

**\*With modifications shown (see “Key” below).**

## Department of Revenue

### Modification of Revenue Notice # 92-24: Sales and Use Tax – Laundry and Dry Cleaning Services

*Minnesota Statutes, section § 297A.01, subd. 3(i)(i) 297A.61, subd. 3(g)(6)(i) taxes laundry and dry cleaning services which include “cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning.”*

Laundry and dry cleaning taxable services include dyeing; leather and suede cleaning, repairing, and storing; fur (natural and synthetic) cleaning, repairing, and storing; and bed spread, pillow sham, and pillow cleaning services. Nontaxable services include the design or sewing of new clothes by a tailor or seamstress, diaper services, the custom making of shoes, and shoe repair, dyeing, stretching, and shining. While separately stated alteration charges are taxable, clothing alterations that are included in the purchase price of an item are not taxable.

Linen services and supply includes the renting or furnishing of laundered items such as uniforms, gowns, coats, shirts, table linens, towels and toweling to both commercial and household ~~users~~ customers on either a one-time or ongoing contractual basis. Linen service and supply companies ~~which rent items to customers~~ may purchase such items exempt from tax for the purpose of resale. Linen service and supply companies may also purchase materials that are used or consumed in providing the service including materials used to launder or maintain the items being rented or furnished to its customers exempt from sales and use tax. ~~These companies must provide the supplier with a properly completed resale exemption certificate.~~

Carpet, drapery, and upholstery cleaning services include vacuuming, shampooing, deodorizing, pressing, and applying fabric protector. These services are taxable whether performed on the customer's premises or elsewhere.

Industrial cleaning services include supplying laundered or dry cleaned work uniforms, and supplying wiping towels, safety equipment (gloves, flame resistant clothing, etc.), dust control items such as treated mats or rugs, mops, dust covers for tools and cloths, and other items to industrial or commercial users. These items may belong to either the industrial launderer or to the customer.

~~Service providers must pay tax on items purchased for use in their services. For example, they must pay tax on the purchase of solvents, soaps, detergents, spotting compounds, water repellents, disinfectants, fabric softeners, starch, dyes, mat compounds, fire repellent compounds, marking tags, hangers, plastic bags, water, utilities, equipment, and supplies. However, clothing repair materials such as zippers and buttons remain exempt from tax.~~

~~These taxable Laundry and dry cleaning~~ services can be purchased for resale when a proper exemption certificate is provided by the vendor. For example, a clothing retailer may contract with a tailor to provide alterations on sales of new clothing. If the alteration charges are included as a part of the sales price of the clothing, no sales tax is due since clothing are tax exempt. However, the charge is taxable when separately stated on the billing to the customer.

Minnesota Statutes, section 297A.68, subd. 3, provides an exemption for materials used in providing certain taxable services, including laundry and dry cleaning services. The exemption includes, but is not limited to, the purchase of solvents, soaps, detergents, spotting compounds, water repellents, disinfectants, fabric softeners, starch, dyes, mat compounds, fire repellent compounds, marking tags, hangers, plastic bags, water used in providing the service, utilities to operate the equipment, and chemicals used to treat waste generated as a result of providing the service. This exemption has been in effect since July 1, 1999 for laundry and dry cleaning services, including linen supply services provided on an ongoing contractual basis.

The new position taken by the Department of Revenue and set forth in this revenue notice is that renting or furnishing laundered items to customers on a one-time basis is considered a linen supply service under Minnesota Statutes, section 297A.61, subd. 3(g)(6)(i). The renting or furnishing of laundered items to customers on a one-time basis is no longer considered rental of tangible personal property. Materials used in providing taxable linen supply services on a one-time basis are exempt under Minnesota Statutes, section 297A.68, subd. 3, effective for purchases made on or after the date of publication of this revenue notice.

Dated: November 30, 1992

~~Michael E. Boekhaus, Director  
Appeals, Legal Services &  
Criminal Investigation Division~~

ELIZABETH KADOUN, Assistant Commissioner  
for Tax Policy and External Relations

Publication Date: February 22, 2010

**\*Key: Underlining indicates additions to existing Revenue Notice language. Strikeouts indicate deletions from existing Revenue Notice language.**

**Please see next page for a clean, printable copy of this notice as modified.**

**\*\*As modified.**

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Publication Date: February 22, 2010

ELIZABETH KADOON, Assistant Commissioner  
for Tax Policy and External Relations