

# Ministry of Finance

## Tax Bulletin



ISSUED: May 1989 REVISED: May 2009

Bulletin SST 005

[www.fin.gov.bc.ca/rev.htm](http://www.fin.gov.bc.ca/rev.htm)

## Laundry and Dry-Cleaning Businesses

*Social Service Tax Act*

Do you operate a laundry or dry-cleaning business?

Do you rent or sell items in your laundry or dry-cleaning business?

This bulletin provides specific tax information to help laundry and dry-cleaning businesses understand how the social service tax, also called the provincial sales tax (PST), applies to their businesses.

For general PST information that applies to all businesses, such as who needs to register, when general exemptions apply, and how to charge and collect the PST, please read our [Small Business Guide to Provincial Sales Tax \(PST\)](#).

### Table of Contents

Sales .....	1
Purchases.....	2

## Sales

### When to Charge PST

You charge PST on the following:

- rentals of uniforms, linens, formal wear or similar items,
- alterations or repairs of items other than clothing, such as bedding, sleeping bags and linens,
- buttons, zippers or other materials used in the alteration or repair service if charged separately,

- sales of goods, such as garment bags, measuring tapes, lint brushes and bridal storage boxes, and
- used clothing sold for \$100 or more.

### **When Not to Charge PST**

You do not charge PST on the following:

- laundry and dry-cleaning services,
- alterations or repairs of clothing,
- materials included in the price of the alteration service, such as zippers, buttons or other materials, and
- used clothing sold for less than \$100.

For more information on materials used for alterations and repairs, please see [Bulletin SST 089, Fabric and Craft Stores](#).

## **Purchases**

---

### **When to Pay PST**

You pay PST on the purchase or lease of new or used goods and services that you use in your business, such as:

- stationery, furniture and office equipment,
- advertising materials, such as flyers and brochures,
- goods you purchase to give away as free promotions,
- computer hardware and software (unless custom software),
- equipment used to perform your services, such as, steam irons, ironing stations, sewing machines, commercial washers and dryers,
- services to repair your equipment,
- packaging materials that are used or consumed in providing the dry-cleaning or laundry service, such as cellophane bags, hangers, cardboard and pins,
- materials, such as buttons or zippers used in alterations and repairs that are included in the price of the service, and
- detergent and cleaning agents.

If the supplier does not charge you PST on the above items, you self-assess and record the PST due at Step 3 of your next tax return. If you are not registered to collect

PST you self-assess the PST due using the *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered under the Social Service Tax Act* form (FIN 428P).

## **Goods Sold from Your Supply Stock**

If you purchased a product to provide a service and paid PST on the product, but you later sell the product to a customer, you charge the customer PST. If you did not use the product before you sold it, you may qualify for a refund from the ministry. For more information, please see [Bulletins GEN 008](#), *Refunds of Overpayments of Tax* and [SST 068](#), *Personal Services*.

## **When Not to Pay PST**

You do not pay PST on the following:

- goods you purchase for resale or rental to your customers, such as uniforms and linens,
- materials, such as zippers and buttons used in alteration and repair services if charged separately,
- containers, labels or packaging materials that are included with your retail sales of goods or rentals at no extra charge to your customers, and
- the following chemicals used in washing uniforms and linen that will be sold or leased qualify for exemption because they remain with the clothing after the wash:
  - fabric softeners,
  - starches,
  - fabric conditioner – fights growth of mildew in linen,
  - dye – adds colour back to linen,
  - liqua sour plus – changes the PH balance to below 7.0.

To purchase the above items without paying PST, give the supplier your PST registration number.

If you take taxable goods from your resale inventory for business or personal use, you self-assess PST on your cost of the goods.

## **Purchases from Out-of-Province Suppliers**

If you purchase taxable goods from an out-of-province supplier, you pay PST on the total amount that you pay to bring the goods into British Columbia, including charges for transportation, customs, excise and any other PST costs, except the goods and services tax (GST). If the supplier does not charge you PST, you self-assess and record the PST due at Step 3 of your next tax return.

If you do not have a PST registration number and the supplier does not charge PST at the time of the sale, you self-assess the PST due using the *Casual Remittance Return for Provincial Sales Tax (PST) Due on Taxable Tangible Personal Property by a Purchaser Not Registered under the Social Service Tax Act* form ([FIN 428P](#)). Do this at the time you bring or ship the goods into British Columbia.

For more information, please see [Bulletin SST 043](#), *Goods Purchased from Out-of-Province Suppliers*.

## **Need more info?**

Telephone (Vancouver): 604 660-4524

Toll free in Canada: 1 877 388-4440

E-mail: [CTBTaxQuestions@gov.bc.ca](mailto:CTBTaxQuestions@gov.bc.ca)

The information in this bulletin is for your convenience and guidance and is not a replacement for the legislation. The *Social Service Tax Act* and Regulations are on our website at [www.sbr.gov.bc.ca/business/Consumer\\_Taxes/Provincial\\_Sales\\_Tax/legislation.htm](http://www.sbr.gov.bc.ca/business/Consumer_Taxes/Provincial_Sales_Tax/legislation.htm)

References: *Social Service Tax Act*, Sections 1, 5, 20, 40, 70(g) and 70(h), and Regulations 2.45 and 2.46