



M. J. "MIKE" FOSTER, JR.
Governor

STATE OF LOUISIANA
DEPARTMENT OF REVENUE

CYNTHIA BRIDGES
Secretary

Private Letter Ruling 01-006

Redacted Version

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A Private Letter Ruling based upon the following scenario was requested:

“A Louisiana corporation provides services in Louisiana. It cleans and installs carpet, provides contents cleaning/restoration, and rents drying equipment, which it delivers, monitors and picks up. The corporation currently collects and pays sales tax on these services.”

The Department of Revenue was asked to confirm that Louisiana law does require the collection and payment of sales tax on the service of carpet cleaning, carpet installation, contents cleaning/restoration, and the rental of drying equipment.

Louisiana law does require the collection and payment of sales tax on the services of carpet cleaning and contents cleaning/restoration of furniture. Louisiana law does not require the collection and payment of sales tax on the services of installing carpet, contents cleaning/restoration of miscellaneous items, structural cleaning, or on the rental of drying equipment if certain conditions are met as long as the charge for each of these services is separately stated.

ANALYSIS

Carpet Cleaning

La. R.S. 47:302(C) provides that a tax is levied “upon all sales of services.” La. R.S. 47:301(14)(e) provides that “‘sales of services’ means and includes...the furnishing of laundry, cleaning, pressing and dyeing services, including by way of extension and not of limitation, the cleaning and renovation of clothing, furs, furniture, carpets and rugs, and the furnishing of storage space for clothing, furs and rugs.” The statute clearly states that the cleaning of carpets is the sale of a service. Therefore, sales tax should be collected and remitted on such carpet cleaning services.

Installation

La. R.S. 47:302(C) provides that a tax is levied “upon all sales of services.” The tax is computed based upon the sales price. La.R.S. 47:301(13)(a) defines the term “sales price” as the total amount for which tangible personal property is sold...and includes the cost of materials used, labor or service costs...nor shall the sales price include the amount charged for labor or services rendered in installing, applying, remodeling, or repairing property sold.” This statute clearly excludes from the sales price any amount charged for installation. Therefore, the installation of carpet, which is really the reinstallation of carpet that has been lifted to be cleaned or dried, is not a taxable service. This is only true if the installation charge is separately stated.

Contents Cleaning/Restoration

“Contents cleaning/restoration” is a service that encompasses the cleaning of all articles within the establishment except clothing. There is an hourly charge for the service of cleaning the miscellaneous items such as dishes and decorative items. This service is not among the taxable services enumerated in

the statutes. Therefore, the service of cleaning the miscellaneous items is not a taxable service. This is true only if the charge is separately stated.

There is a separate charge for each item of furniture cleaned. La. R.S. 47:301(14)(e) provides that “‘sales of services’ means and includes...the furnishing of laundry, cleaning, pressing and dyeing services, including by way of extension and not of limitation, the cleaning and renovation of clothing, furs, furniture, carpets and rugs, and the furnishing of storage space for clothing, furs and rugs.” Therefore, the service of cleaning each item of furniture is a taxable service.

There is also a separate charge for structural cleaning which involves cleaning the walls, cabinets and ceilings. There is a per foot charge for this service. This service does not fit within any of the definitions of “sales of services” and is therefore not a taxable service. Additionally, this service is analogous to janitorial services, which are not taxable. Once again, these services are not taxable only if the charge is separately stated.

The corporation sometimes stores items such as furniture for the customer during the cleaning process and charges for this service. La. R.S. 47:301(14)(e) provides that “‘sales of services’ means and includes...the furnishing of storage space for clothing, furs and rugs.” Therefore, the service of storing clothing, furs and rugs is a taxable service. If any cold storage is provided, sales tax must be collected and remitted. This is because cold storage is included in the definition of “sales of services” in La. R.S. 47:301(14)(f).

Rental of Drying Equipment

La. R.S. 47:302(B) provides that “There is hereby levied a tax upon the lease or rental within this state of each item or article of tangible personal property, as defined herein;...” La. R.S. 47:301(7)(a) defines the term “lease or rental” in part as “the leasing or renting of tangible personal property and the possession or use thereof by the lessee or renter, for a consideration, without transfer of the title of such property.” Thus, if the drying equipment is outside of the continuous control of the corporation, the rental definition is met and the transaction is subject to sales tax. However, if the corporation is in control of the equipment at all times, the definition of rental is not met and a service has been provided.

If this is the case, the service is not subject to sales tax as it is not one of the enumerated taxable services in the statutes. This is true only if the charge for the service is separately stated.

If you should have any questions or need additional information, please contact the Policy Services Division at (225) 219-2780.

Sincerely,

Cynthia Bridges
Secretary

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A Private Letter Ruling (PLR) is issued under the authority of LAC 61:III.101(C). A PLR provides guidance to a specific taxpayer at the taxpayer’s request. It is a written statement issued to apply principles of law to a specific set of facts or a particular tax situation and is limited to the matters specifically addressed. A PLR does not have the force and effect of law and may not be used or cited as precedent. A PLR is binding on the Department only as to the taxpayer making the request and only if the facts provided with the request were truthful and complete and the transaction was carried out as proposed. The Department’s position concerning the particular tax situation addressed remains in effect for the requesting taxpayer until a subsequent declaratory ruling, rule, court case, or statute supersedes it.