



June 16, 2008
Pennsylvania Sales and Use Tax
No. SUT-08-010
Cleaning Services on Houses Under Construction

ISSUE:

What services when performed on houses under construction for the house construction contractor are taxable building cleaning and maintenance services for Pennsylvania Sales and Use Tax purposes?

CONCLUSION:

Only the final cleaning services performed for the house construction contractor on a house under construction are subject to Pennsylvania Sales and Use Tax.

FACTS:

Taxpayer is engaged in the business of constructing houses. During the construction process, as work is completed, Taxpayer contracts with a cleaning service to remove the debris from the house under construction to ensure safety and to keep the construction process going. These "Rough Stage" clean-ups are broken into seven stages listed below:

Stage 1 - Remove all scrap lumber and rough framing material from the structure. Removal from the site any framing debris.

Stage 2 - Remove all scrap lumber, exterior millwork scraps, window cartons and collect debris from roofing operation.

Stage 3 - Remove all scrap materials from siding and rough mechanicals.

Stage 4 - Remove sheet rock and cardboard and other siding and roofing material.

Stage 5 - Scrap all floors. Power vacuum all miscellaneous debris and police interior and lot for any debris.

Stage 6 - After the tile and cabinets are installed remove all trash and debris caused by work incurred including police the lot for any debris caused by wind blown material or other work.

Stage 7 - After flooring remove all debris such as wood, matting and other items inside and out caused by contractors or wind blown from other construction sites.

All of these Rough Stage steps are to ensure that the work can continue to be performed and the site is safe in order to meet OSHA's safety requirements. One of the last steps

before a house receives a certificate of occupancy is the Final Cleaning Process. This process is performed after all construction is completed and includes the following:

Windows - The subcontractor shall:

- a) Clean both sides of all windows and sliding glass doors
- b) Reset all window screens and grilles
- c) Vacuum all window tracks
- d) Clean glass shower doors
- e) Clean all mirrors

Doors - The subcontractor shall:

- a) Dust and clean all interior doors, including bi-folds
- b) Remove protective tape, dust and clean exterior doors and all thresholds
- c) Vacuum bi-fold and sliding glass door tracks
- d) Polish all door brass and hardware

Kitchens - The subcontractor shall:

- a) Clean the inside of all cabinets and drawers
- b) Dust all kitchen cabinets inside and out
- c) Re-set all cabinet shelves after dusting
- d) Polish the exterior of all cabinets
- e) Completely clean the kitchen sink and counter tops
- f) Clean all appliances, including inside of disposal
- g) Remove all packing material from appliances
- h) Place all warranty information and booklets in one drawer
- i) Unwrap and install all range accessories
- j) Clean all light fixtures, interior and exterior

Floors - The subcontractor shall:

- a) Remove any protective coverings
- b) Sweep all floors (including garages, basements, decks, etc.)
- c) Damp mop and completely clean all ceramic, resilient, hardwood and tile flooring
- d) Vacuum all carpeted areas
- e) Spot clean with power washer as per Superintendent's direction

Bathrooms - The subcontractor shall:

- a) Clean out and dust the inside of all vanities
- b) Clean, dust and polish the outside of all vanity cabinets
- c) Clean and polish all vanity tops
- d) Remove instruction label from vanity top and attach to the inside of vanity doors
- e) Clean and shine plumbing fixtures
- f) Clean medicine cabinets
- g) Place and dust shelves in medicine cabinets
- h) Check all fixtures for chips or damage and report any damage to the Superintendent
- i) Clean light fixtures
- j) Wipe clean shower rods
- k) Clean towel bars and paper holders

Other Interior Cleaning - The subcontractor shall:

- a) Wipe down all appliances in mechanical room (hot water heater, air handler/furnace, panel box, etc.)
- b) Clean walls where required
- c) Remove paint over-spray from all finished surfaces
- d) Clean all light fixtures and polish any fixture hardware
- e) Clean and dust all wood, including chair rail, crowns, base, casing, etc.
- f) Clean and dust all ventilated shelves
- g) Vacuum all floor ducts and install floor registers
- h) Clean and polish all handrails and finished cap boards
- i) Clean inside firebox of fireplace and remove all protective coatings. Vacuum under firebox where controls and gas pilot are located
- j) Clean and polish all mirror doors
- k) Clean all fireplace components: including mantels, glass enclosure or doors (inside and out), and surrounds (i.e. slate, marble, ceramic.)

DISCUSSION:

Sections 201(k)(14) and (o)(12) of the Tax Reform Code of 1971 ("TRC"), 72 P.S. § 7201(k)(14) and (o)(12), include "building maintenance or cleaning services" among those services that are subject to Pennsylvania Sales and Use Tax. Section 201(aa) of the TRC, 72 P.S. § 7201(aa), defines "building maintenance or cleaning services" as

Providing services which include, but are not limited to, janitorial, maid or housekeeping service, office or interior building cleaning or maintenance service, window cleaning service, floor waxing service, lighting maintenance service such as bulb replacement, cleaning, chimney cleaning service, acoustical tile cleaning service, venetian blind cleaning, cleaning and maintenance of telephone booths or cleaning and degreasing of service stations. This term shall not include repairs on buildings and other structures; nor shall this term include the maintenance or repair of boilers, furnaces and residential air conditioning equipment or parts thereof; the painting, wallpapering or applying other like coverings to interior walls, ceilings or floors; or the exterior painting of buildings.

Concerning the Rough Stage cleaning process, it is the opinion of the Department of Revenue that these services do not fall within the definition of taxable cleaning services. The work provided by these services is construction labor and is a part of the construction process. The cleaning services that were intended to be taxed were normal cleaning (dusting, polishing, vacuuming, cleaning windows and the like) that is clearly meant to maintain a building. The Rough Stage services are similar to construction labor services which are not subject to sales and use tax.

The Final Cleaning Services, although part of the overall construction process to obtain a certificate of occupancy for a building or house, meets the definition of taxable cleaning service as intended. As a result these services are taxable as building maintenance and cleaning services.