



## INDIANA DEPARTMENT OF REVENUE

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**INFORMATION BULLETIN # 26**  
**SALES TAX**  
**SEPTEMBER 2019**  
**(Replaces Informational Bulletin #26 dated December 2002)**  
**Effective Date: December 2002**

**SUBJECT:** Dry Cleaning and Laundry Establishments Rental and Nonrental Services

**REFERENCE:** IC 6-2.5-4; IC 6-2.5-5-8; 45 IAC 2.2-5-15

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### **SUMMARY OF CHANGES**

This bulletin has been updated to reflect the Department's bulletin formatting procedures.

#### **I. NONRENTAL SERVICE**

The service provided by persons engaged in the operation of laundries or dry cleaning establishments is generally not subject to the Indiana sales tax.

All purchases by laundries and dry cleaning establishments of tangible personal property used in the operation of such businesses are subject to the sales tax, including the purchases of:

1. detergents;
2. cleaning fluids;
3. machinery and equipment;
4. utilities consumed in the operation of the business; and
5. all wrapping materials, including garment bags and hangers.

The above rules apply uniformly to coin operated dry cleaning, conventional dry cleaning, industrial dry cleaning, and the laundry businesses.

## II. CLEAN LINEN, TOWEL, AND UNIFORM RENTAL SERVICE

This subsection deals with the application of the sales and use tax to the rental of linens, towels, uniforms, and other garments owned by dry cleaners or laundries to their customers.

For the purpose of sales and use tax, total receipts from the rental of clean linens, towels, uniforms, and other garments are subject to sales tax, and the operators of such businesses are retail merchants required to collect the tax from their customers. If not so collected, the tax becomes the liability of the lessor as well as customer-lessee. Out-of-state operators furnishing such clean linen, towel, uniform, and garment rental service to Indiana customers are engaged in local intrastate business and are required to register as Indiana retail merchants and to collect and remit Indiana sales tax.

The subsequent sale of any tangible personal property which has been rented or leased in subject to the sales tax.

Tangible personal property purchased expressly for rental use, such as linens, towels, uniforms and other garments as well as wrapping materials in which such rented property is furnished to customers is exempt from sales and use tax liability on the purchase thereof.

The purchases from Indiana suppliers by operators of such rental service of all materials, supplies, tools and equipment, and all other tangible personal property is subject to sales tax. Seller must collect the tax on such purchases. All such purchases by any laundry, dry cleaner, or operators of a rental service on which Indiana sales tax is not paid at the time of purchase, including purchases out-of-state, are subject to the payment of use tax by the purchaser.

*Example 1:* Soaps, detergent cleaning fluids, deodorants, bleaches, water, electricity, gas washers, dryers, ironers, and mangles purchased from Indiana suppliers would all be subject to sales tax.

*Example 2:* Soaps, detergent cleaning fluids, deodorants, bleaches, gas washers, dryers, ironers, and mangles purchased from out-of-state vendors would be subject to Indiana use tax, which should be remitted by the laundry, dry cleaner or operator of a rental service.



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Adam J. Krupp  
Commissioner