a petition in bankruptcy and the debts owed are dischargeable in bankruptcy.

Section 3. Code Section 4-4-150(a), (1) states that, as used in Section 4-4-150, the term “debt” includes, among other things, “any unpaid tax liability, whether or not an assessment has been issued.”

Section 4. For the purpose of creating a license hold under Code Section 4-4-150(b), an “unpaid tax liability” will be deemed to exist only in the following situations:

- a. where a final assessment has been issued and is unpaid; or

b. where the applicant is registered for a tax and is delinquent in filing a complete tax return for that tax, and the delinquency has not been cured; or

c. where the applicant has filed a tax return which provides information to the Department of Revenue (“Department”) allowing for the computation of a tax liability which after application of all applicable payments and remittances leaves a deficiency balance due that has not been cured.

Section 5. a. For the purpose of creating a license hold under Code Section 4-4-150(b), an “unpaid tax liability” may be presumed by the Department where the applicant is the subject of a discovery investigation and has failed to file a tax return and make payment which, based on the nature of the applicant’s business, would ordinarily be expected. After a notice of this presumption is provided to the applicant, the applicant may rebut this presumption by providing to the Department reliable information and documentation to explain why the applicant has not filed a tax return.

b. Upon written request of an applicant, where a dispute exists as to whether or not an applicant has provided sufficient information and documentation to rebut the presumption described in Section 5(a), the Director of the Department (“Director”) will refer the matter to the problems resolution committee authorized by Code Section 3-4-152 (“Committee”), in which case the applicant will be given an opportunity to present its case informally to the Committee. Such requests for review shall be submitted to the Director within fourteen business days of receiving the Department’s notice of an applicant’s failure to rebut the presumption described in Section 5(a).

After the Committee has completed its review, either the Department will confirm that the presumption described in this Section 5 has been rebutted, or the Department may uphold the presumption. If the Department confirms that the applicant has successfully rebutted the presumption of liability, the Department will notify the applicant in writing and immediately remove its license hold to allow the applicant to obtain required business licenses. The applicant shall acquire all applicable licenses within seven business days of receipt of such notice, if in fact the applicable license period has commenced.

If the Committee upholds a presumption of liability, it shall notify the applicant of this fact in writing. Unless the taxpayer files applicable tax returns and makes all applicable tax payments within 10 days of such notice, the Committee staff shall direct appropriate Department personnel to issue a notice of tentative determination of claim. In such instances, the Department shall issue any initial or renewal license if a timely protest of the tentative determination is filed.

c. During the course of the process outlined in Sections 5(a) and (b), no notice of violation or cease and desist order will be issued by the Department as a result of an applicant’s failure to obtain a license strictly due to the presumed liability described in this Section 5. Any previously-issued cease and desist orders or notices of violation

shall be stayed during the period of review by the Committee, if the only hold on the account is the result of a presumed liability, as described in this Section 5. No penalties or fines for the failure to have or display a required license will be accrued or incurred during any period of review or stay under this provision, if the only hold on the account is the result of a presumed liability, as described in this Section 5.