

# WASHINGTON STATE DEPARTMENT OF REVENUE

## SPECIAL NOTICE

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### Tax Reporting Changes for Linen and Uniform Supply Services

House Bill 1385 (Chapter 186, Laws of 2001) adds a new section to Chapter 82.08 to provide that linen and uniform supply services occur at the place of delivery to the customer. Previously, the service was considered to occur where the laundering activity was performed.

Beginning July 1, 2001, persons providing linen and uniform supply services must collect retail sales tax based on the place where items, provided as a part of linen and uniform supply services, are delivered to the customer.

“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 similar items, whether ownership of the item is with the person operating the linen and uniform supply service or with the customer. The term includes supply services operating their own cleaning establishments as well as those contracting with other laundry or dry cleaning businesses.

The following examples show how the change affects linen and uniform supply services:

**Example 1:** An Idaho company performing linen and uniform supply services provides clean uniforms and table linens each week to a Spokane restaurant. The Idaho business must collect and remit retail sales tax based on the rate in effect at the customer’s Spokane location.

**Example 2:** A Vancouver, Washington company performing linen and uniform supply services supplies clean linens and scrubs to a Portland, Oregon hospital. Retail sales tax does not apply because delivery occurred outside Washington.

**Example 3:** A Seattle business performing linen and uniform supply services supplies clean bed linens and towels to a company with hotels located in Redmond, Auburn, Everett, and Seattle. The Seattle business must identify charges for each location where delivery occurs and collect and remit retail sales tax based on each location.

For assistance with determining local sales tax rates and location codes, the Department’s Geographic Information System (GIS) provides a mapping and address lookup system. The system is available on the Department’s Internet site at: <http://dor.wa.gov>.

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