



Car Wash Services

Introduction

This bulletin explains:

- when car wash services are subject to sales tax,
- how coupons affect sales tax on car washes, and
- when purchases of items by car wash operators are subject to sales tax.

Car wash services are taxable when car wash personnel wash, wax, or vacuum the car or assist with these services.

Car wash services are not taxable if the car or other property is washed, waxed, or vacuumed exclusively with *coin-operated equipment*; the car is washed without any assistance by the car wash employees; and one of these conditions is met:

- The customer washes, waxes, or vacuums the car or other property. (A charge for a coin-operated vacuum is not taxable whether it is located at a car wash facility or any other location.)
- The car is washed, waxed, or vacuumed by fully automated equipment.

Coin-operated equipment is equipment that accepts payment of and is activated by coins, currency, or tokens (a coin substitute made of metal or plastic). When coin-operated equipment also accepts debit cards, credit cards, or an activation code, only the coin, currency, or token sales are exempt. Sales of car wash services that are not activated by coin-operated equipment are taxable. See [TSB-M-05\(15\)S](#), *Sales and Use Tax Exemption for Coin-Operated Car Wash Services*, for more information.

A *car wash facility* is an area or structure where service, space, and equipment are provided for washing cars.

Car wash services subject to sales tax

The following car wash services are subject to sales tax since they do not meet the conditions stated above. These services are generally performed by the car wash employees, or the car wash employees assist the customer, or payment is not made through coin-operated equipment.

Full service—Car wash employees perform any of the following types of services (or a combination of these services): vacuuming, window washing, interior dusting, carpet shampooing, or hand-drying.

Exterior conveyor—The customer drives the car onto a conveyor, where a car wash employee typically prewashes the car. The car is then pulled automatically through the wash process.

The car or other property is not washed by coin-operated equipment—Automated car washes that are not paid for using coins, currency, or tokens are taxable. For example, purchases at self-service wand or in-bay automatic car washes using a credit or debit card are subject to sales tax.

Example: A customer washes his car at a self-service in-bay automatic car wash and pays for the service at a car wash selection box using a credit card. The charge for the car wash is subject to tax.

Example: A customer purchases gas at a gas station that has an automated car wash facility. The customer decides to purchase a car wash. The customer pays at the pump or pays the attendant for the car wash and receives an access code to start the car wash. The charge for the car wash is subject to tax.

Detailing services—A customer purchases detailing services that are performed, at least in part, by car wash employees. These services are generally taxable (however, see [Carpet and upholstery cleaning](#), below).

Note: The amount of sales tax due on a taxable sale must be separately stated on any sales slip, invoice, receipt, etc., given to the customer.

Car wash services not subject to sales tax

The following car wash services are exempt from sales tax:

Self-service wand—The customer gets out of the car; selects wash type (for example, foam brush, high pressure wash, rinse, etc.); inserts coins, currency, or tokens into a coin box to initiate the wash process; and washes the car with the spray wand provided.

Self-service in-bay automatic (for example: laser wash, touch-free, roll-over, etc.)—The customer drives up to a car wash selection box; selects a wash package (basic, deluxe, etc.); inserts coins, currency, or tokens into the coin box to begin the wash process; and drives forward into a bay where the automated car wash takes place.

Example: A customer purchasing gas at a gas station that has an automated car wash facility is asked at the pump if the customer wants a car wash. The customer decides to purchase a car wash and, after paying at the pump or paying the attendant, receives a token to use to enter the car wash. The car wash is exempt from tax because the car wash equipment is activated by a token.

Carpet and upholstery cleaning—The services of cleaning or shampooing automobile carpets, upholstery, and other car interior surfaces that are covered in cloth or vinyl fabrics or leather by applying cleaning compounds or solvents are not taxable. The services of carpet and upholstery cleaning must be available to customers separate and apart from otherwise taxable washing or detailing services. These services will be taxable if provided as part of an overall car washing or detailing service.

The exclusion for carpet and upholstery cleaning doesn't apply to the mere vacuuming of car interiors or to other services incidental to washing cars, such as wiping floor mats, waxing the exterior, and cleaning vinyl tops.

Car wash and detailing services certificates

A car wash operator sells certificates or books of certificates that a customer may purchase and later redeem for a car wash or for detailing services. Because the certificates can only be used to later obtain taxable services, sales tax must be collected on the selling price of the certificates or certificate books.

When the customer redeems the certificate, the customer does not owe any additional sales tax for the service. However, if the certificate covers only a part of the charge to the customer for the service, sales tax must be collected on the additional amount the customer pays for the service.

Gift certificates and gift cards

When a customer purchases a gift certificate or gift card with a stated face value that can later be redeemed at a car wash facility for a taxable service (e.g., a car wash or detailing service) or for an exempt service (e.g., carpet or upholstery cleaning), no sales tax is due at the time the gift certificate or card is purchased. If the certificate or card is later redeemed for something taxable, sales tax must be collected at that time.

Discount coupons

When a customer uses a coupon for a free or complimentary car wash and the car wash operator is not reimbursed by a third party for the amount of the coupon, no sales tax is due from the customer. However, if the coupon does not cover the full cost of the car wash, sales tax must be collected on the additional amount the customer pays for the service. The car wash operator must pay sales or use tax on the cost of all supplies that are used to provide the free car wash. See [Purchases by car wash operators](#), below.

When a customer uses a discount coupon issued by a third party who reimburses the car wash operator for the amount of the coupon, sales tax is due on the total amount received for the car washing service. This includes the amount received for reimbursement from the third party plus any amount received from the customer. See Tax Bulletin [Coupons and Food Stamps \(TB-ST-140\)](#) for more information about the use of coupons.

Selling car wash services for resale

Car dealers, leasing companies, and service stations may subcontract with a car wash operator for washing, waxing, vacuuming, or detailing services on vehicles that they are selling, leasing, or repairing. The car dealer, leasing company, or service station may buy the services without paying sales tax with a properly completed [Form ST-120](#), *Resale Certificate*, since the services will be resold to their customers.

Purchases by car wash operators

Purchases not subject to sales tax

Certain products that are transferred to a customer as part of the carwash service can be purchased without paying sales tax. Examples of these products include:

- deodorizers,
- fabric protection chemicals,
- sealants and protectants,
- tire dressing and shine,
- vinyl and leather care products, and
- waxes.

Because these products are actually transferred to the customer as part of the car wash services, these products can be purchased for resale by using a properly completed [Form ST-120](#), *Resale Certificate*.

Products that are sold directly to customers, such as air fresheners, can also be purchased without sales tax by using a *Resale Certificate*. You must collect sales tax from your customers when you sell these products directly to customers.

Sales tax must be paid on products that are not transferred to the customer, such as soap and detergents, and on all products that are given away (not resold) to the customer, including the products listed above when used to provide a complimentary car wash. See [Purchases subject to tax](#), below.

See Tax Bulletins [Sales Tax Credits \(TB-ST-810\)](#) and [How to Apply for a Refund of Sales and Use Tax \(TB-ST-350\)](#) for information about applying for credits and refunds.

If products and supplies are bought without paying tax but then used to provide a complimentary car wash or otherwise given away, unpaid sales or use tax must be paid. See Tax Bulletin [Use Tax for Businesses \(TB-ST-910\)](#).

Purchases subject to sales tax

Purchases of equipment, machinery, implements, tools, accessories, and supplies used or consumed by the car wash to provide car wash services are subject to sales tax. Purchases of utilities used for heating, lighting, or operating machinery and equipment and purchases of products used for general business or administrative purposes are also subject to sales tax. Below are some examples of purchases subject to sales tax:

- brushes, buffers, and rollers;
- polishing pads;
- soap and shampoo;
- computers;
- touch-free systems;
- spray guns and nozzles;
- sponges and towels;
- vacuum filters;
- office supplies; and
- repairs to car wash equipment.

If any purchases of equipment, machinery, implements, tools, accessories, or supplies used or consumed by the car wash to provide car wash services are made without paying New York sales tax (e.g., purchases made outside New York State), unpaid sales or use tax must be paid. See Tax Bulletin [Use Tax for Businesses \(TB-ST-910\)](#).

Note: A Tax Bulletin is an informational document designed to provide general guidance in simplified language on a topic of interest to taxpayers. It is accurate as of the date issued. However, taxpayers should be aware that subsequent changes in the Tax Law or its interpretation may affect the accuracy of a Tax Bulletin. The information provided in this document does not cover every situation and is not intended to replace the law or change its meaning.

References and other useful information

Tax Law: Section 1115(t)

Memoranda:

[TSB-M-05\(15\)S](#), *Sales and Use Tax Exemption for Coin-Operated Car Wash Services*

Bulletins:

[Coupons and Food Stamps \(TB-ST-140\)](#)

[How to Apply for a Refund of Sales and Use Tax \(TB-ST-350\)](#)

[Sales Tax Credits \(TB-ST-810\)](#)

[Use Tax for Businesses \(TB-ST-910\)](#)