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Tax Compliance Guide

Linen Rental & Service

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THIS GUIDANCE IS A SUMMARY IN LAYMEN'S TERMS OF THE RELEVANT AURORA 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 AURORA MUNICIPAL CODE AND APPLICABLE RULES AND REGULATIONS. THIS GUIDE DOES NOT CONSTITUTE A CITY TAX POLICY.

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The *Aurora Municipal Code* definition of "purchase or sale" includes the following: "the acquisition for any consideration by any person of tangible personal property, other taxable products, or taxable services that are purchased, leased, rented, or sold." This also includes 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 an Aurora Business License and collect sales tax on the total charges to the customer. If a retailer fails to collect Aurora 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 linens owned and maintained by the retailer and the transaction is, therefore, subject to Aurora tax. Aurora 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 may not 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.

Examples

1. Restaurant owner A operates an upscale restaurant in Aurora. The restaurant purchases "linen services" from Linen Service B. For a flat monthly fee, Linen Service B provides weekly deliveries of tablecloths, napkins, and kitchen staff uniforms. When delivering fresh linens, Linen Service B removes and launders the soiled linens. Textiles owns all the provided linens and is responsible for replacing ruined or worn-out linens. Textiles must obtain an Aurora Sales & Use Tax License and collect Aurora sales tax on the full amount of the monthly charge.
2. An Aurora hotel hires Laundry Service C to launder and press its bed and bath linens. The hotel owns and maintains the linens. The linens are collected by staff in laundry bins, which Laundry Service B removes daily. Laundry Service B then charges the hotel for each batch laundered. This charge is not subject to Aurora sales/use tax.

Related Topics

Leased & Rented Property
 Lodging Industry
 Professional Services

Citations

Aurora Municipal Code
 § 130-31. Definitions
 § 130-33. Legislative Intent
 § 130-156. Taxable Items
 § 130-160. Responsibility for Payment
 § 130-161. Schedule of Taxes
 § 130-196. Levy

Contact Us

For additional assistance, please contact us:

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