

SECTION 33 - LAUNDRIES, DRY-CLEANING PLANTS, LAUNDERETTES, LINEN RENTALS AND SOLICITORS FOR SUCH BUSINESSES**33-1 RECEIPTS OF LAUNDRIES, ETC.**

- A. Receipts derived from coin, token, or card-operated washing machines, extractors and dryers are exempt from sales or use taxes.
- B. The gross receipts derived from the following are subject to the general rate of State tax and any applicable local sales or use tax:
 - 1. services rendered by pressing clubs, cleaning plants, hat blocking establishments, dry-cleaning plants, laundries, including wet or damp wash laundries and businesses known as launderettes and launderalls, and all similar type businesses;
 - 2. the rental of clean linen, towels, wearing apparel and similar items;
 - 3. solicitation of cleaning, pressing, hat blocking and laundry or linen rental business;
 - 4. rug-cleaning services performed by persons operating rug-cleaning plants or performed by any of the businesses named in this Bulletin when the rug-cleaning service is performed at the plant. Receipts from rug-cleaning services performed at the customer's location by any of the businesses included in this bulletin are not subject to sales and use tax.
 - 5. charges for the laundering or dry cleaning of linen, towels, wearing apparel and similar items owned by lessors which are held for lease or rental; and
 - 6. retail sales of detergents, bleaches and other taxable items of tangible personal property through vending machines. With the exception of tobacco products, the receipts are taxed on 50% of the total amount for which the property is sold in the vending machine.
- C. Charges by the businesses named in Paragraph B.1. of this Bulletin for alterations or storage of garments are not a part of the gross receipts subject to tax when such charges are separately stated on their invoices and in their records. When such charges are not separately stated, the total charge is subject to the general rate of State tax and any applicable local sales or use tax.
- D. Sales to the businesses named in Paragraph B.1. of this Bulletin, other than lessors, of thread, buttons, zippers, pockets and other similar tangible personal property for use or consumption in making repairs or alterations to garments being laundered, cleaned or pressed are subject to the general rate of State tax and any applicable local sales or use tax. Sales to lessors of such items for use or consumption in making repairs or alterations to garments held for lease or rental which are being laundered, cleaned or pressed are exempt from sales or use tax.
- E. When the businesses named in Paragraph B.1. of this Bulletin make retail sales of tangible personal property for which a separate charge is made, such sales are subject to the general rate of State tax and any applicable local sales tax. Any charge for labor or services rendered in applying or installing such property are not subject to tax provided such charges are segregated from the charge for the tangible personal property sold on the invoice given to the customer at the time of the sale and in the vendor's records; otherwise, the total amount is subject to tax.
- F. Retailers of the services named in Paragraph B. of this Bulletin are liable for the general rate of State tax and any applicable local sales or use tax on the gross receipts derived from their

services; however, the tax does not apply to gross receipts from such services performed for resale by retailers that pay the tax on their receipts from the services.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-164.6; 105-164.13; 105-264;
Issued: June 1, 1996;
Revised: February 1, 2004; June 1, 2002; October 1, 1999;
January 6, 1997.

33-2 INTERSTATE LAUNDRY BUSINESS

The retail sale of a product, whether characterized as tangible personal property, as digital good, or a service, is sourced according to the principles set out in G.S. 105-164.4B. The sourcing principles are also found in Section 51 of the Sales and Use Tax Technical Bulletins.

1. When a **North Carolina dry-cleaning firm** performs cleaning services within this State, the place where the serviced garments are delivered is the determining factor in sourcing the sale for sales and use tax purposes. If the solicitor delivers the garments in North Carolina, the State and applicable local sales or use tax is due. If the garments are delivered outside North Carolina, this State's tax is not due notwithstanding the service is performed in this State.
2. When a **nonresident cleaning plant** sends an employee into this State to pick up garments that are cleaned at the plant's location in another state and delivered to the customer in this State, the charge to the North Carolina customer is subject to the North Carolina State and applicable local tax.
3. When a **nonresident solicitor** comes into this State to solicit cleaning business on his own behalf which he will have cleaned by a nonresident cleaning plant, the solicitor is liable for collecting and remitting the tax on the gross receipts derived from soliciting such business in this State. The law does not provide for any exemptions or exclusions based upon the residence of the solicitor of the garments cleaned.

History Note: Authority G.S. 105-164.4; 105-264;
Issued: June 1, 1996;
Revised: July 1, 2007; February 1, 2004; June 1, 2002.

33-3 INDEPENDENT CLEANING SOLICITORS

An independent operator that owns his truck and solicits business but engages a laundry, dry-cleaning, or hat blocking firm or similar type business to perform the laundering, cleaning or other service is liable for collecting and remitting the general rate of State tax and any applicable local sales or use tax on his gross receipts. In the event the solicitor is not registered with the Department of Revenue for remitting the tax on his gross receipts, the firm performing the laundering, cleaning or similar type services shall collect and remit the tax on the total charge for the services performed for the independent operator without any deduction of any allowance to the solicitor. The firm performing the service shall secure from the solicitor a **Streamlined Sales and Use Tax Agreement Certificate of Exemption, Form E-595E**. While the provisions of this certificate are not literally applicable to this situation, it will be accepted as evidence that the solicitor is registered for payment of the tax and as authority for not charging tax on the gross receipts from service performed for the solicitor.

History Note: Authority G.S. 105-164.4; 105-164.5; 105-164.6; 105-164.13; 105-264;
Issued: June 1, 1996;
Revised: July 1, 2007; July 1, 2005; June 1, 2002.

33-4 EQUIPMENT AND SUPPLIES FOR LAUNDRIES, ETC.**A. Machinery, Parts and Accessories**

Effective January 1, 2006, sales to commercial laundries or to pressing and dry-cleaning establishments of laundry and dry-cleaning machinery, parts and accessories attached to the machinery and lubricants applied to the machinery are exempt from sales or use tax. **Prior to January 1, 2006**, these items were subject to a 1% State rate of tax with a maximum tax of \$80.00 per article.

Effective January 1, 2006, the following items are exempt when sold to commercial laundries or to pressing and dry-cleaning establishments:

1. washing machines, water heaters, water softener tanks, central control collection systems, pressing machines, marking machines, packaging machines, folding machines and similar cleaning machines;
2. hydraulic fluids used in laundry and dry-cleaning machinery;
3. boiler compounds used in boilers furnishing water or steam to the laundering, pressing or cleaning machinery; steam hose leading directly from the boiler to the laundering and dry-cleaning machinery; boiler room machinery, including valves, fittings and water pumps;
4. press pads and covers for laundering and dry-cleaning machinery;
5. baskets, hampers, casters or other containers used between the laundering and cleaning processes to transport or contain garments being laundered or cleaned;
6. carbon and carbon filters used for reprocessing cleaning compounds;
7. lint rolls and refills therefor;
8. conveyors used to transport garments along the laundering, cleaning and pressing line during the process, but not conveyors used before the laundering, cleaning and pressing process begins or after it has been completed;
9. transformers located on or adjacent to motors which power machinery used in the direct performance of laundering and cleaning services; and
10. lubricants used in laundering, pressing or cleaning machines.

B. Items Not Classified as Machinery, Parts and Accessories

The following items are not classified as laundry and dry-cleaning machinery or parts and accessories attached to the machinery and are, therefore, subject to the general rate of State tax and any applicable local sales or use tax when sold to the herein-named businesses:

1. coin-operated musical devices, amusement devices, coin changers, vending machines and repair or replacement parts for such machines;
2. baskets, hampers, casters or containers used for general purposes such as picking up soiled garments or delivering clean garments;
3. smoke stacks, including the steel ladders attached thereto;
4. wiring used in the general wiring system and the transformers used in connection therewith;
5. sewing machines used in repairing or altering the customers' property and replacement or repair parts to such machines;
6. tailoring supplies such as buttons, threads and zippers for use in repairing or altering garments for which no charge is made to the customer;
7. letterheads, monthly reports, envelopes and other office supplies;

8. protective clothing for employees such as rubber gloves, aprons, protective shoes, etc., whether paid for by the employer or the employee;
9. steam hose or pipe used in the general heating system;
10. janitorial supplies;
11. office furniture, fixtures and equipment, including cash registers;
12. uniforms for employees;
13. advertising materials;
14. structural or building materials, supplies, fixtures and equipment which shall become a part of or be annexed to any building or structure being erected, altered or repaired;
15. equipment used in the storage process to revitalize furs;
16. conveyors used before or after the laundering, pressing and cleaning process to transport garments but not those used to move the garments along the laundering, pressing and cleaning line;
17. transformers used in connection with general wiring and power supply; and
18. water softener chemicals.

C. Exempt Laundry Supplies

Sales to laundries, dry-cleaning plants and similar businesses of articles or materials used for the identification of garments being laundered or cleaned, wrapping paper, bags, hangers, starch, soaps, detergents, cleaning fluids and other compounds or chemicals applied directly to the garments in the direct performance of the laundering or the pressing and cleaning service are not subject to the sales or use tax. Mesh bags and tickets which accompany the garment through the laundering and cleaning process for identification purposes are exempt from sales and use tax.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13; 105-264;
Issued: June 1, 1996;
Revised: July 1, 2007; June 1, 2002; January 6, 1997.

33-5 REPAIRS TO LAUNDRY MACHINERY

Sales of welding rods to commercial laundries and dry-cleaning operators for use in repairing machinery used directly in the laundering or dry-cleaning service are exempt from sales or use tax. **(Prior to January 1, 2006,** sales of such welding rods were subject to the 1% State rate of tax.) Sales of oxygen and acetylene to such operators for use in repairing machinery are subject to the general rate of State tax and any applicable local sales or use tax.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-264;
Issued: June 1, 1996;
Revised: July 1, 2007; June 1, 2002.

33-6 FUEL SOLD TO LAUNDRIES, ETC.

- A. The gross receipts derived from sales of electricity, other than receipts from the sale of electricity by a municipality whose only wholesale supplier of electric power is a federal agency and who is required by contract with that federal agency to make payments in lieu of taxes, to commercial laundries or to pressing and dry-cleaning establishments for use in machinery used in the direct performance of the laundering or the pressing and cleaning services when measured by a separate meter or another device are subject to the **2.83%** State rate of tax. Such gross receipts are not subject to the local sales and use tax.
- B. **Prior to January 1, 2006,** sales to laundries, etc., of fuels other than electricity for use in machinery used in the direct performance of the laundering, pressing or cleaning services were

subject to the 1% State rate of sales or use tax. **Effective January 1, 2006**, sales to laundries, etc., of fuels other than electricity for use in machinery used in the direct performance of the laundering, pressing or cleaning services are exempt from sales or use tax.

- C. Sales of fuel to laundries, etc., for any use or purpose other than those mentioned in Paragraph A. or B. of this Bulletin are subject to the general rate of State tax and any applicable local sales or use tax.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-264;
Issued: June 1, 1996;
Revised: July 1, 2007; February 1, 2004; June 1, 2002;
October 15, 1998; March 1, 1997; January 6, 1997.

33-7 GARMENT REPAIRS, ALTERATIONS AND STORAGE

Charges by commercial laundries and dry cleaners for repairs, alterations and storage of garments are not subject to sales tax when such charges are separately stated on the invoice given to the customer and in the vendor's records. Sales of buttons, thread, zippers and cloth for pockets and similar items to such businesses for use or consumption in repairing, altering or storing the customers' property are subject to the general rate of State tax and any applicable local sales or use tax.

History Note: Authority G.S. 105-164.3; 105-164.4; 105-264;
Issued: June 1, 1996;
Revised: June 1, 2002.

33-8 DYEING OF GARMENTS

When North Carolina laundries or dry-cleaning plants accept dyeing jobs which they ship to out-of-state dyers for dyeing, the North Carolina laundries or dry-cleaning plants are liable for collecting and remitting the general rate of State tax and any applicable local sales or use tax on the charges to their customers for the dyeing work.

History Note: Authority G.S. 105-164.4; 105-264;
Issued: June 1, 1996;
Revised: June 1, 2002.

33-9 RUG REINSTALLATION CHARGES

The charge for reinstalling a rug after it has been cleaned is not subject to the tax provided that the charge for reinstallation and the charge for cleaning are separately stated on the invoice given by the cleaning plant to its customers and in the vendor's records.

History Note: Authority G.S. 105-164.3; 105-264;
Issued: June 1, 1996.

33-10 UNIFORM RENTALS

Uniform rental businesses are not soliciting laundry or cleaning but are soliciting rental business for themselves. The total charge to such businesses by commercial laundries and dry cleaners for laundering or dry-cleaning articles of tangible personal property which are to be leased or rented are subject to the general rate of State tax and any applicable local sales or use tax.

History Note: Authority G.S. 105-164.4; 105-264;

Issued: June 1, 1996;
Revised: June 1, 2002.

33-11 INDUCEMENTS TO CLEANING SERVICES

When silver dollars are given to customers by dry-cleaning establishments or other vendors as an inducement to business, the tax is due on the total amount charged to the customer for the cleaning service or tangible personal property without regard to credit for the amount of the inducement.

History Note: Authority G.S. 105-164.4; 105-264;
Issued: June 1, 1996.

33-12 DRY-CLEANING SOLVENT TAX

For information on the dry-cleaning solvent tax, refer to Sales and Use Tax Technical Bulletin 29-3.

History Note: Authority G.S. 105-164.4; 105-164.6; 105-164.13;
105-164.14; 105-187.30 - 34; 105-264;
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June 1, 2002; November 15, 2000; October 1, 1999.