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TAX TOPICS

SALES AND USE TAX

Texas Comptroller of
Public Accounts

Pest Control Services

This publication discusses both taxable and nontaxable pest control services and your responsibility for either collecting or paying tax in each circumstance.

Taxable Pest Control Services

If you are in the structural pest control business, taxable pest control services include identifying, preventing, controlling or eliminating insects, birds, weeds or undesirable animals from various types of structures, including houses, buildings, railroad cars, trucks, airplanes, ships and docks. Removing or treating pests or diseases of trees, shrubs or other vegetation is also subject to tax. An inspection for pests is subject to tax, even when pests are not found.

Purchases of Materials, Supplies and Equipment when Performing Taxable Pest Control Services

Sales and use tax is due on most materials, supplies and equipment used to perform a taxable pest control service. However, a service provider may give a resale certificate to its supplier instead of paying tax when buying the chemicals used to perform the service. These two rules apply even when the service is provided to a tax-exempt organization or political subdivision. A provider of nontaxable pest control services as discussed below cannot purchase any items tax free for resale.

Properly Collecting Tax Due

Taxable pest control service providers should collect state tax and all applicable local city, county, special purpose district and/or transit taxes on the total amount billed for their services. Separately stated charges for expenses such as travel or trip charges are taxable as part of the sales price of the service. An exemption certificate may be accepted in lieu of collecting tax when the taxable pest control service is provided to a tax-exempt organization or political subdivision. Charges for nontaxable services must be separately stated from charges for taxable services and contracts and invoices must clearly itemize each activity. If not, the total charge will be taxable.

Reselling a Pest Control Service

Pest control service providers who subcontract with a third party to provide their services may give the third party a resale certificate in lieu of paying tax on the service purchased and then collect tax from their customers on the total charge.

Nontaxable Pest Control Services

Taxable pest control services do not include the removal of aquatic pests such as duckweed from lakes

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or pest control services performed on timberland or for agricultural purposes.

Structural pest control services are also nontaxable if purchased by a developer, builder, contractor or other person acting as a builder as part of a contract to build a new residential structure or other structure improvement immediately adjacent to the new residence and used in the residential occupancy of the structure. This exclusion from tax also applies to pest control services purchased in connection with the construction of model or speculative homes that will be sold as residences.

A person who provides structural pest control services for a developer, builder, contractor or other person acting as a builder to improve real property is responsible for collecting tax on the service until

certification is obtained from the developer, builder, contractor or other person acting as a builder to improve real property. The certification must state the service is part of a contract to build a new residential structure. If it is later determined that the services do not qualify as nontaxable, the person who issued the improper certification will be held liable for the tax due.

Purchases of Materials, Supplies and Equipment when Performing Nontaxable Pest Control Services

Nontaxable service providers must pay sales and use tax on all materials, supplies and equipment used in providing their services, including the chemicals used to perform the services.

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