

# Construction cleanup services

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This article discusses the taxability of the special cleanup jobs referred to herein as “construction cleanup.” Construction cleanup generally occurs after major construction or remodel of a building is complete and before the premises are occupied. Construction cleanup is considered to be the final phase of construction. The recurring cleanup services that take place after construction cleanup has been performed generally fall within the definition of “janitorial services.”

## Construction cleanup

Charges for construction clean-up services are taxable like many other services related to construction. That is, the taxability of the service is dependent on the nature of the construction itself.

## Custom construction

Custom prime contracting is when a contractor is hired by a landowner (or a person having the rights of ownership, such as a lessee or easement holder) to complete an entire construction project. The custom prime contractor may perform all or a portion of the construction or hire other contractors (subcontractors) to perform all or a portion of the work. Amounts charged by a custom prime contractor to the landowner are subject to the retailing classification of the business and occupation (B&O) tax and the retail sales tax applies to such charges.

Charges for construction cleanup services performed for a custom contractor are subject to the wholesaling classification of the B&O tax when the custom contractor provides a reseller permit to the service provider. Retail sales tax does not apply under these circumstances.

## Speculative building

Speculative building is when a person makes improvements on land he/she owns (or has the rights of ownership).

Charges for construction cleanup services performed for a speculative builder (landowner) are subject to the retailing classification of the B&O tax. In addition, retail sales tax applies on the cleanup charges. A speculative builder

cannot use a reseller permit for construction cleanup services.

## Janitorial services

The recurring cleanup services that take place after construction cleanup has been performed generally fall within the definition of janitorial services.

Janitorial services only maintain the existing condition of the newly constructed or remodeled home/building. Janitorial services do not generally improve or repair a structure. The charges for such janitorial services are not subject to retail sales tax. The service provider reports this income under the service and other activities classification of the B&O tax.

## References

WAC 458-20-172

Construction Tax Guide


Interior cleaning services

Exterior cleaning of windows and walls

Cleanup services on foreclosed properties



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