



Interim guidance statement regarding changes made by ESSB 5814 for investigation, security, security monitoring, and armored car services

September 12, 2025

Purpose

Effective October 1, 2025, Engrossed Substitute Senate Bill 5814, Laws of 2025, Chapter 422 (ESSB 5814) makes investigation, security, security monitoring, and armored car services a retail sale subject to Washington's retailing business and occupation (B&O) tax and retail sales tax if sold to a consumer. The purpose of this interim guidance statement is to provide guidance that taxpayers can rely on while the Department of Revenue (department) creates permanent guidance.

This interim guidance is divided into the following sections:

- Background and relevant law.
- What are investigation, security, security monitoring, and armored car services?
- What is the tax treatment of investigation, security, security monitoring, and armored car services?
- How do I determine where the sale of investigation, security, security monitoring, and armored car services takes place?
- Can investigation, security, security monitoring, and armored car services be resold?
- Does the multiple points of use (MPU) exemption apply to investigation, security, security monitoring, and armored car services?
- Do non-profits have to pay retail sales tax on investigation, security, security monitoring, and armored car services?
- Do state and local governments have to pay retail sales tax on investigation, security, security monitoring, and armored car services?

- Investigation, security, security monitoring, and armored car services sold between members of an affiliated group.
- How do I determine my retailing B&O amount and the correct retail sales tax rate?
- Taxpayer instructions.

Examples found in this interim guidance statement identify a number of facts and then state a conclusion. These examples should be used only as a general guide. The tax results of other situations must be determined after a review of all facts and circumstances.

Background and relevant law

ESSB 5814 changes the taxability of investigation, security, security monitoring, and armored car services. Effective October 1, 2025, the sale of these services is a "retail sale."^[1] Accordingly, these services will be subject to retailing B&O tax and retail sales tax if sold to a consumer^[2].

What are investigation, security, security monitoring, and armored car services?

"Investigation services" subject to retail sales tax are generally services that rely on interviews, surveillance, and behavioral analysis. Investigation services for purposes of this interim guidance are:

- Private detective services.
- Background check services.
- Fingerprint services.
- Bounty hunting services.
- Private investigation services.
- Lie detection and polygraph services.
- Missing person tracing services.
- Skip tracing services.

NOTE: The department will treat this as an exclusive list of investigation services as we gather more information about this topic. If the department determines later that additional services fall into investigation services, the department will include these additional services in future final guidance and enforce the changes prospectively.

Security, security monitoring, and armored car services subject to retail sales tax include, but are not limited to:

- Security guard and patrol services.
- Personal and event security.
- Armored car transportation of cash and valuables.[3]
- Security system services and monitoring, including electronically transferred systems (e.g., alarm monitoring services).

Alarm monitoring services

Persons providing alarm monitoring services, as described in ETA 3189.2018, should continue to rely upon that ETA for tax-reporting guidance. The ETA presumes that these services are a digital automated service (DAS) unless the taxpayer establishes that their service meets the “primarily human effort” exclusion. Effective October 1, 2025, ESSB 5814 eliminates the DAS exclusion for “primarily human effort.” As such, beginning October 1, 2025, alarm monitoring services are generally defined as “retail sales” under RCW 82.04.050 even if these services do not meet the definition of a DAS under RCW 82.04.192(3)(a).[4] Please see the department’s interim guidance statement regarding changes made by interim guidance statement regarding changes made by ESSB 5814 to DAS exclusions and the definition of a “retail sale.”

Investigation, security, security monitoring, and armored car services **do not include**:

- Locksmith services.
- Forensic accounting services.
- Internal (not purchased from third parties) human resources investigations.
- Cyber security services (please instead see the department’s interim guidance statement regarding changes made by ESSB 5814 for Information Technology Services).
- Process servers.

What is the tax treatment of investigation, security, security monitoring, and armored car services?

Effective October 1, 2025, businesses must pay retailing B&O tax and collect and remit retail sales tax on investigation, security, security monitoring, and armored car services if sold to a consumer.

Example 1 – Background check: retail service

Facts: Company A is hired by Company B, located in Seattle, Washington, to conduct a comprehensive background check on a prospective chief technology officer. The scope of services includes verifying education credentials, employment history, criminal records, and performing a social media audit. Company A has nexus in Washington.

Result: Company A is providing retail investigation services and must collect and remit retail sales tax and report the sale under the retailing B&O tax classification. The retail sales tax rate is based on the location of Company B in Seattle, Washington.

Example 2 – Forensic accounting: non-retail activity

Facts: Manufacturing Company D, located in Spokane, Washington, hires Accounting Company C to perform a forensic accounting review after their internal audits flagged discrepancies in their financial records. The forensic accounting review involves reviewing financial records, analyzing irregularities, tracing unauthorized transactions, and identifying potential embezzlement by a senior employee. Accounting Company C has nexus with Washington.

Result: Accounting Company C is not providing retail investigation services. Activities such as forensic accounting are not considered to be an investigation service as this activity is more aligned with traditional accounting services than investigation services. Accounting Company C must determine the appropriate tax classification that applies to its activity.

How do I determine where the sale of investigation, security, security monitoring, and armored car services takes place?

The sale of investigation, security, security monitoring, and armored car services is a retail sale. Retail sales must be sourced in accordance with RCW 82.32.730 for sales and use tax and retailing B&O tax purposes. The terms "**source**," "**sourced**," or "**sourcing**" refer to the location (as in a state, local taxing district, jurisdiction, or authority) where a sale is deemed to occur.

Investigation, security, security monitoring, and armored car services are subject to tax based on the location where the services are received by the purchaser and other default sourcing rules as follows:[5]

1. The seller's place of business if the purchaser receives the retail service at the seller's place of business.
2. If not received at the seller's place of business, the location where the purchaser receives the retail service if known to the seller.
3. If the location where the purchaser receives the retail service is not known, the purchaser's address available in the seller's business records.
4. If no address is available in the seller's business records, the purchaser's address obtained at the time of sale (e.g., purchaser's payment instrument).
5. If no address is obtained at the time of sale, the address where the retail service was provided by the seller.

"Receipt," in relevant part, generally means to make first use of the service.[6] While not binding on the department, the department may be guided by the Streamlined Sales and Use Tax Agreement (SSUTA) when determining the location of receipt.[7] The SSUTA does not directly address the sourcing of investigation, security, security monitoring, and armored car services, but does address the sourcing of service generally, indicating "the location (or locations) where the purchaser (or the purchaser's donee) can potentially first make use of the result of the service is the location (or locations) of the 'receipt' of the service."[8]

Accordingly, in determining the location of receipt, the department provides the following guidance:

- **If the location of service is known:** If the purchaser receives the investigation, security, security monitoring, and armored car services at multiple known locations, the services must be sourced and allocated to

those locations. The department will accept proportional allocation to each known location based on the amount of the service received at each location or equal proportional allocation to the known locations. The department does not anticipate that there can generally be allocation in the case of investigation services or armored car services; however, if you do believe allocation is available for these services, we encourage you to contact the department to obtain a binding ruling in those situations you believe allocation may be appropriate.

- **Agreed-upon allocation at time of invoice, reasonable and consistent method:** If the purchaser will receive the investigation, security, security monitoring, and armored car services in multiple locations, the seller and purchaser may allocate the sale to multiple locations based on a reasonable and consistent method.[9] The locations and agreed-upon allocation in this instance must be provided by the purchaser by the time of the invoice. The reasonableness of the allocation will be subject to review by the department. The department does not anticipate that there can generally be allocation in the case of investigation services or armored car services; however, if you do believe allocation is available for these services, we encourage you to contact the department to obtain a binding ruling in those situations you believe allocation may be appropriate.
- **If the location of the service is unknown:** If the location of receipt is unknown, the service is deemed received at the business address of their client based on their business records provided it is not used in bad faith. [10] If the business address is unavailable, the service may be deemed received at the purchaser's billing address as received in the ordinary course of business, provided that it is not used in bad faith or other similar purchaser address obtained at the time of sale/purchase.[11]
- **Documentation:** Those providing investigation, security, security monitoring, and armored car services should document in their contracts, invoices, or service agreements where they will be sourcing the services.

Example 3 – Sourcing security services: known location

Facts: Musical Inc., an Oregon-based company headquartered in Portland, hired ABC Shield Group to provide event security for their concert at the Lux Hotel in Olympia, Washington. ABC Shield Group deployed 7 personnel, including uniformed guards. The team conducts bag checks, uses handheld metal detectors, and installs and monitors temporary surveillance equipment in the venue. ABC Shield Group has nexus.

Result: These services are retail security services. ABC Shield Group is subject to retailing B&O tax and must collect and remit retail sales tax on the gross amount received. The location of the sale is Olympia, Washington, as this is where the services are received.

Example 4 - Sourcing security services: location out of state

Fact: Assume the same facts as Example 3, except the concert will be in Salem, Oregon.

Result: These services are retail security services. However, this transaction is not taxable in Washington state because the customer received the service in Oregon. ABC Shield Group must report the gross income under the retailing B&O and retail sales tax classifications and claim an Interstate and Foreign Sales deduction from both classifications.

Example 5 - Sourcing security services: multiple locations

Facts: Precious Metal Inc. processes and stores precious metals at 4 of its locations throughout Washington state as follows: (1) Seattle, Washington; (2) Walla Walla, Washington, (3) Spokane, Washington; and (4) Pasco, Washington. Precious Metals Inc. hires ProtectCo, to provide physical security for each of these locations. ProtectCo bills and invoices Precious Metals Inc. for each location each month. For the month of December, ProtectCo bills and invoices a total gross amount of \$31,000 billed for the following: \$10,000 for services received at Seattle location, \$8,000 for services received at the Walla Walla location, \$8,000 for services received at the Spokane location, and \$5,000 for services received at the Pasco location. ProtectCo has nexus with Washington.

Result: These services are retail security services. ProtectCo is subject to retailing B&O tax and must pay retailing B&O tax collect on the \$31,000 gross amount and remit retail sales tax on the gross amount for each location where receipt occurs at the combined state and local rate applicable to these locations, i.e., the Seattle (\$10,000 gross amount), Everett (\$8,000 gross amount), Spokane (\$8,000 gross amount), and Pasco (\$5,000 gross amount) locations respectively.

Example 6 - Sourcing bodyguard services: various locations

Facts: GoodGuys Inc., a Washington-based company, signs a contract with Celebrity X to provide personal bodyguard services for their one-day trip in Washington. Celebrity X will be visiting multiple places in Seattle, Tacoma, and

surrounding locations. GoodGuys Inc. will provide trained and armed professionals who will meet Celebrity X in Bellevue, Washington, and accompany them everywhere they want to go.

Result: These services are retail security services. GoodGuys Inc. is subject to retailing B&O tax and must collect and remit retail sales tax. As the bodyguard services will be provided in various undetermined locations, the service is sourced to a single location where the customer makes first use of the service, which is the client pick-up location. In this case, the location of the sale is Bellevue, Washington.

Example 7 – Sourcing investigation services, in-state polygraph services

Facts: ABC Polygraph signs a contract with XYZ Security located in Olympia, Washington, to provide pre-employment polygraph tests at \$500 per candidate. The services include pre-test interviews, polygraph tests, and post-test review. All services are conducted in Seattle, Washington. When completed, the report detailing ABC Polygraphy's findings is submitted to the head of XYZ Security's human resources department located in Olympia. ABC Polygraph has nexus with Washington.

Result: ABC Polygraph is providing retail investigation services and must collect and remit retail sales tax and report the sale under the retailing B&O tax classification. The retail sales tax rate is based on the location where XYZ Security receives the results of the polygraph tests. In this case, the location of the sale is Olympia, Washington.

Example 8 – Sourcing investigation services, out of state client: missing person tracing services

Facts: Mary Doe, an Idaho resident, hires ABC Investigators, a Spokane-based company, to assist in locating a missing family member. The total cost is \$600, payable upon initiation of the investigation. A preliminary report will be delivered within 10 business days via email, with subsequent updates provided weekly for up to 4 weeks. ABC Investigators maintains an Idaho address for Mary Doe in its books and records. ABC Investigators has nexus with Washington.

Results: These services are retail investigation services. However, this transaction is not subject to retailing B&O tax and retail sales tax in Washington state because the customer received the results of the

investigation services out of state. In this case, the sale is sourced to Idaho. ABC investigators must report the gross income under the retailing B&O and retail sales tax classifications and claim an Interstate and Foreign Sales deduction from both classifications.

Example 9 - Sourcing skip tracing services: out of state service provider

Facts: ABC Debt Solutions, a Tacoma, Washington-based company, hires Trace Services X, an Oregon-based company with economic nexus in Washington, to provide skip tracing services. Trace Services X's skip tracing services include database searches, social media analysis, and contact verification. Each case is billed at \$60. The results of the findings are provided via email within 10 days. Trace Services X maintains a Tacoma address for ABC Debt Solutions in its books and records.

Result: Trace Services X is providing retail investigation services and must collect and remit retail sales tax and report the sale under the retailing B&O tax classification. The retail sales tax rate is based on the location of ABC Debt Solutions, as this is the location where the results of the skip tracing services are being received. In this case, the location of the sale is the Tacoma, Washington address.

Example 10: Sourcing investigation services: in-state

Facts: XYZ Investigations Co., a company located in Renton, Washington, is hired by PCN Industry LLC to conduct an investigation at its Seattle facility. PCN Industry LLC wants to confirm whether one of its senior managers attempted to sell PCN Industry LLC's trade secrets to one of its rivals. The investigation is completed over two weeks for a flat fee of \$5,000, which includes travel, documentation, and legal consultation. After the investigation is completed, a report is submitted to the head of human resources, located in Seattle. XYZ Investigations Co maintains a Renton address for PCN Industry LLC in its books and records.

Result: These services are retail investigation services. XYZ Investigations Co. is subject to retailing B&O tax and must collect and remit retail sales tax on the \$5,000 gross amount. The location of the sale is the Seattle address where the results of the investigation services are received.

Example 11: Sourcing armored car services

Facts: ABC Restaurant contracts with Safe Transport Inc. for a weekly armored car pickup of cash. The money is transported from ABC Restaurant's location in Tacoma to a designated bank in Renton. Safe Transport Inc. charges \$800 per month.

Result: These services are retail armored car services. Safe Transport Inc. is subject to retailing B&O tax and must collect and remit retail sales tax on the \$800. The location of the sale is Tacoma as this is the location of ABC Restaurant where the service is received (first used).

Can investigation, security, security monitoring, and armored car services be resold?

Yes, in certain circumstances. Sellers of these services may use a reseller permit when subcontracting with a third-party service subcontractor in certain situations. However, providers must maintain documentation to substantiate that the services qualify for resale.

The seller of investigation, security, security monitoring, or armored car services may provide a reseller permit to a third-party subcontractor to document that the seller is purchasing the third-party subcontractor's services for resale purposes when both of the following factors are met:

1. The seller of the investigation, security, security monitoring, or armored car services is contractually responsible for providing these services to their client for a third-party buyer; and
2. The seller of the investigation, security, security monitoring, or armored car services has no intervening use of the services provided by the third-party subcontractor.

Businesses providing investigation, security, security monitoring, or armored car services may also accept other approved exemption certificates from their customers. See WAC 458-20-102. To be valid, paper certificates must be properly completed and signed by the customer.

If a seller of investigations, security, security monitoring, or armored car services provides a subcontractor with a reseller permit or other approved exemption certificate, the seller does not need to pay retail sales tax. However, the subcontractor would still need to report the sale under the wholesaling B&O tax classification.

Example 12 – Reselling security services

Facts: Security Company E enters into a contract with Logistics Company F to provide overnight security for Company F's logistics warehouse located in Tacoma, Washington. The contract requires four licensed guards on-site from 9 PM to 6 AM, seven days a week. Security Company E hires a subcontractor, Company G, located in Auburn, Washington, to perform the security services. Security Company E pays Company G \$8,000 per month and charges Logistics Company F \$10,000 monthly.

Result: Security Company E is providing a retail security service and must pay retailing B&O and collect and remit retail sales tax on the \$10,000 received from Logistics Company F.

Company G is not required to collect sales tax from Security Company E, if they provided a valid reseller permit or other approved exemption certificate. [12] This transaction is treated as a wholesale activity. Company G will report its gross income of \$8,000 under the wholesaling B&O tax classification.

Does the multiple points of use (MPU) exemption apply to investigation, security, security monitoring, and armored car services?

RCW 82.08.0208(4) provides the multiple points of use (MPU) retail sales exemption for certain eligible products, including digital products such as digital automated services (DAS), used by the purchaser concurrently inside and outside of Washington. RCW 82.12.0208(7) works in conjunction with the MPU sales tax exemption to apportion use tax based on the use of these products in Washington. This means that instead of paying retail sales tax at the time of purchase, buyers claiming the MPU exemption are exempt from paying sales tax at the time of sale and must apportion and report use tax directly to the department.

If a service that is defined as a retail sale under RCW 82.04.050 also meets the definition of a DAS, the department will treat these services as digital products that are eligible for all applicable retail sale and use tax exemptions, including the MPU exemption. A DAS is "any service transferred electronically that uses one or more software applications." See WAC 458-20-15503(601). The question of whether a service meets the definition of a DAS generally depends on the facts and circumstances of that service. At the time of this IGS, the department has received no feedback concerning whether any

investigation, security, security monitoring, and armored car services may meet the definition of a DAS.[13] Sellers and their customers will need to make this determination as to whether their service is a DAS.

In order to qualify for the MPU exemption, the DAS must also be concurrently available for use inside of Washington and outside of Washington. To be "concurrently available for use within and outside this state" means that employees or other agents of the taxpayer may use the digital automated services simultaneously at one or more locations within Washington and one or more locations outside of Washington.

Based on information available to the department, it seems unlikely that physical security services, armored cars services, or investigation services will constitute a DAS concurrently available for concurrent use within and outside of Washington. However, if you believe one of these types of services do qualify as a DAS that is concurrently available for use inside and outside of Washington, you are encouraged to seek a binding ruling from the department.

If a service meets the statutory requirements described above, purchasers may generally use the MPU sales tax exemption and pay use tax on the amount apportioned to Washington under RCW 82.12.0208.

However, if the DAS is sold as part of a bundled transaction, then the MPU exemption and related apportionment is not available.[14] A bundled transaction is the sale of two or more distinct and identifiable products sold for one nonitemized price.[15] Pursuant to this interim guidance, the department will accept there is not a bundled transaction and the packaged products can each be taxed according to their appropriate classification if:

- The price of the DAS is separately identified by product on a binding sales invoice or other supporting sales-related documentation made available to the customer in paper or electronic form that may include, but is not limited to: an invoice, bill of sale, receipt, contract, service agreement, lease agreement, periodic notice of rates and services, rate card, price list or the sale of any products in which the sales price varies; or
- The sale of any of the products that are negotiable based on the selection made by the purchaser of the products included in the transaction.

Do non-profits have to pay retail sales tax on investigation, security, security monitoring, and armored car services?

In Washington, nonprofit organizations are generally taxed like any other business. They must pay B&O tax and collect and remit sales tax on gross revenues generated from the regular business activities they conduct.[16] This means that nonprofit organizations must collect and remit retail sales tax when making retail sales of investigation, security, security monitoring, and armored car services and must pay retail sales tax when purchasing investigation, security, security monitoring, and armored car services.

For more information, see our Nonprofit organizations industry guide.

Do state and local governments have to pay retail sales tax on investigation, security, security monitoring, and armored car services?

In Washington, state and local governments are generally subject to retail sales tax on their purchases just like any other businesses.[17] Sellers must collect and remit retail sales tax on sales of investigation, security, security monitoring, and armored car services to state or local governments.

Investigation, security, security monitoring, and armored car services sold between members of an affiliated group

The sale of IT Services, which include data processing services, when sold between members of an affiliated are generally excluded from the definition of "retail sale" under ESSB 5814. Therefore, if the exclusion requirements are otherwise met, these services would be subject to the service and other activities B&O tax classification.

How do I determine my retailing B&O amount and the correct retail sales tax rate?

Washington's B&O tax, including the retailing B&O tax, is calculated on the gross income from activities. This means that there are no deductions for labor, materials, taxes, or other costs of doing business. The B&O tax rate varies by classification, which you can find on the department's business &

occupation tax classifications webpage. For more information regarding B&O tax generally, please see the department's business & occupation tax webpage.

Retail sales tax collection is based on the location where the customer receives the service (destination-based sales tax). The department has dedicated tools that help businesses track and determine the location code and sales tax rate to use. This includes a sales tax rate lookup URL Interface that provides direct access to the department's address-based rate lookup technology platform. Please see the department's Sales & use tax rates and Sales and use tax tools webpages for more information.

Taxpayer instructions

The department will continue to review these issues for purposes of developing final guidance. This interim guidance statement will remain in effect until the department issues final guidance, cancels this interim statement, or new legislation is enacted.

Please see our Services newly subject to sales tax webpage for updates, guidance, and opportunities to engage with the department.

If you have questions about this guidance, please contact the department at rulings@dor.wa.gov.

[1] See section 101 of ESSB 5814

[2] RCW 82.04.050, RCW 82.04.250, and RCW 82.08.020.

[3] Note that WAC 458-20-180(5)(a) provides that armored car services are taxable as a public utility tax (PUT). However, effective October 1, 2025, these services will instead be subject to retailing B&O tax and retail sales tax. Please also see our PUT Motor and urban transportation webpage.

[4] Unless otherwise excluded from retail sale per ESSB 5814 Section 101(3) as a sale to a member of an affiliated group.

[5] RCW 82.32.730(1); see also RCW 82.32.730(9)(f) ("Receive' and 'receipt' mean taking possession of tangible personal property, making first use of digital automated services or other services, or taking possession or making first use of digital goods or digital codes, whichever comes first. . .")

[6] RCW 82.32.730(9)(f).

[7] RCW 82.02.210.

[8] SSUTA Rule 311.1 

[9] See generally, SSUTA Rule 309.3 , SSUTA Rule 311.1.

[10] RCW 82.32.730(1)(c).

[11] RCW 82.32.730(1)(d).

[12] WAC 458-20-102

[13] With the exception of previously known issues such as alarm monitoring services, which is addressed in ETA 3189.2018.

[14] ETA 3242.2025 does not extend to apply the MPU to other types of bundled transactions as it is only applicable for sales of software maintenance agreements.

[15] RCW 82.08.190 and RCW 82.08.195.

[16] See WAC 458-20-169(4).

[17] See WAC 458-20-189(5).



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