

## SALES TAX Security Services

Tax Code Section 151.0075 defines a taxable security service as a service for which a license is required under Section 1702.101 or 1702.102 of the Occupations Code. The Private Security Bureau (PSB) of the Department of Public Safety administers those sections of the Occupations Code and determines their meaning, as well as who must have a license under those provisions, effectively determining the taxability of certain types of work.

### Charges for Opening Locked Vehicles: Lockout Services

The 2005 Legislature enacted HB 2243, which amended the definition of locksmith company in Occupations Code 1702.1056(a)(1), to include a person who services mechanical security devices, including deadbolts and locks. The 2007 Legislature enacted HB 2833 which amended Occupations Code 1702.102(a)(1) to state that a locksmith company is required to be licensed. This requirement becomes effective starting with new and renewal registrations filed on and after January 1, 2008.

Does this mean that a locksmith now needs to charge tax for unlocking a motor vehicle? What about a towing company that provides the service of unlocking a motor vehicle? The use of a slim-jim or similar tool to open a vehicle at the request of the owner or operator is frequently called "lockout service." Under Occupations Code 1702.1056(a)(1) "a person acts as a locksmith company...if the person sells, installs, services, or maintains mechanical security devices, including deadbolts, and locks." This provision does not include lockout service, according to the Texas Department of Public Safety's Private Security Bureau Web page in a discussion of HB 2243. Therefore, charges for lockout service are not taxable security services. And, since lockout services are not specifically identified in the list of taxable services under Tax Code Section 151.0101, they are not taxable services regardless of whether provided by a locksmith, towing company, roadside assistance, motor club or some other person

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Next page is a discussion of one service and whether they qualify as taxable security services. Charges for Opening Locked Vehicles: Lockout Services

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