



Indiana Department of Revenue

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Sales Tax Information Bulletin #21

Subject: Lawn Care Applications, Pool Cleaning, and Similar Exterior Home Services

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Effective Date: January 1, 2026

References: IC 6-2.5-1-1; IC 6-2.5-1-2; IC 6-2.5-1-11.5; IC 6-2.5-2-1; IC 6-2.5-2-2; IC 6-2.5-3-2; IC 6-2.5-4-1; IC 6-2.5-4-15; IC 6-2.5-5-8; 45 IAC 2.2-4-1

Replaces Bulletin #21, dated May 2002

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Summary of Changes

Apart from technical, nonsubstantive changes, this bulletin has been revised to clarify that lawn care applications are nontaxable transactions because they meet an exception to the bundled transaction rules, and such exceptions also apply to unitary transactions. The bulletin also now includes guidance to similar home exterior service providers. Due to the shift in the guidance from what was previously published in this bulletin, the effective date of this change will not be enforced until January 1, 2026, in order for companies affected by this bulletin to change their procedures.

Introduction

Indiana sales tax applies to the total gross income received in a retail unitary transaction, where tangible personal property and services are furnished under a single order or agreement and for which a total combined charge or price is calculated. Sales tax also applies to "bundled transactions," meaning a retail sale of two or more products, except real property and services to real property, that are distinct, identifiable, and sold for one nonitemized price.

However, when the true object of the transaction is the service, and the tangible personal property provided is both essential to the use of the service and provided exclusively in connection with the service, the transaction is not subject to sales tax as either a bundled transaction or a retail

unitary transaction. The purpose of this bulletin is to discuss how this “true object test” applies in the context of lawn care applications, ice removal applications, pool cleanings, and similar situations. Please refer to [Sales Tax Information Bulletin #94](#) for more information on bundled and unitary transactions, available online at in.gov/dor/resources/tax-library/information-bulletins/sales-tax-information-bulletins/.

NOTE: This bulletin focuses on bundled transactions, where multiple products are sold for one nonitemized price. On the other hand, if an invoice separately states or lists the products in the transaction, such as services and tangible personal property, then services would generally not be taxable, while the tangible personal property would be subject to sales tax unless a specific exemption applies.

Sales By a Lawn Care Company

Typically, a transaction for a lawn care application would be considered a taxable bundled or unitary transaction because it includes both the chemicals and the service of applying those chemicals for a single price. However, an exception would apply in that the true object of the transaction is the service, and the chemicals are essential to the use of the service and are provided exclusively in connection with the service. Therefore, the transaction is not subject to Indiana sales tax.

Since the transaction is not subject to Indiana sales tax, the purchases of chemicals by a lawn care company to be later furnished to a customer for a lawn care treatment is not eligible for the sale for resale exemption. Therefore, the transaction is subject to Indiana sales tax when purchased by a lawn care company from their vendors. The purchase of tangible personal property other than chemicals for use in the lawn care business, such as chemical applicators, sprayers, and transport vehicles, is also subject to Indiana sales or use tax.

Pool Cleaning, Ice Removal, Pest Removal, and other Exterior Services

Companies providing exterior services similar to lawn care applications need to analyze their transactions to determine whether the true object of the transaction is the service being provided or the tangible personal property being conferred. For instance, a pool cleaning may include both the service of cleaning along with the application of chemicals to a pool. The true object of that transaction would be considered the service, and therefore the transaction is exempt.

Certain exterior services may actually be considered construction contracts, involving the conversion of construction materials into real property. The rules for construction contracts are different than the guidance elsewhere in this bulletin. For further information on the taxability of construction contracts, please refer to [Sales Tax Information Bulletin #60](#), available at the link above.

If you have any questions concerning this bulletin, please contact the Tax Policy Division at taxpolicy@dor.in.gov.

A handwritten signature in black ink that reads "M. Kevin Gulley". The signature is written in a cursive, flowing style.

M. Kevin Gulley
Commissioner
Indiana Department of Revenue