

Building Cleaning and Maintenance

Sales Tax Fact Sheet 112

Fact Sheet

What's New in 2018

We updated this fact sheet to clarify taxable building cleaning and maintenance services and nontaxable repair services.

A “building or structure” includes the building or structure itself and all improvements or fixtures annexed to the structure that:

- are integrated with and of permanent benefit to the building or structure; and,
- cannot be removed without substantial damage to itself or to the building or structure.

This fact sheet covers:

- Building cleaning and maintenance
- Additional information
- Junk removal
- Purchases
- Miscellaneous
- How to report sales and use tax

Building cleaning and maintenance

Sales tax applies to building cleaning, maintenance, and disinfecting and exterminating services.

Building cleaning and maintenance includes both interior and exterior cleaning of commercial and residential buildings, homes and apartments to keep them in good upkeep or condition, but does not include repairs to buildings.

Examples

The tables below provide examples of taxable and nontaxable building cleaning and maintenance:

Taxable	
<ul style="list-style-type: none"> • Carpet cleaning • Ceiling tile cleaning • Chimney cleaning • Disinfecting, exterminating, and pest control (see page 2) • Duct cleaning • Elevator cab cleaning • Floor cleaning, vacuuming, and waxing • Furnace cleaning • Gutter cleaning • Janitorial services • Junk removal services (see page 3) • Lighting maintenance (see page 2) 	<ul style="list-style-type: none"> • Office cleaning • Parking ramp cleaning • Pressure washing a building • Restroom cleaning, deodorizing, and sanitizing • Smoke odor counteracting • Swimming pool, spa, and hot tub cleaning, maintenance, and disinfecting • Swimming pool, spa, and hot tub opening and closing services • Venetian blind cleaning • Ventilation system cleaning • Window washing • Wall and woodwork cleaning • Water removal (flood or fire damage)

Not Taxable (if separately stated on the invoice)

- Cleaning underground tanks
- Insulation removal
- Maintenance of outdoor parking lots and outdoor open mall areas
- Painting and wallpapering
- Repairs to real property
- Repairs to mechanical systems (see page 2)
- Sandblasting exteriors of buildings
- Septic tank pumping
- Services performed by employees for an employer
- Services provided by one business entity for another when one of the entities owns at least 80% of the other
- Sewer and drain cleaning
- Snow plowing and removal
- Washing dishes, dusting knick-knacks, making beds, picking up, and room straightening

Note: Janitorial/housecleaning contracts that include both taxable and nontaxable services are taxed on the full amount unless the nontaxable services are separately stated.

Additional information

Contracts for mechanical systems

Contracts for mechanical systems such as elevators and HVAC systems that are for cleaning are taxable building cleaning. Some items used to provide these services are not taxable. See “Exempt Purchases” on page 3.

Contracts for mechanical systems such as elevators and HVAC systems that are for repair are not taxable. Repair includes services to:

- restore an item that was broken, worn, damaged, defective, or malfunctioning, to working order or operating condition;
- sustain or support safe, efficient, continuous operations; and
- prevent decline, failure, lapse, or deterioration. Repair services must be separately stated.

Contractors owe sales or use tax on the parts used for contracted repairs.

Lighting maintenance

Lighting maintenance such as bulb and fuse replacement is taxable. However, ballast replacement is only taxable when it is plugged in. When ballasts are hard wired, maintenance to replace them is not taxable because it is an improvement to real property.

Disinfecting, exterminating, pest control

Disinfecting, exterminating, and pest control services are taxable. These services include: fumigating, eradicating, or preventing the infestation of termites, bugs, roaches, moths, birds, and all other living pests.

Agricultural production exemption

Disinfecting and exterminating services are exempt from sales tax when the services are used to:

- prevent or destroy insect infestation of growing crops, or
- to control or eradicate insects, predators, and other animal pests for the health and protection of agricultural animals.

Disinfectants applied to agricultural animals or their environment for the control or eradication of animal disease or pests are also exempt from sales tax.

To claim the exemption, give your vendor a completed Form ST3, *Certificate of Exemption*.

Home health care service contracts

Contracts that provide a combination of medical care, personal care, laundry and residential cleaning services (taxable and nontaxable services) to a client for a single charge are exempt from sales tax on the entire contract price if the services are provided to clients because their illness, disability, or physical condition creates a need for the services at their residence.

When a home health care service provides a combination of medical care, personal care, laundry and cleaning services for one charge, the laundry and cleaning services are considered incidental and are not taxable.

Note: If a third party provides the residential cleaning services, the home health care provider cannot purchase those services exempt for resale.

Combination construction contracts

Contracts to construct, repair, alter, or improve real property are not subject to sales tax. The contractor

must pay sales or use tax on any materials, supplies, equipment, or taxable services used to complete the construction contract. For more information, see Fact Sheet 128, *Contractors*.

A lump sum contract that includes items listed under “Building cleaning and maintenance” together with construction, alteration, or improvements to real property is considered a construction contract when 50 percent or more of the total cost of the contract is for improvement of real property.

Examples

- Fire damage requires you to wash walls, clean carpets and Venetian blinds, paint all rooms, and reconstruct several walls.

Since 50 percent or more of the cost of the contract is for improving real property, the contract is not taxable.

If the contractor hires a subcontractor to clean, the contractor must pay tax on the taxable cleaning services. However, if the cleaning is done by the contractor’s crew, no tax applies.

- Fire damage requires you to wash walls, clean carpets and Venetian blinds, and paint one of several rooms.

Painting walls is not taxable if separately stated. Cleaning carpets, Venetian blinds, and washing walls are taxable. However, if the customer is billed a lump-sum amount for painting walls and the taxable services, the entire amount is taxable, since more than 50 percent of the contract is for taxable services.

Junk removal

Junk removal service providers pick up and remove unwanted items in buildings. Items are generally sent to a recycling center, a second use store, or a disposal station. Junk removal is the first step in cleaning a building and is a taxable service.

Examples include:

- Removal of household contents or discarded items from buildings, including garages, abandoned buildings, and storage units
- Cleaning and removal of household waste
- Periodic cleaning
- Maintenance of the building

Other taxable services that may also be provided are:

- Lawn care and maintenance
- Removal of twigs and grass clippings
- Tree, bush, and stump removal

Nontaxable services include:

- Waste management services provided by the City Sanitation Department, Solid Waste Management Service Providers, or the Waste Control Department (may be subject to Solid Waste Management Tax).
- Curbside pickup of items placed by the property owner, including yard waste (may be subject to Solid Waste Management Tax).

- Removal of appliances when being replaced, if removal service is optional
- Charges for the removal of dumpsters or dumpster bags

Note: Nontaxable services must be listed separately on the customer’s invoice.

Examples

- A bank hires a junk removal service to clean out a foreclosed residential property. The service removes abandoned property from the home and cleans out household debris. Cleaning out the contents of buildings is taxable.
- A construction company removes old carpet to install a new wood floor in a home. They remove the old carpeting and haul it away. They also vacuum and sweep before installing the new wood floor. Hauling away the old carpeting is not taxable since the construction company is not in the business of junk removal. Vacuuming and sweeping is also not taxable since it is incidental to the installation.
- A construction company removes old carpet to install a new wood floor in a home. They remove the old carpeting and haul it away.
- A contractor hires a demolition company to tear down two office buildings so an apartment building can be built on the property.

The contractor hires a separate company to remove the demolition debris. The removal of the debris is not taxable. The debris removal is not part of building and residential cleaning, as long as no building remains.

- A homeowner buys a new refrigerator and pays the appliance company to deliver and install it and to remove and haul away the old refrigerator. The removal of the old refrigerator is not taxable because the appliance company is not in the business of junk removal

and the removal is optional (Removal is taxable if required).

- A moving service provider is hired to pack the contents of a customer's home and move them to a new home. The contents of the home are not disposed of as the mover sees fit, but are delivered to the location that the customer determines. The moving service does not vacuum, sweep, or otherwise clean the customer's home. The moving service is not taxable.

Purchases

Exempt purchases

Materials used or consumed in providing taxable building cleaning and maintenance, disinfecting, and exterminating services are not taxable. You must use the materials directly in providing the taxable service to qualify for the exemption.

Examples include:

- chemicals to clean swimming pools
- chemicals to treat waste generated as a result of providing the taxable service
- cleaners, disinfectants, degreasers
- deodorizers
- disposable rags, paper towels
- exterminating chemicals
- furnace filters
- garbage bags
- mothballs
- lubricants and antifreeze for vehicles used while directly providing taxable services (i.e. furnace cleaning machines)
- pesticides
- soaps, detergents, waxes, shampoos
- traps (one-time use)
- window cleaner

To purchase these materials exempt, give your vendor a completed Form ST3, *Certificate of Exemption*.

Note: If you purchase materials exempt from tax but use the materials to provide a nontaxable service, for general business, or personal use you owe use tax on your cost of the materials.

Separate detachable units

Separate detachable units used to provide taxable services are exempt. To qualify for exemption, the item must meet *all three* requirements:

1. It must be used in providing a direct effect for a taxable service.
2. It must be an accessory or other item that attaches to a machine while in use.
3. Its ordinary useful life must be less than twelve months when used continuously in normal use of the taxable service provider.

Examples of separate detachable units:

- abrasive and polishing belts
- disposable vacuum bags, brushes and filters (if purchased separately from the vacuum cleaner)
- mop heads (if purchased separately from handle)
- polishing strips and buffers

Separate detachable units do not include the basic machine or any components included in the original purchase price. Hand tools are not separate detachable units and are taxable. Repair parts are also taxable.

Taxable purchases

Equipment, implements, tools, accessories, appliances, furniture, and fixtures are taxable. Also taxable are utilities used for space heating or lighting, and other taxable services. Purchases of materials used for general business or administrative purposes are taxable.

Examples include:

- belts, bolts, and nuts for equipment
- equipment
- furniture
- hand tools (hammers, pliers, screwdrivers)
- lawn care services
- linen supply or other laundry services
- lubricants and antifreeze for vehicles used to haul equipment or employees to job sites

- office supplies
- repair parts
- security services
- specialty advertising materials
- telephone service
- training materials and supplies
- vacuum cleaners
- vacuum cleaner lights

Use Tax

Use tax applies when you buy, lease, or rent taxable items or services used in your business without paying sales tax to the seller. Use tax is based on your cost of the taxable item. For more information, see Fact Sheet 146, *Use Tax for Businesses*.

Miscellaneous

Sales to nonprofits

Qualifying nonprofit organizations must give you a completed Form ST3, *Certificate of Exemption*.

Direct pay

Taxable services provided to businesses that have a direct pay authorization are taxable. A direct pay authorization cannot be used to buy services exempt from tax.

Building contractors

Building cleaning and maintenance services are taxable when purchased by contractors or subcontractors

as part of construction, reconstruction, or remodeling of a building.

Equipment sales

If you sell equipment or other items used in your business, the sale may be taxable. For more information, see Fact Sheet 132, *Isolated and Occasional Sales*.

Local sales and use taxes

If you are located or working in an area with a local tax, local sales or use tax may also be due. Local taxes are listed and explained in detail in Fact Sheet 164, *Local Sales and Use Taxes*.

How to report sales and use tax

You can report state, local sales, and use taxes electronically at www.revenue.state.mn.us. If you do not have Internet access, you can file by phone at 1-800-570-3329 (toll-free).

For more information on how to file:

1. Go to our website, www.revenue.state.mn.us
2. Click “**Sales and Use Tax**”
3. Under “I need to file Sales and Use Tax...”, click “**Electronically**” or “**Phone**”.

Legal References

Minnesota Statutes

- 272.03, subd. 1, Real property
- 297A.61, subd. 3(g) (6) (iii), Definitions
- 297A.68, Subd. 3, Materials used in providing certain taxable services

Revenue Notices

- 00-03, Exemptions: Materials Used or Consumed in Providing Taxable Services
- 02-22, Building Cleaning and Maintenance – Swimming Pools
- 06-11, Sales Price – Labor Charges
- 09-05, Technical Corrections to Revenue Notices #02-22
- 12-02, Home Health Care Services – Combination Contracts

Other Fact Sheets

- 128, *Contractors*
- 132, *Isolated and Occasional Sales*
- 142, *Sales to Government*
- 164, *Local Sales and Use Taxes*
- 120, *Laundry and Cleaning Services*
- 146, *Use Tax for Businesses*