



March 7, 2025

info@texasarp.org

Re: Sales Tax Accounts

Dear Stephanie Findley:

Thank you for the question about the sales tax treatment on debt collection services and any associated expenses. We are pleased to be of assistance.

In response, we are sending you a general information letter under [Rule 3.1\(b\), Private Letter Rulings and General Information Letters](#).

Response:

Our [Publication 94-107, Debt Collection Services](#) states that debt collection services are subject to Texas sales tax. This would include services such as collecting overdue accounts, repossessing property, or managing debt recovery on behalf of clients.

Sales tax is going to apply to the entire charge for the debt collection services, even with any of the costs that may be incurred in the process, such as impoundment or motor vehicle storage fees.

When reimbursable costs are passed on to the client, such as the impoundment or storage fees, the total charge that you collect from the customer must also include sales tax on the debt collection service itself. This ensures that the entire service, not just the individual components like storage or towing, is taxed accordingly. The sales tax on the impoundment and storage fees that is paid is not considered double taxation, as it applies to the cost of these services and is separate from the tax of the debt collection services.

For additional information, see Sales Tax [Rule 3.354, Debt Collection Services](#) and [Rule 3.315\(b\), Motor Vehicle Parking and Storage](#).

The Comptroller's [Texas Taxes webpage](#) has additional tax information, including rules, statutes, publications, and frequently asked questions.

We hope this information is helpful. Please [email](#) us and reference the general information letter number indicated above if you have any questions about our response.

Regards,

Tax Policy- Texas Comptroller of Public Accounts

