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## Linen Rental & Service

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The *Lakewood Municipal Code* includes in the definition of “sale” or “sale and purchase” any “lease, lease-purchase agreement, rental or grant of a license, including royalty agreements, to use tangible personal property or taxable services.” Retailers providing linens, diapers, uniforms, floor mats and other textiles along with the service of laundering soiled linens must obtain a Lakewood Sales & Use Tax License and collect tax on the charges for rental. If a retailer fails to collect Lakewood sales tax, the purchaser must remit a use tax directly to the City.

Although these transactions may be referred to as “linen services” or other similar “services,” the object of the transaction is the rental of the retailer’s linens and the transaction is, therefore, subject to Lakewood tax. Lakewood sales/use tax does not have to be paid by licensed retailers when purchasing textile inventory if the property will be held strictly for customer use. Retailers cannot avoid the collection of sales tax by paying a sales or use tax upon the purchase of inventory. Charges for laundering customer-owned textiles are not subject to tax.

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### Examples

1. Chef owns an upscale restaurant in Lakewood. Chef purchases “linen services” from Textiles Inc. For a flat monthly fee, Textiles provides weekly deliveries of table cloths, napkins, kitchen staff uniforms and kitchen mats. When delivering fresh linens, Textiles removes and launders the soiled linens. Textiles owns all of the linens. Textiles must obtain a Lakewood Sales & Use Tax License and collect Lakewood sales tax on the monthly charge.
2. A Lakewood hotel hires Textiles to launder and press its bed and bath linens. The hotel owns the linens and collects them in laundry bins, which Textiles removes daily. Textiles charges the hotel for each batch laundered. This charge is not subject to Lakewood sales/use tax.

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### Related Topics

Sales Tax  
Use Tax

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### Citations

*Lakewood Municipal Code*

§ 3.01.020 Definitions – Sale or Sale and Purchase,  
Linen Services  
§ 3.01.120(K) Property and Services Taxed

### *Special Regulations*

Linen Services

THIS GUIDANCE IS A SUMMARY IN LAYMEN’S TERMS OF THE RELEVANT LAKEWOOD TAX LAW FOR THIS TOPIC, INDUSTRY, OR BUSINESS SEGMENT. IT IS PROVIDED FOR THE CONVENIENCE OF TAXPAYERS AND IS NOT BINDING UPON THE CITY. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE LAKEWOOD MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

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### Contact Us

For additional assistance, please contact us:

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