

Seattle Rule 5-809

Laundry, Dry Cleaning, Linen and Uniform Supply, and Self-service and Coin-operated Laundry Services

Seattle Rule 5-809 Laundry, Dry Cleaning, Linen and Uniform Supply, and Self-service and Coin-operated Laundry Services.

(1) Introduction. This rule discusses the application of the business license tax to laundries, dry cleaners, laundry pickup and delivery services, self-service laundries, dry cleaners, and linen and uniform supply services. It also discusses the tax treatment of laundry services provided to nonprofit health care facilities and income received from coin-operated laundry facilities.

(2) Definitions.

For purposes of this rule the following definitions apply:

(a) A "laundry or dry cleaning service" is the activity of laundering, cleaning, dying, and pressing of articles such as clothing, linens, bedding, towels, curtains, drapes, and rugs. It also includes incidental mending or repairing. The term applies to services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning services. It also includes pickup and delivery laundry services performed by persons operating in their independent capacity and not as agent for another laundry or dry cleaning service.

(b) "Linen and uniform supply services" means the activity of providing customers with a supply of clean linen, towels, uniforms, gowns, protective apparel, clean room apparel, mats, rugs, and/or similar items whether ownership of the item is in the person operating the linen and uniform supply service or in the customer. It also means the supply of diapers and bedding. "Linen and uniform supply services" includes supply services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning businesses.

A person providing linen and uniform supply services performs a number of different activities, often at multiple locations. Many of these activities are the same types of activities performed by a person providing laundry or dry cleaning services, such as: Laundering, dry cleaning, pressing, incidental mending, and/or pickup and delivery.

Additional activities not generally performed by a person providing laundry or dry cleaning services, but included as linen and uniform supply services are: providing linen and uniform items customized by application of the customer's business name, company logo, employee names, etc.; measuring and/or issuing uniforms to

the customer's employees; repairing or replacing worn or damaged linen and uniform items; and/or performing various administrative functions for the customer, such as inventory control.

(c) "Nonprofit health care facilities" means facilities operated by nonprofit organizations providing diagnostic, therapeutic, convalescent, or preventive inpatient or outpatient health care services. The term includes, but is not limited to, nonprofit hospitals, nursing homes, and hospices.

(3) Tax Classifications.

(a) Retailing. The following are subject to the retailing business license tax.

(i) The gross proceeds of sale of laundry or dry cleaning services provided to consumers. No deduction is available for commissions allowed or amounts paid to another for the performance of all or part of the laundry or dry cleaning service.

(ii) The gross proceeds of sale from linen and uniform supply services provided to consumers. No deduction is available for commissions allowed or amounts paid to another for the performance of all or part of the laundry or dry cleaning service.

(iii) The sales of soap, bleach, fabric softener, laundry bags, hangers, and other tangible personal property to consumers.

(iv) The gross income received from charges for the use of self- service or coin-operated laundry facilities.

(v) Charges for the use of coin-operated laundry facilities in hotels, motels, trailer camps, and other locations providing lodging or camping facilities to transients.

(b) Wholesaling. The wholesaling business license tax applies to the gross proceeds of sale from those activities listed in (3)(a) above when the purchaser resells the sales or services without intervening use.

(c) Service and other business activities. The following are subject to the service and other business activities tax:

(i) Persons who collect and/or distribute laundered or dry cleaned items as an agent for a provider of laundry services, dry cleaning services, or linen and uniform supply services are liable on their gross commissions. (See Seattle Rule 5-803 for the recordkeeping requirements for showing agency status.)

(ii) Charges for the use of coin-operated laundry facilities in apartment houses, rooming houses, or mobile home parks when the facilities were provided for the exclusive use of tenants.

(iii) The gross proceeds of sale received for providing laundry services to nonprofit health care facilities.

(4) Place of sale.

(a) For laundry and dry cleaning services:

(i) For the purposes of determining a seller's responsibility to remit the business license tax, the place of sale for laundry and dry cleaning services is the place the laundering or dry cleaning is performed.

(ii) A customer may purchase laundry or dry cleaning services from a seller who hires another person to perform the actual cleaning activity. In such cases, the customer will drop off and pick up the clothing or other articles to be cleaned at the seller's business location. The place of sale with respect to this sale is the seller's location where the customer drops off and picks up the articles.

(iii) If a person providing laundry or dry cleaning services uses an agent such as a hotel or a driver for pickup and delivery of the articles to be cleaned, the place of sale is the seller's location where the cleaning is performed.

(b) For linen and uniform supply services. A seller of linen and uniform supply services shall report their sales at the place of delivery to the customer.

Effective: January, 2009

DIRECTOR'S CERTIFICATION

I, Dwight Dively, Finance Director of the City of Seattle, do hereby certify under penalty of perjury of law, that the within and foregoing is a true and correct copy as adopted by the City of Seattle, Department of Executive Administration.

DATED this ____ day of January, 2009.

CITY OF SEATTLE,

a Washington municipality

By: _____

Dwight Dively, Director

Finance Department

Jan 23, 2009

