



Garbage & Solid Waste Services

<https://dor.sd.gov/> 1-800-829-9188

The purpose of this Tax Fact is to provide general guidelines and examples for garbage and solid waste companies. It is not intended to answer all questions that may arise. The information contained in this fact sheet is current as of the date of publication.

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General Information

The gross receipts from all garbage and solid waste services are subject to the 4.5% state plus municipal sales tax based on where the garbage and solid waste is picked up from the customer. Private carriers, cities, or any entity charging for garbage or solid waste disposal services are subject to the 4.5% state plus applicable municipal sales tax on their entire gross receipts. The collection of recyclable and hazardous waste is also a sales taxable waste disposal service.

Tipping fees or charges for dumping at a landfill, MFR, transfer station, recycling station, rubble site, etc. are subject to the 4.5% state plus applicable municipal sales tax. No deduction is allowed for tipping fees or any other fees or expenses passed on to the customer. Tipping fees charged to garbage and solid waste carriers may be sold for resale if the carrier provides a valid exemption certificate.

Solid waste carriers are required to pay sales or use tax on all items they use or consume in the operation of their business. Tax is due on supplies such as containers, office equipment, repair parts, etc. Late charges on past due accounts are not subject to sales tax and are not to be reported as gross receipts.

Sales tax is not due on solid waste services performed for exempt entities, including schools, state agencies, federal agencies, tribal entities, and non-profit hospitals.

South Dakota Taxes and Rates	
State Sales Tax and Use Tax – Applies to all sales or purchases of taxable products and services.	4.5%
Municipal Sales Tax and Use Tax – Applies to all sales of products and services that are subject to the state sales tax or use tax if the purchaser receives or uses the product or service in a municipality that imposes a sales tax or use tax.	1 to 2%

Definitions

Garbage/Solid Waste: Anything to be disposed of or recycled.

Blue Bag System: A mixed waste collection system with solid waste for disposal and recyclables for resale.

Material Recovery Facility (MRF): A mixed waste facility used to process the mixed waste collection (blue bags) from the waste stream. The materials in blue bags are processed for shipment to recycling markets in South Dakota and out of state. The materials not in the blue bag are sorted, and materials that can be reclaimed for recycling or compost are diverted, with the residuals and sent through the system for final disposal in the landfill.

Transfer Station: A facility used to collect, compact, and process solid waste from a municipality or service area that does not have a municipal solid waste landfill. The solid waste is tipped either onto a floor for sorting or directly transferred to a trailer to be hauled to a landfill. Transfer stations may be city, county, or privately owned.

Tipping fee: A fee charged for use of a landfill, dump, disposal, rubble site, transfer station, or material recovery facility.

Rubble Site: A site holding a permit for the disposal of non-household waste items such as construction debris, tires, lumber and other non-perishable items.

Sales of Recyclable Waste

Solid waste carriers who collect and then sell recyclable material may owe sales tax on the sale depending on the buyer. If the purchaser intends to resell the materials (such as a nursery buying, repacking and then reselling compost) sales tax is not due and the buyer should provide an exemption certificate. If the buyer intends to use the material for their own use, (livestock producers buying newspaper for bedding) sales tax is due.

Examples:

1. A city hires a private contractor to perform solid waste removal services for the community. Since the municipality is an exempt entity, the contractor does not charge tax on his services. When the city bills its customers for the waste removal services, it must collect state sales tax plus municipal sales tax on the charges.
2. A South Dakota solid waste carrier collects waste in neighboring states as well. Since tax is imposed at the point of collection, no South Dakota sales tax is due on collections outside South Dakota. The carrier should check with the Department of Revenue of the neighboring states to verify tax obligations in those states.
3. A solid waste carrier picks up medical waste from hospitals, clinics, and doctors' offices and transports it to a facility located out of South Dakota. Sales tax applies to services provided to taxable entities, i.e. for-profit hospitals and clinics.

Land Farms

Land Farming is a bioremediation technology. The land farm operator will owe sales tax on all charges billed to their customer for the remediation services, including placement of soil in the land farm, tilling or turning charges, and lab testing. Any soil sold after it is uncontaminated is subject to sales tax. The land farm operator will owe sales or use tax on all equipment and services they purchase, such as lab testing, tilling equipment, and chemicals.

Contact Us

If you have any questions, please contact the **South Dakota Department of Revenue.**

Call toll-free: 1-800-829-9188

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