



Florida Taxes on Laundering, Dry Cleaning, and Alterations

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What launderers, dry cleaners, and tailors need to know about sales and use tax and gross receipts tax.

Gross Receipts Tax

What is Taxable?

A two percent gross receipts tax is imposed on all charges by dry-cleaning and dry drop-off facilities that are in the business of:

- Laundering of clothing and other fabrics.
- Dry cleaning of clothing and other fabrics.

There is a \$5 per gallon tax on the sale of perchloroethylene to dry-cleaning facilities located in Florida.

What Is Exempt?

Gross receipts tax is not imposed on:

- Coin-operated laundry machines.
- Laundry done on a wash, dry, and fold basis.
- Uniform rentals.
- Linen supply services.

Entities that are exempt from paying sales and use tax, such as political subdivisions, nonprofit religious institutions, or veterans' organizations, are not exempt from paying gross receipts tax.

Customer Receipts

Receipts for dry-cleaning services, listing any portion of the gross receipts tax or the \$5 per gallon tax on perchloroethylene must also include this statement:

"The imposition of this tax was requested by the Florida Dry Cleaners Coalition."

Resale Certificate for Gross Receipts Tax

Service providers ("wet sites") do not need to collect gross receipts tax from buyers (for example, dry-cleaning or dry drop-off facilities) who:

- Are registered to collect the gross receipts tax,
- Charge others for the taxable service, and
- Provide a resale certificate.

The Department does not issue resale certificates for gross receipts tax, but you may create your own. Here is a sample of the suggested format:

Resale Certificate for Gross Receipts Tax on Laundering and Dry-Cleaning Services
This is to certify that the services provided on or after _____ (date) from _____ (name) are being purchased for the purpose of resale. This certificate is to continue in force until revoked by written notice to the supplier.
Name of Purchasing Facility _____
Purchaser _____
Title _____
Address _____
By _____
(Signature)
Date _____
Gross Receipts Tax Registration Number _____

Sales Tax

What is Taxable?

All materials and supplies consumed in providing dry-cleaning and laundering services are subject to sales or use tax and the applicable discretionary sales surtax. Such materials include, but are not limited to: soap powder, naphtha, detergent, washers, dryers, tools, and office equipment. Dry cleaners and launderers who purchase these materials must pay sales or use tax on them.

Sales of laundry detergent, fabric softener, and other items of tangible personal property sold through vending machines are subject to sales tax and the applicable discretionary sales surtax. If you have an amusement or vending machine located at your business, see the Vending Machines and Amusement Machines brochures.

Charges for alterations, tailoring, repairs, dyeing, waterproofing, mothproofing, and similar services are subject to sales tax and the applicable discretionary sales surtax on the total charge, even if the customer supplies all materials. Materials that become a part of the item being repaired or altered (e.g., thread, cloth) may be purchased by the dealer tax-exempt. The dealer should give the supplier a signed copy of his or her current *Annual Resale Certificate for Sales Tax*.

Sales or use tax must be paid on perchloroethylene purchases; however, the \$5 per gallon tax on perchloroethylene is not subject to sales tax.

What Is Exempt?

Anyone operating dry cleaning establishments and laundries is not required to collect sales tax on the charge to the customer for dry cleaning and laundry services. Self-service laundries that offer customers the privilege of using washing machines and dryers for a fixed charge should not charge tax on the use of these machines.

Resale Certificates for Sales Tax

After you have registered, you will receive an *Annual Resale Certificate for Sales Tax*. This certificate allows you to buy materials tax-exempt that will be itemized and resold. You must present a signed copy of your current *Annual Resale Certificate for Sales Tax* to your supplier when making purchases for resale.

If materials bought for resale are used (not resold), you must report and pay use tax on those items, plus any applicable discretionary sales surtax, penalties, and interest. Florida law imposes additional penalties for intentional misuse of an *Annual Resale Certificate for Sales Tax*.

Sales and Use Tax Rates

Florida's sales and use tax rate is six percent; however, most Florida counties also impose a discretionary sales surtax which must be collected and/or remitted. The surtax rate varies, depending on the county. You can get a list of surtax counties and rates (Form DR-15DSS) and a *Discretionary Sales Surtax* brochure (Form GT-800019) from our web site at www.myflorida.com/dor.

Use Tax

Dry-cleaning or laundering equipment that is purchased out of state but used in Florida is subject to Florida use tax and discretionary sales surtax may also apply. Use tax and surtax may also be due on such equipment brought into Florida within six months from the date of purchase. If tax was paid to another state at a rate less than Florida's six percent rate and applicable surtax, the difference in tax is owed to the State of Florida.

Who Must Register to Collect Tax?

Businesses must register with us to collect sales and use tax and/or solid waste fees (including gross receipts tax on dry cleaning and laundering). You can register to collect and/or report tax through our Internet site. The site will guide you through an application interview that will help you determine your tax obligations. If you do not have Internet access, you can complete a paper *Application to Collect and/or Report Tax in Florida* (Form DR-1).

Businesses that register to collect sales tax must complete a separate application for each location; however, owners of dry cleaning and dry drop-off facilities who operate multiple locations need only a single registration to pay solid waste fees (including gross receipts tax on dry cleaning and laundering).

After your application is approved, the Department will send you a *Certificate of Registration* and the appropriate tax returns. Depending on the tax(es) you registered for, you will receive a *Sales and Use Tax Return* (DR-15) and/or a *Solid Waste and Surcharge Return* (DR-15SW).

When Is Tax Due?

The taxes that you collect are State of Florida funds and must be timely sent to the Department of Revenue. Tax returns and payments are due on the 1st and late after the 20th day of the month following the date of sale. For example, if a sale takes place on the 1st of one month, then sales tax is not due until the 1st of the next month.

Tax returns and payments postmarked after the 20th are late (however, if the 20th falls on a Saturday, Sunday, or state or federal holiday, returns will not be considered late if they are postmarked on the first business day following the 20th).

If you make tax payments using electronic funds transfer (EFT), funds must be transmitted no later than 5:00 p.m., ET, on the business day prior to the 20th.

Penalty and Interest

A taxpayer who files a late return or is late in paying the tax due will be assessed a late **penalty** of 10 percent of the amount of tax owed, but no less than \$50. The \$50 minimum penalty applies even if no tax is due. Penalty will also be assessed if the return or payment is submitted on time but is incomplete.

A floating rate of **interest** applies to underpayments and late payments of tax. The rate is updated January 1 and July 1 of each year by using the formula established in section 213.235, Florida Statutes. Current and prior period interest rates are posted on our web site.

Reference Material

Tax Laws – Our online Tax Law Library contains statutes, rules, legislative changes, opinions, court cases, and publications. Search the law library for Rules 12A-1.042, Florida Administrative Code, *Dry Cleaners and Laundries*; 12A-1.006, F.A.C., *Charges by Dealers Who Adjust, Apply, Alter, Install, Maintain, Remodel, or Repair Tangible Personal Property*; 12A-1.076, F.A.C., *Sales of Articles of Clothing, Clothing Accessories, and Jewelry* (includes alterations); 12B-11, F.A.C., *Tax on Gross Receipts on Dry Cleaning*; and 12B-12, F.A.C., *Tax on Perchloroethylene*.

Brochures – Download these brochures from our “Forms and Publications” page:

- *Florida’s Sales and Use Tax*
- *Discretionary Sales Surtax*
- *Florida’s Pollutants Tax*
- *Vending Machines*
- *Amusement Machines*
- *Solid Waste Fees, Motor Vehicle Fees, and Gross Receipts Tax on Dry Cleaning*

For Information and Forms

Information and forms are available on our Internet site at: **www.myflorida.com/dor**

To speak with a Department of Revenue representative, call Taxpayer Services, Monday through Friday, 8 a.m. to 7 p.m., ET, at 800-352-3671.

Persons with hearing or speech impairments may call our TDD at 800-367-8331 or 850-922-1115.

For a written reply to tax questions, write:

Taxpayer Services
Florida Department of Revenue
5050 W Tennessee St Bldg L
Tallahassee FL 32399-0112

Get the Latest Tax Information

Sign up to get e-mail notices automatically when we post:

- Tax Information Publications (TIPs).
- *Facts on Tax*, a quarterly publication.
- Proposed rules, notices of rule development workshops, and more.

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