



Linen Services

Businesses engaged in the renting of linens and other apparel to customers, under an agreement which includes a continuous service to be rendered in the periodic cleaning of such articles, are considered to be rental enterprises and, as such, must charge their customers sales tax upon the total rental fees charged. Charges for services such as cleaning and mending, if separately stated on the invoice or delivery ticket, are not subject to tax.

Because the linen service businesses collect sales tax on the articles which they rent to customers, the original acquisitions of those articles by the linen services are wholesale purchases and thus are not subject to taxation. In addition, replacement components, such as buttons and name patches, are wholesale purchases and are therefore not taxable purchases by the linen services.

Supply items used or consumed in the rendering of linen services are subject to sales tax when purchased by the linen company. Examples of such items include soaps and detergents, disinfectants, paper towels, and fabric softeners.

EXAMPLES

1. ABC Mortuary contracts with Lint Free Linen Service to deliver 10 clean prep gowns to ABC twice each week. The delivery ticket shows separate charges for prep gown rental and for cleaning. Lint Free Linen Service is required to collect sales tax on the gown rental charge only.
2. Bill's Buffalo Burgers contracts with Bonnie's Uniform Rental for weekly rental and cleaning of 8 uniforms. Bonnie's Uniform Rental charges a flat fee of \$25. The invoice does not separate charges for rental and cleaning, therefore, the entire charge is taxable.

NOTE: Supplies consumed by Lint Free Linen Service and Bonnie's Uniform Rental during the cleaning process, such as soap, detergent, disinfectant, starch, and fabric softener are subject to sales tax at the time of purchase.

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT LOVELAND TAX LAW FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LMTC (LOVELAND MUNICIPAL TAX CODE) AND APPLICABLE RULES AND REGULATIONS.