
Tax Compliance Guide

Linen Rental & Service Topic 367

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The *Westminster Municipal Code* includes in the definition of “purchase or sale” any “lease, lease-purchase agreement, rental, or grant of a license, including royalty agreements, to use tangible personal property, other taxable products, or taxable services”. Retailers providing linens, diapers, uniforms, floor mats, and other textiles along with the service of laundering soiled linens, must obtain a Westminster Sales & Use Tax License and collect tax on the charges for rental. If a retailer fails to collect Westminster sales tax, the purchaser must remit a use tax directly to the City.

Although these transactions may be referred to as “linen services” or other similar “services”, the object of the transaction is the rental of the retailer’s linens and the transaction is, therefore, subject to Westminster tax. Westminster sales/use tax does not have to be paid by licensed retailers when purchasing textile inventory if the property will be held strictly for customer use. Retailers may not avoid the collection of sales tax by paying a sales or use tax upon the purchase of inventory.

Charges for laundering customer-owned textiles are not subject to tax.

Examples

1. Chef owns an upscale restaurant in Westminster. Chef purchases “linen services” from Textiles. For a flat monthly fee Textiles provides weekly deliveries of table cloths, napkins, kitchen staff uniforms, and kitchen mats. When delivering fresh linens, Textiles removes and launders the soiled linens. Textiles owns all of the linens. Textiles must obtain a Westminster Sales & Use Tax License and collect Westminster sales tax on the monthly charge.
2. A Westminster hotel hires Textiles to launder and press its bed and bath linens. The hotel owns the linens and collects them in laundry bins, which Textiles removes daily. Textiles charges the hotel for each batch laundered. This charge is not subject to Westminster sales/use tax.

Related Topics

Leased & Rented Property
Lodging Industry
Professional Services
Restaurants & Bars

Citations

Westminster Municipal Code
§ 4-1-5. Retailer Responsible for Collection & Payment of Tax
§ 4-2-2. Definitions
§ 4-2-3. Rate; Imposition and Collection; Distribution

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Contact Us

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