SOLID WASTE DISPOSAL TAX BULLETIN

Reflecting Changes Made in the 2025 Regular Session of the North Carolina General Assembly

Issued by:

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PREFACE

The Solid Waste Disposal Tax Bulletin presents the Secretary of Revenue's interpretation of the North Carolina solid waste disposal tax laws. This bulletin does not cover all interpretations and applications of the solid waste disposal tax laws.

The Solid Waste Disposal Tax Bulletin is based on the laws in effect as of January 1, 2026 and supersedes any Solid Waste Disposal Tax Bulletins published prior to January 1, 2026.

You must consider all facts and circumstances when applying the information contained in these bulletins to particular transactions or situations. Additional changes may result from legislative action, court decisions, and rules amended or adopted under Chapter 150B of the North Carolina General Statutes after these bulletins are published. To the extent there is any change to a statute, administrative rule, or new case law subsequent to the date of this publication, the provisions in these bulletins may be superseded or voided.

To obtain specific binding tax advice refer to the Department's Written Determination Policy.

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SWDTB 1 SOLID WASTE DISPOSAL TAX

1-1 DEFINITIONS

The definitions contained in G.S. §§ 105-164.3 and 130A-290 apply to Article 5G. For purposes of this SWDTB, the following terms and definitions apply:

1. **"Construction and demolition debris"** – Defined in G.S. § 130A-290(a)(4).

2. **"Landfill"** – Defined in G.S. § 130A-290(a)(16).

3. **"Municipal solid waste"** – Defined in G.S. § 130A-290(a)(18a).

4. **"Transfer facility"** (or Transfer Station) – Defined in 15A NCAC 13B.0101.

1-2 GENERAL PROVISIONS

The solid waste disposal tax is an excise tax imposed pursuant to Article 5G of Chapter 105 of the North Carolina General Statutes.

1-3 IMPOSITION AND LIABILITY FOR COLLECTING AND REMITTING TAX

A. Tax Imposed

The solid waste disposal tax is imposed on the disposal of municipal solid waste and construction and demolition debris in a permitted landfill at the rate of two dollars ($2.00) per ton. The solid waste disposal tax is also imposed on the transfer of municipal solid waste and construction and demolition debris to a permitted transfer station for disposal outside North Carolina at the rate of two dollars ($2.00) per ton. The solid waste disposal tax is computed by weighing the municipal solid waste and construction and demolition debris, carrying the portion of a ton to three (3) decimal places or the number of decimal places the scales allow, and multiplying the number of tons by the rate.

The solid waste disposal tax is due on municipal solid waste and construction and demolition debris:

1. Received from third parties who deliver waste and debris to landfills or transfer stations.

2. That owners or operators of landfills and transfer stations collect and bring to their own landfills or transfer stations.

Note: The solid waste disposal tax is imposed on landfills and transfer stations permitted under Article 9 of Chapter 130A of the North Carolina General Statutes. The tax is <u>not</u> imposed on the owner or operator of a transfer station for waste or debris that will be transported for disposal in North Carolina. The tax is imposed on the owner or operator of the North Carolina landfill receiving the waste or debris.

B. Liability for Collecting and Remitting the Tax

The owner or operator of each landfill is liable for paying the solid waste disposal tax to the Department. The owner or operator of each transfer station that receives waste or debris to transport for disposal outside North Carolina is liable for paying the solid waste disposal tax to the Department. The owner or operator may add the amount of the solid waste disposal tax due to the charges made to a third party for disposal of municipal solid waste or construction and demolition debris.

A person that is not registered with the Department and that is required to collect and/or remit the solid waste disposal tax, must register using Form NC-SWR, Registration Application for Solid Waste Disposal Tax. Taxpayers report and pay the solid waste disposal tax to the Department using Form E-500K, Solid Waste Disposal Tax Return.

Taxpayers liable for the solid waste disposal tax must file returns and pay the tax each calendar quarter with the returns and payments due by the last day of the month following the end of the quarter.

1-4 ADMINISTRATION OF THE SOLID WASTE DISPOSAL TAX

The owner or operator of each landfill and transfer station must record the weight of the waste or debris when it is delivered to the landfill or transfer station and maintain other records as required by the Secretary. The owner or operator must use scales that are approved by the Department of Agriculture and Consumer Services to determine tonnage.

An owner or operator of a transfer station that is not liable for the solid waste disposal tax (because the waste will be transported for disposal in North Carolina) may choose to pass through to its customers the amount of the solid waste disposal tax it will ultimately be required to pay when it disposes of the waste at the North Carolina landfill. The transfer station should not represent that the amount being collected is the solid waste disposal tax. The amount is a reimbursement of an expense of the transfer station and should be identified as a fee, surcharge, or similar designation rather than a tax.

1-5 EXEMPTIONS RELATED TO THE SOLID WASTE DISPOSAL TAX

A transfer station operated by the Federal Government (including military bases) that transfers the waste received at the station to a landfill for disposal is not subject to the solid waste disposal tax. A landfill operated by the Federal Government (including military bases) is not subject to the solid waste disposal tax.

A federal agency that disposes of waste at a landfill or transfer station is also exempt from the solid waste disposal tax. If the landfill or transfer station is not owned or operated by a federal agency, that owner or operator is liable for the tax even though the owner or operator is unable to collect the tax from the federal agency.

No other exemptions apply to the solid waste disposal tax.

1-6 BAD DEBT DEDUCTION

In the event an owner or operator pays the solid waste disposal tax on tonnage received from a customer and the account of that customer is found to be worthless and charged off for income tax purposes, the owner or operator may recover the tax paid on the tonnage it received but for which it was never compensated. The tax shall be recovered by reducing the overall tonnage on which the owner or operator pays tax in a calendar quarter by the tonnage for which it was never compensated from the worthless account. A local government that has paid tax on an account that is subsequently found to be worthless shall recover the tax paid in the same manner, if it meets all of the conditions for recovery that would apply if the local government were subject to income tax. If the owner or operator subsequently collects an account that has been declared worthless, any tax recovered must be repaid in the next calendar quarter.

1-7 MISCELLANEOUS PROVISIONS

A landfill may receive waste such as petroleum-contaminated soil, which, with prior approval from the North Carolina Department of Environmental Quality (“NCDEQ”), it may use as an alternative daily cover (“ADC”) to be placed upon exposed solid waste in a municipal solid waste landfill at the

end of the operating day. NCDEQ has established six inches as the maximum amount of waste material that will be considered ADC. A landfill may exclude the first six inches of the waste tonnage used daily as ADC in the landfill for purposes of determining its solid waste disposal tax liability. Any alternative daily cover put in a landfill that exceeds six inches per day will be considered waste disposed of in the landfill and will be subject to the solid waste disposal tax.