

New York State Department of Taxation and Finance
Office of Tax Policy Analysis
Technical Services Division

TSB-M-00(5)S
Sales Tax
July 19, 2000

Trash and Debris Removal Services Purchased by Contractors

Amendments to the Sales and Use Tax Regulations concerning trash and debris removal services were recently adopted. These amendments will take effect on **September 1, 2000**.

The amendments allow contractors performing the service of maintaining, servicing, or repairing real property to purchase trash and debris removal services without payment of state and local sales taxes as a purchase for resale, provided that:

- the contractor generated the trash or debris being removed from the owner's or authorized occupant's real property, property, or land as a result of the contractor's performance of the service of maintaining, servicing, or repairing the real property, property, or land; **and**
- the contractor's agreement with the owner or authorized occupant of the real property, property, or land for whom the contractor performed the service provides that the contractor is responsible for having the trash or debris removed; **and**
- the contractor furnishes to the person performing the trash or debris removal service a properly completed *Contractor's Exempt Purchase Certificate*.

In these circumstances, the contractor's total charges to the owner or authorized occupant for the service of maintaining, servicing, or repairing the property and for the trash or debris removal service, are subject to state and local sales taxes. However, if the purchaser is an exempt organization described in section 1116(a) of the Tax Law, and gives the contractor a properly completed *Exempt Organization Certification*, then such service is exempt. In the case of a governmental agency, such as an agency of the United States government or New York State, the agency must exercise its right to exemption by giving the contractor a governmental purchase order or other appropriate exemption document that identifies the customer as a governmental agency.

Contractors performing capital improvements may continue to purchase the service of trash or debris removal without payment of state and local taxes when:

- the contractor performs work which constitutes a capital improvement to real property, property, or land; **and**
- the contractor generated the trash or debris to be removed from the real property, property, or land as a result of the work; **and**
- the contractor obtains a properly completed *Certificate of Capital Improvement* from the contractor's customer; **and**
- the contractor or the customer furnishes a copy of the *Certificate of Capital Improvement* to the person performing the trash or debris removal service.

In these circumstances, since the contractor's purchase of the trash or debris removal service is in conjunction with the performance of a capital improvement, the contractor's total charge to its customer for the capital improvement is not subject to state and local taxes.