



Local Sales Tax FAQs

Finance Department – Local Sales Tax Division

425 East State Street • Rockford, Illinois 61104 • (779) 348-7165 • localsalestax@rockfordil.gov

General Questions

What are the City of Rockford's locally imposed taxes?

The City of Rockford imposes the following local sales taxes that are in addition to the State collected rate:

- ↳ Food and Beverage Sales Tax: 1% on the sale of prepared food and drinks
- ↳ Packaged Liquor Sales Tax: 1% on retail sales of packaged alcoholic beverages
- ↳ Hotel/Motel Sales Tax: 1% on the rental of hotel or motel rooms
- ↳ Hotel/Motel Tourism Tax: 5% on the rental of hotel or motel rooms

What items are subject to the Food and Beverage Tax?

Prepared food and drinks served by restaurants, bars, food trucks, grocery stores, and convenience stores including, but not limited to, hot meals, fountain beverages, and mixed drinks.

What are considered 'prepared foods' under the Food and Beverage Tax?

Prepared foods are food and beverage products that are sold in a condition intended for consumption without further preparation. This includes:

- ↳ Hot foods sold already heated or heated by the seller before sale (e.g., pizza slices, soup, breakfast sandwiches, hot dogs).
- ↳ Items with two or more ingredients that are assembled, mixed, or combined by the seller into a single product (e.g., deli sandwiches, burritos, smoothies, tossed salads).
- ↳ Meals, including individual servings, packaged by the seller for consumption shortly after purchase, whether served on-site, to-go, or delivered.

If your business purchases food or beverage products and makes changes that alter the nature of the item—such as combining, heating, modifying, or repackaging—it is considered a prepared food and is subject to the City's Food and Beverage Tax. Prepared foods are taxable because they are altered or packaged by the seller in a form intended to be consumed shortly after sale.

What items are exempt from the Food and Beverage Tax?

Items not prepared and ready for consumption, such as sealed beverages, hermetically sealed goods (sold just as the seller purchased/without alteration), and general grocery items like milk, eggs, and bread.

Who is required to collect and remit the Food and Beverage Tax?

Any business engaged in selling prepared food or beverages within the City of Rockford limits must collect and remit the tax.

Do I have to register my business to comply with the tax?

Yes. All applicable businesses must complete a Business Registration Form with the City of Rockford Finance Department.

Sales & Taxable Transactions

What types of sales are subject to the tax?

Sales of prepared food and beverages ready for consumption whether dine-in, take-out, or delivery. This also includes packaged liquor sales.

Are caterers required to collect the Food and Beverage Tax?

Yes, if the catered event occurs within Rockford city limits, the caterer must collect and remit the tax.

Are online and delivery platform sales (known as Marketplace Facilitators, e.g., DoorDash, Grubhub) taxable? Yes.

Businesses must ensure that the delivery platform is collecting and remitting the Food and Beverage Tax on their behalf.



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Can I include the tax in the selling price or must it be itemized separately?

The tax may be included in the price or listed separately, but must be clearly identified on the receipt and reported.

Filing, Payment & Deadlines

What forms must I use to report the Food and Beverage Tax?

We encourage all businesses to file returns online through the City's Customer Self-Service (CSS) Portal for faster processing and confirmation. However, returns may also be submitted using the paper Consolidated Local Tax Return form available on the City of Rockford's website (rockfordil.gov/localsalestax).

When is the Food and Beverage Tax return and payment due?

Returns and payments are due on or before the last day of the month following the reporting month (e.g., taxes collected in January are due February 28).

Do I need to file a return even if there were no sales that month?

Yes. A zero return must be filed if there are no taxable sales to report.

How do I file if I operate more than one business location?

File a separate return for each business location operating in the City of Rockford.

What happens if I file late or fail to pay on time?

Late filings may be subject to penalties and interest. Continued noncompliance may result in further enforcement action.

Special Situations & Exemptions

Which facilities or vendors are exempt (e.g., not-for-profits, daycares)?

Non-profits with valid tax exemption status, daycare centers, and nursing homes that provide food under contractual agreement are generally exempt.

Do liquor stores need to report packaged non-alcoholic beverage sales?

No. Only packaged alcoholic beverages are subject to the City's local Packaged Liquor Sales Tax.

Food Trucks & Mobile Vendors

Are food trucks subject to the Food and Beverage Tax?

Yes. Food trucks operating in Rockford must collect and remit the Food and Beverage Tax.

Is the tax applied for one-time events vs. recurring vending?

Yes. The tax applies regardless of frequency. All food truck sales conducted within the City of Rockford limits are taxable.

Other / Support

Where can I find the ordinance or tax code?

The City of Rockford Code of Ordinances is available at <https://rockfordil.gov> under the 'Government' section.

Can I absorb the tax instead of passing it on to the customer?

You may choose to include the tax in the sale price; however, it must still be remitted to the City.

Who do I contact with additional questions?

Contact the City of Rockford Finance Department at (779) 348-7165 or email localsalestax@rockfordil.gov.