

**CITY OF CHICAGO  
DEPARTMENT OF REVENUE  
RULES AND REGULATIONS**

Pursuant to Sections 2-80-030, 2-80-040, 3-4-030, 3-4-150 and 3-20-070 of the Chicago Municipal Code, I, Bea Reyna-Hickey, as Director of the City of Chicago Department of Revenue, do hereby adopt and promulgate Employer's Expense Tax Ruling #2, as set forth below, effective September 15, 2005.

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Bea Reyna-Hickey  
Director  
Department of Revenue

Dated: \_\_\_\_\_, 2005

**CITY OF CHICAGO  
DEPARTMENT OF REVENUE  
EMPLOYER'S EXPENSE TAX RULING**

Employer's Expense Tax Ruling # 2  
Subject: Unitary Business Group as "Employer"  
Effective Date: September 15, 2005

Section 1. In general, Section 3-20-030(A) of the Chicago Municipal Code ("Code") imposes a tax on "every employer who, in connection with the employer's business, engages, hires, employs, or contracts with 50 or more individuals as commission merchants and full-time employees, or any combination thereof, to perform work or render services in whole or in part within the City of Chicago."

Section 2. The term "business" means any activity, enterprise, profession, trade or undertaking of any nature conducted or engaged in, or ordinarily conducted or engaged in, with the object of gain, benefit or advantages, whether direct or indirect, to the employer or to another or others. Code Section 3-20-020. The term includes entities which are subsidiary or independent, conducting operations for the benefit of others and at no benefit to themselves, nonprofit businesses and trade associations. Id.

Section 3. The term "employee" means and includes any individual permitted to work for remuneration by any employer in any activity, enterprise, profession, trade or undertaking, of any nature conducted or engaged in, or ordinarily conducted or engaged in, with the object of gain, benefit, or advantages, whether direct or indirect, to the taxpayer or to another or others. Id.

Section 4. For the purpose of calculating the 50-employee threshold contained in Section 3-20-030(A), employees will be combined if they are employed by members of a single "unitary business group," as that term is defined below.

Section 5. The term “unitary business group” means a group of persons related through common ownership or control, whose business activities are in the same general line (such as manufacturing, wholesaling, retailing of tangible personal property, food service, insurance, transportation or finance), and whose members are functionally integrated through the exercise of centralized management (where, for example, authority over such matters as purchasing, financing, tax compliance, product line, personnel, marketing and/or capital investment is not left to each member). Common ownership in the case of corporations is the direct or indirect control or ownership of more than 50% of the outstanding voting stock of the persons carrying on unitary business activity.

Section 6. In accordance with Section 3-4-189 of the Code, a consolidated employer’s expense tax return shall be filed on behalf of all members of the unitary business group.

Section 7. This ruling is intended to clarify rather than change existing law.