

Building Cleaning and Maintenance

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Sales Tax
Fact Sheet

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. Some examples of taxable building cleaning and maintenance services are:

- Carpet cleaning
- Ceiling tile cleaning
- Chimney cleaning
- Duct cleaning
- Elevator cleaning
- Floor cleaning, vacuuming and waxing
- Furnace cleaning
- Gutter cleaning
- Janitorial services
- Lighting maintenance, including bulb and fuse replacement
- Office cleaning
- Parking ramp cleaning
- Restroom cleaning, deodorizing and sanitizing
- Smoke odor counteracting
- Swimming pool, spa and hot tub cleaning, maintenance, and disinfecting (indoor and outdoor)
- Swimming pool, spa and hot tub opening and closing services (indoor and outdoor)
- Venetian blind cleaning
- Ventilation system cleaning
- Window washing (interior and exterior)
- Wall and woodwork cleaning (interior and exterior)
- Water removal (flood or fire damage)

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.

Nontaxable services

The following are nontaxable, if separately stated on the invoice:

- Repairs to real property
- Insulation removal
- Cleaning underground tanks
- Sewer and drain cleaning
- Septic tank pumping
- Painting and wallpapering
- Sandblasting exteriors of buildings
- Maintenance contracts involving repairs to real property, including elevators and heating, air conditioning and ventilation systems
- Maintenance of outdoor parking lots and outdoor open mall areas
- Snow plowing and removal
- Washing dishes, dusting knick knacks and pictures, making beds, picking up and room straightening
- Services performed by employees for an employer, and services provided by one business entity for another when one of the entities owns at least 80% of the other.

Janitorial/housecleaning contracts that include a combination of taxable and nontaxable services must be taxed on the full amount unless the nontaxable services are separately stated.

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.

A lump sum contract that includes a combination of any of the items listed under “Building cleaning and maintenance” together with construction, repair, alteration or

improvements to real property is considered a construction contract when a substantial portion (50 percent or more) of the total cost of the contract is for improvement of real property. For example:

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

Since the more substantial portion of the cost of the contract is for improving real property, the entire lump sum contract is not taxable.

If the cleaning is subcontracted out by the contractor, the contractor must pay tax on the taxable cleaning services to the cleaning service company. However, if the cleaning is done by the contractor's own crew, no tax applies.

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

Painting walls is not taxable if separately stated. Cleaning carpet, 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 the more substantial portion of the contract is for taxable services.

Disinfecting and exterminating

Disinfecting and exterminating services are those provided by persons who are in the business of fumigating, eradicating or preventing the infestation of termites, bugs, roaches, moths, birds, and all other living pests. Sales tax applies to all disinfecting, exterminating and fumigating services performed on both residential and commercial property.

Farmers may buy disinfecting and exterminating services exempt from sales tax if 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. Give the seller a Certificate of Exemption, Form ST3, to claim exemption.

Exempt purchases

There is an exemption for purchases of materials used or consumed in providing taxable building cleaning and maintenance, disinfecting and exterminating services. The materials must be used directly in providing the taxable service to qualify for the exemption.

The following are examples of exempt purchases:

- chemicals used to clean swimming pools
- chemicals used 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

Give the seller a Certificate of Exemption, Form ST3, to buy items that are used or consumed directly in providing these taxable services without paying tax.

Note: If you buy materials exempt from tax but use the materials when providing a nontaxable service, for general business or personal use, or for an administrative function, you must pay use tax.

Separate detachable units

Separate detachable units used in providing taxable services are exempt. To qualify for exemption, the item must meet **all three** of the following requirements:

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

Examples of separate detachable units that can be purchased exempt when used in providing taxable services:

- 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
- vacuum filters

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.

The following are examples of taxable purchases:

- belts, bolts and nuts for equipment
- equipment
- furniture
- hand tools such as 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

Pay sales tax to the seller when you buy these items or report use tax on your cost of the items when you electronically file your sales and use tax return.

Sales to nonprofits

Qualifying *nonprofit organizations* must give you a Certificate of Exemption, Form ST3, to claim exemption.

Direct pay

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

Equipment sales

If you sell equipment or other items that were used in your business, the sale may be subject to sales tax. See Fact Sheet 132, Occasional Sales of Business Equipment and Goods, for more information.

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.

Duluth administers its own sales tax. For more information, contact Duluth Sales Tax, 105 City Hall, Duluth, MN 55802, phone 218-723-3271.

References:

M.S. 297A.61, Subd. 3(g) (5) (iii), Definitions
M.S. 297A.68, Subd. 3, Materials used in providing certain taxable services
Revenue Notice 2000-03, Exemptions: Materials Used or Consumed in Providing Taxable Services
Revenue Notice 2002-22, Building Cleaning and Maintenance – Swimming Pools

Other fact sheets you may need:

Sales to Government, #142
Use Tax for Businesses, #146
Local Sales and Use Taxes, #164
A Step-by-Step Guide to Filing and Paying Sales and Use Tax Electronically, #170