

Solid waste collection/disposal, hazardous waste, and recycling businesses

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If you provide solid waste, hazardous waste, recycling, or salvage services, use this guide to understand how state taxes apply to you.

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Determining whether solid waste collection or recycling/salvage is occurring

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If the materials are taken to a landfill, transfer station, or other facility for disposal, the materials are considered “solid waste” regardless of whether the materials *could* be recycled.

Market conditions and other factors may cause businesses collecting materials to determine that disposing the materials is more economically viable than recycling or salvaging them.

Any materials taken for disposal are subject to the solid waste collection tax. The tax is charged to and collected from the ultimate customer (the resident or business whose materials are picked up and hauled away by the company that collects the materials).

What is “solid waste?”

Solid waste is refuse, garbage, trash, rubbish, human waste or other discarded material that is collected and hauled to a landfill, transfer station or other disposal facility.

Solid waste does not include toxic or hazardous waste, or items that are collected mainly for recycling or salvage. [RCW 82.18.010](#)

What is a solid waste collection business?

It is a business that collects and hauls away solid waste from residential and/or commercial customers to a transfer station or other facility for disposal. [RCW 82.18.010](#)

What is the solid waste collection tax?

It is a tax on the ultimate consumer/user of solid waste collection services – a resident or commercial business disposing of solid waste/refuse. It is a tax on the fees for the collection, transfer, storage, or disposal of solid waste. Prior to 1989, this tax was referred to as the “refuse collection tax.” [WAC 458-20-250](#)

This tax does not apply to the pick-up and haul away of material that is taken to a recycling or salvage facility.

What is the tax rate?

3.6 percent.

What is the tax applied to?

The tax applies to the amount charged for the collection and disposal service. It does **not** apply to:

- Amounts charged for collecting materials that are recycled or salvaged.
- Charges or penalties for late payment.
- Charges for the containers in which the customer deposits the solid waste.
- The solid waste collection tax itself.

Who collects the solid waste collection tax?

The business that collects or receives the waste from the original consumer collects the tax.

Example: WOW, Inc. collects solid waste from Joe Smith's house. WOW collects the solid waste collection tax from Joe Smith. WOW then transfers the waste to AnyTown Transfer Station. Anytown will not collect the solid waste collection tax from WOW because the tax has already been collected from Joe Smith, the original consumer.

Businesses collecting the tax must notify their customers that they are collecting the solid waste collection tax, but it is **not** required that they separately itemize the tax on their billings. [WAC 458-20-250](#)

How is the tax reported to the Department of Revenue?

The tax is reported on the "refuse collection" line on the online e-file system; for paper filers, on page 2 of a Department of Revenue excise tax return.

Who is exempted from the solid waste collection tax?

The following entities are exempt:

- The federal government, its agencies or instrumentalities. [WAC 458-20-190](#)
- Indian tribes and tribal members for services provided in Indian country. [WAC 458-20-192](#); [Indian Tax Guide](#)
- Housing authorities. [WAC 458-20-190](#)

Do transfer stations or disposal facilities that accept solid waste charge the solid waste collection tax?

- **On services provided directly to the public:** Yes. Transfer stations and disposal facilities that accept refuse from individuals or businesses other than solid waste collection businesses must charge and collect the solid waste collection tax on their fees.
- **On services provided to solid waste collection businesses:** No. Businesses that collect/remit the solid waste collection tax to the Department of Revenue do not pay the tax again to the disposal facility. They must provide the other solid waste service provider with a "Solid Waste Collector's Exemption Certificate." Blanket exemption certificates can be provided as long as the parties have a recurring business relationship.

Currently, there is not a standard form. However, a qualifying exemption certificate must contain the following:

We hereby certify that we are engaged in the solid waste collection business and are registered with the state department of revenue to collect and report the solid waste collection tax imposed under chapter [82.18](#) RCW. We certify further that the solid waste collection tax due with respect to the solid waste collection business being performed under this certificate has been or will be collected and paid and that we are exempt from further payment of this tax on charges for any solid waste collection services being procured by us.

Business Name _____
 Business Address _____
 Dept of Revenue registration number (UBI) ____ - ____ - ____ - ____
 U.T.C. Certificate of Public Necessity Number _____

If not regulated by U.T.C., check this box

Authorized signature _____ Date _____

How is income from solid waste collection services taxed for business and occupation (B&O) tax purposes?

The following taxes are due:

Service & other activities B&O tax is due on:

- Gross income from solid waste collection service activities.
- Late charges or fees.

Retailing B&O tax is due on:

Charges for waste containers, bins, dumpsters, etc., separately stated from charges for actual waste collection services. Retail sales tax must also be collected on these charges unless the sale is exempt.

Are separately itemized charges for hauling by a solid waste collection business taxed differently from charges for solid waste disposal?

No. Separately itemized charges for hauling or “trucking” are considered part of the overall solid waste disposal service and are taxed in the same manner as charges for solid waste collection services.

On what charges do solid waste collection businesses collect retail sales tax from customers?

Charges for waste containers, bins, dumpsters, etc., separately stated from charges for actual waste collection services. (The income is also subject to retailing B&O tax, as noted above.)

Do solid waste collection businesses pay sales tax themselves?

Yes. All tangible personal property used in conducting business (not sold or rented to customers) is subject to retail sales tax at the time of purchase.

Are purchases of vehicles, tractors, and trailers subject to sales tax?

Yes. Vehicles, tractors, trailers, as well as component, repair and replacement parts for such property are subject to sales tax when used in Washington. If sales tax was not paid on the property at the time of purchase, use tax applies to the value of the tractor, trailer, parts, etc.

However, if a transfer business hauls materials (that they did not collect directly from private or commercial consumers) “**for-hire**” in interstate or foreign commerce (across state lines), it may qualify for a sales tax and use tax exemption on purchases of:

- Motor vehicles and trailers (carrier property).
- Component parts for motor vehicles and trailers.
- Leases of motor vehicles and trailers without an operator.
- Labor and services used in “construction, cleaning, repairing, altering or improving” of qualifying vehicles and trailers or component parts.

To qualify for the carrier property exemption, the business must:

- Be a motor carrier (MC) permit holder. The state of Washington has required Intra-state carriers to obtain a DOT number since January 2010.
- Meet the minimum threshold for “substantial use” (at least 25%) in interstate or foreign commerce.

For items to be exempted from sales tax, the purchaser must give a [Buyer's Retail Sales Tax Exemption Certificate](#) to the seller at the time of purchase. Also see [WAC 458-20-174](#) and our [Trucking Industry Guide](#) for additional information.

Recycling/salvage collection

Recycling/salvage collection

What are recyclable or salvaged materials?

Materials that are economically viable for further use and that are not delivered to a landfill or other disposal site as solid waste.

Are charges for collecting recyclable/salvaged goods subject to the solid waste collection tax?

No. Charges for the collection of recyclable materials are not subject to the solid waste collection tax.

How are recycling/salvage businesses taxed?

The following taxes apply:

[Service & other activities B&O tax](#) is due on:

- Income from picking up/collecting recyclable or salvageable materials for recycling at the recycler's own facility.
- "Tip" fees for accepting economically viable (recyclable) waste (e.g., yard waste) from private individuals, businesses, landscapers, municipalities, or commercial solid waste companies.

[Motor Transportation or Urban Transportation public utility tax \(PUT\)](#) is due on:

- Income received from picking up/collecting recyclable or salvaged materials and hauling the materials to a third-party recycling facility. In this situation, the hauler can only be responsible for loading, unloading, and transporting another's materials to a third-party recycling facility (i.e., the hauler does not sort or otherwise handle recyclable/salvaged materials).

For information on determining whether motor transportation or urban transportation PUT applies, please see the "Motor Transportation or Urban Transportation" section of our [Trucking Guide](#).

"Tip" fees separately billed to customers are still subject to service and other activities B&O tax as discussed above.

[Manufacturing B&O tax](#) is due on:

Processing recyclable materials into other usable products. The tax is based on the "value of products" manufactured and applies to products manufactured from recycled materials, whether they are processed for sale or for the manufacturer's own use.

- The "value of product" is based on the selling price of the goods (if sold) or the retail selling price of products of similar quality, quantity, and character (if not sold).
- Businesses manufacturing recycled/salvaged materials into new, usable products may also qualify for the Manufacturer's Machinery and Equipment (M&E) Sales & Use Tax exemption.
- When reporting a manufacturing and a selling activity for the same product, you can take a [Multiple Activities B&O Tax Credit](#) so that B&O tax is only paid once.

[Wholesaling B&O tax](#) is due on:

Income from sales of recycled/salvaged materials or products manufactured from such materials when the buyer provides a [reseller permit](#) to the seller.

Retailing B&O tax is due on:

Income from sales to consumers of recycled/salvaged materials or new products manufactured from such materials. Retail sales tax is also due unless the sale is exempt.

Use tax is due on:

Articles that are manufactured by the recycling/salvage company for its own use, based on the “value of the product” as measured by the retail selling price for items of similar quality, quantity, and character.

Are separately itemized charges for hauling by a recycling/salvage business taxed differently?

No. Separately itemized charges for hauling or “trucking” are considered part of the overall recycling/salvage service provided and are taxed in the same manner as charges for recycling/salvage services as discussed above in Question 3.

On what charges do recycling/salvage businesses collect retail sales tax from customers?

Sales to consumers of recycled/salvage materials or new products manufactured from such materials. (The income is also subject to retailing B&O tax, as noted above.)

Do recycling/salvage businesses pay sales tax themselves?

Yes. All tangible personal property purchased and used in conducting business (not sold or rented to customers) is subject to retail sales tax at the time of purchase.

How are compost facilities that receive yard waste, process it, and sell compost taxable?

Compost facilities are taxed in the same manner as described in this section. For more information, see our Special Notice on [Composting Facilities](#).

Are purchases of vehicles, tractors, and trailers subject to sales tax?

Yes. Vehicles, tractors, trailers, as well as component, repair and replacement parts for such property are subject to sales tax when used in Washington. If sales tax was not paid on the property at the time of purchase, use tax applies to the value of the tractor, trailer, parts, etc.

However, if a transfer business hauls materials (that they did not collect from private or commercial consumers) “for hire” in interstate or foreign commerce (across state lines), it may qualify for a sales and use tax exemption on purchases of: To qualify, the business must:

- Motor vehicles and trailers.
- Purchases of component parts for motor vehicles and trailers.
- Leases of motor vehicles and trailers without an operator.
- Labor and services used in “construction, cleaning, repairing, altering or improving” of qualifying vehicles and trailers or component parts.

To qualify, the business must:

- Be a motor carrier (MC) permit holder.
- Meet the minimum threshold for “substantial use” (at least 25%) in interstate or foreign commerce.

Hazardous waste pickup vs. hazardous waste cleanup

Hazardous waste pickup vs. hazardous waste cleanup

Hazardous waste pick up services involve collection and disposal of such materials. The charges for this service are not subject to sales tax, however, the charges are subject to business and occupation (B&O) tax under the service and other activities classification.

Hazardous waste cleanup services involve the cleanup of a particular site.

- When the site is improved real property with structures, the charges for cleaning up these sites are subject to sales tax.
- When the site is unimproved / bare land or water, the cleanup charges are not subject to sales tax. In this case the service provider's gross income is reported under the service and other activities classification of the B&O tax.

Sales/purchases of tangible personal property

Sales/purchases of tangible personal property

Separate charges for sales of tangible personal property to the customer are subject to sales tax.

See also [ETA 3088.2009](#).

Examples

Examples

These three examples show how taxes apply to solid waste, recycling or salvage collection and haul away.

1. ABC Recyclers picks up bins of recyclable paper, newspapers, and glass from residential and business customers. Due to market conditions, ABC Recyclers hauls the glass and recyclable paper/newspapers directly to the solid waste transfer station, rather than recycling the materials. Even though the materials are commonly recycled, because ABC Recyclers did not recycle these materials, but instead delivers them for disposal, the materials are considered "solid waste." ABC Recyclers must charge and collect the solid waste collection tax from its customers. ABC Recycler is also subject to the B&O tax under the Service and Other Activities classification. Both taxes are reported on the Department of Revenue excise tax return.
2. ABC Recyclers picks up scrap metal and hauls the scrap metal to its recycling facility where it sorts the scrap metal and sells the scrap metal to XYZ Wholesaler. ABC is taxable as follows:
 - Pay B&O tax under the Service and Other Activities classification on income received from collecting and hauling scrap metal to its recycling facility.
 - Pay B&O tax under the Wholesaling classification on income received from sales of the scrap metal to XYZ if ABC receives a reseller permit from XYZ. If ABC does not receive a reseller permit, ABC must pay B&O tax under the Retailing classification and collect and remit retail sales tax on the sales to XYZ.
3. WOW, Inc. collects solid waste and recyclable yard materials from residential customers. The solid waste is hauled directly to a transfer station, but the yard waste is hauled to a third-party facility where it is manufactured into compost. WOW is taxable as follows:
 - Collect and remit the solid waste collection tax from its customers on the charges for collecting the solid waste. Any charges for picking-up and hauling the recyclable yard materials are not subject to the solid waste collection tax.
 - Pay B&O tax under the Service and Other Activities classification on income received from collecting and hauling solid waste to the transfer station.
 - Pay PUT under either the Motor Transportation or Urban Transportation classifications on income received from hauling the recyclable yard materials to the third-party compost facility.