

Minnesota Department of Revenue

Revenue Notice # 19-04: Sales and Use Tax – Detective, Security, Burglar and Fire Alarm, and Armored Car Services – Revocation and Replacement of Revenue Notice # 03-08

Introduction

This revenue notice revokes and replaces Revenue Notice # 03-08, as published on August 11, 2003, and provides the department's position on what constitutes taxable detective, security, burglar, fire alarm, and armored car services under Minnesota Statutes, section 297A.61, subdivision 3, paragraph (g), clause (6), item (iv). This revenue notice removes the requirement that those providing detective or security services must be licensed under Minnesota Statutes, chapter 326 as was mandatory under Revenue Notice # 03-08, and adds identity theft protection and monitoring as a taxable security service.

Department Position

Detective Services

Taxable detective services are services provided by those in the business of investigating to obtain information for others. Investigating means to discover, verify or confirm information through surveillance, interviews, or physical contacts. Investigating does not mean to obtain information available through public or other records unless performed as part of a taxable detective service.

The following services are examples of taxable detective services:

- investigating crimes, wrongdoings, or threats against the government of the United States or of any state, county, or municipal subdivision;
- investigating the identity, habits, conduct, movements, whereabouts, transactions, reputation, or character of any person or organization;
- investigating the credibility of witnesses or other persons;
- investigating the location or recovery of lost or stolen property;
- investigating the origin of and responsibility for libels, losses, accidents, or damage or injuries to persons or property;
- investigating the affiliation, connection, or relationship of any person, firm, or corporation with any organization, society, or association, or with any official, representative, or member thereof;
- investigating the conduct, honesty, efficiency, loyalty, or activities of employees, persons seeking employment, agents, or contractors and subcontractors;
- obtaining through investigation evidence to be used before any authorized investigating committee, board of award, board of arbitration, administrative body, or officer or in preparation for trial of civil or criminal cases; and
- investigating the identity or apprehension of persons suspected of crimes or misdemeanors.

The following services are examples of nontaxable detective services:

- an employee of a business conducting an investigation of a pending or potential claim against their employer;

- an auditor, accountant, or accounting clerk conducting audits or accounting functions;
- an attorney performing the duties of an attorney or an investigator employed exclusively by an attorney or a law firm investigating legal matters;
- a licensed insurance adjuster engaged in insurance claim adjustments;
- a licensed collection agency or finance company conducting investigations related to the business of the agency or company; and
- a person obtaining and furnishing financial or credit information or information on the personal habits of applicants for insurance, indemnity bonds, or commercial credit.

Security Services

Taxable security services are services provided by those in the business of providing security services. Security services means services that are intended to prevent a crime or keep persons or property free from risk or danger.

The following services are examples of taxable security services:

- protecting persons or their property;
- preventing the theft of goods, merchandise, or money;
- preventing the misappropriation or concealment of goods, merchandise, money, or other valuable things or procuring the return of those things;
- responding to any alarm signal device, burglar alarm, television camera, still camera, or a mechanical or electronic device installed or used to prevent or detect burglary, theft, shoplifting, pilferage, losses, or other security measures;
- controlling motor traffic on public streets, roads, and highways for the purpose of escorting a funeral procession or oversized loads;
- providing management and control of crowds for safety and protection; and
- identity theft protection and monitoring.

The following services are examples of nontaxable security services:

- a person temporarily employed by a political subdivision under a state statute or local ordinance to provide protective services at social functions; and
- a person primarily employed to perform maintenance or custodial functions.

Exempt Detective and Security Services

The services performed by the following businesses or individuals are specifically exempt under Minnesota Statutes, sections 297A.61, subdivision 3, paragraph (a) and 297A.61, subdivision 3, paragraph (g), clause (6), item (iv):

- an off-duty peace officer within the jurisdiction the peace officer normally serves;
- an organization performing monitoring and electronic surveillance of persons on in-home detention at the direction of a county pursuant to a court order or the Minnesota Department of Corrections;
- a partnership or association for another partnership or association if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity;
- members of an affiliated group of corporations who are eligible to file a consolidated tax return for federal income tax purposes; and

- an employee for an employer.

The following are examples of services that are not taxable if they are the only services provided and are not performed as part of a taxable detective or security service:

- collecting payment for a debt;
- court testimony;
- courthouse record retrieval services;
- credit rating checks;
- credit reporting services;
- damage appraisals;
- expert witness services;
- financial background checks;
- fingerprinting;
- insurance services such as loss prevention, insurance reporting, or insurance research;
- lien searches;
- negotiations for insurance claim settlements;
- medical security system monitoring for individuals;
- process server services;
- repossession services;
- restaurant inspections that provide information on cleanliness, quality, and timeliness of service;
- service of notice or other document to a witness or any other person in connection with any criminal, civil, or administrative litigation, including filing court documents (garnishments and warrants);
- soliciting any debtor to pay bills; and
- inspecting and securing buildings by contractors for property owners.

Burglar and Fire Alarm Services

The following are examples of taxable burglar and fire alarm services under Minnesota Statutes, section 297A.61, subdivision 3, paragraph (g), clause (6), item (iv):

- Monitoring burglar and fire alarms and smoke detectors (electronic signal or visual devices);
- Maintaining burglar and fire alarms and smoke detectors (routine tasks ensuring reliability, but not including repairs);
- Testing burglar and fire alarms and smoke detectors; and
- Responding to burglar alarms (this item is also included as a taxable service under the heading “Security Services”).

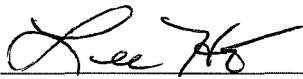
Armored Car Services

Taxable armored car services under Minnesota Statutes, section 297A.61, subdivision 3, paragraph (g), clause (6), item (iv), are those for the protection of persons or property requiring transportation and security services.

Revocation of Previous Revenue Notice and Effective Date

This revenue notice revokes and replaces Revenue Notice # 03-08 effective for sales and purchases made after the publication date of this revenue notice.

Publication Date: October 14, 2019



Lee Ho, Deputy Commissioner