

THE RETAIL SALES TAX ACT

LAUNDERERS AND DRY CLEANERS

This bulletin outlines the application of Retail Sales Tax (RST) by launderers and dry cleaners on services provided and on purchases for own use.

Laundry and dry cleaning services

- Laundry and dry cleaning services (including related services such as repairs and alterations) are taxable. However, self-serve coin operated laundry and dry cleaning services are tax exempt.
- Cleaning, repair, or alteration services to children's clothing are taxable. However the RST does not apply to all-inclusive charges for diaper services which include diaper rental as well as laundry.
- Launderers and dry cleaners must collect the RST on sales of clothing (except children's clothing – see Bulletin No. 001 - Children's Clothing & Footwear), cleaning supplies and other items.

Dry cleaners with drop-off agents

- Dry cleaners who use sales agents for pick-up and drop-off of items received for cleaning may account for the RST by using one the following methods:
 - The sales agent is regarded as an independent business (vendor) buying the cleaning services for resale to its customers. In this case the agent may purchase the services from the dry cleaner tax exempt by quoting his/her RST number, but must then collect and remit the tax on the total charge to his/her customers.

OR

- The agent sells the services on behalf of the dry cleaner but is not the vendor of the services. In this case the dry cleaner must collect and remit the tax from his/her customers on the total charges. The agent merely collects the bill (including the tax) from the customer on behalf of the dry cleaner.

Taxable items for launderers and dry cleaners

- The following are some of the items purchased by a launderer or dry cleaner that are taxable:
 - Steam forms and pads.
 - Net bags.
 - Identification tags for accounting control.
 - Filter devices and supplies including filter powder, filter cartridges, carbon core filters and filter elements.
 - Salt used to regenerate water treatment systems.

- Equipment, machinery and apparatus and repairs thereof, (e.g. – washers and dryers, water heaters and water softeners).
- Replacement of lost or damaged goods for customers.

Items that are tax exempt

The following items used to provide a laundry or dry cleaning service, may be purchased exempt from RST by quoting the business' RST number:

- Items which are attached to, or incorporated into, an article that is being cleaned or repaired, e.g. –
 - Sizing, starch, static remover, dye, fireproofing and waterproofing
 - Tape and tags that are attached to the garment when it is returned to the customer.
- Consumables dissipated when in direct contact with the article being cleaned, e.g. –
 - Blueing, bleaches, whiteners, soaps and detergents
 - Spotting chemicals, solvents and water softener chemicals that are added into the wash water.
- Sewing and tailoring supplies used directly on customers' garments, e.g.
 - Buttons, threads, zippers and bindings
 - Collars, cuffs, dress shields and leather patches.
- Materials for packaging the serviced articles, e.g. –
 - Shirt boards, collar supports and crease protectors
 - Boxes, shells, plastic coverings, hangers, shields and bags.

Self-serve coin operated laundry and dry cleaning establishments

- Self-serve coin operated laundry and dry cleaning establishments do not collect or pay tax on their laundry and dry cleaning services.
- Soap and other cleaning supplies may be purchased tax exempt by a self-serve coin operated laundry or dry cleaning establishment, if these supplies are purchased for resale or are consumed by the establishment directly in providing laundry or dry cleaning services.
- These establishments must collect and remit the RST on soap and other laundry supplies that are sold separately or dispensed by a coin-operated device (unless the coin-operated dispenser is designed to accept only a single \$0.25 coin as the total price for the purchase).
- Self-serve coin-operated laundry and dry cleaning businesses must be registered with the Taxation Division if they sell soap or other laundry supplies separately, or need to purchase cleaning supplies tax exempt.

FURTHER INFORMATION

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to the Act and Regulation stated below. Further information may be obtained from:

Winnipeg Office

Manitoba Finance
Taxation Division
101 - 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone (204) 945-5603
Manitoba Toll Free 1-800-782-0318
Fax (204) 948-2087
E-mail: MBTax@gov.mb.ca
Web Site: www.gov.mb.ca/finance/taxation

Westman Regional Office

Manitoba Finance
Taxation Division
311, 340 - 9th Street
Brandon, Manitoba R7A 6C2
Telephone (204) 726-6153
Manitoba Toll Free 1-800-275-9290
Fax (204) 726-6763

Principal *The Retail Sales Tax Act of Manitoba (C.C.S.M. c. R130), Sections 3(1)(w),*
References in *4(1)(d), 4(4);*
Legislation: *Manitoba Regulation 75/88R, Section 2(3.2).*