

**Revenue Ruling  
No. 06-012  
August 23, 2006**

**Sales and Use Tax  
Furnishing of Commercial Trash Containers and Trash Collection Services**

The purpose of this Revenue Ruling is to discuss the state sales tax treatment of transactions for the furnishing of trash dumpsters and the associated service of trash and refuse removal.

**Facts**

**Scenario No. 1.** A trash removal company (“company”) contracts with customers for the regularly scheduled periodic disposal of the customers’ trash. To facilitate the trash removal, trash dumpsters compatible with the company’s trash removal vehicles are placed on customers’ sites. Among the factors used in determining charges to customers are the frequencies of trash pick-up and the volume, weight, and/or type or refuse to be removed from customers’ sites. Invoices to customers provide a single periodic charge, and do not separately delineate amounts for the furnishing of dumpsters and amounts for trash removal.

**Scenario No. 2.** Same as Scenario No 1, except that charges for the furnishing of dumpsters and for trash removal are separately delineated on invoices.

**Scenario No. 3.** The trash removal company furnishes dumpsters to customers (construction contractors on job sites, for example) who cannot anticipate the regular intervals at which they will need trash pick-up. Such customers are charged separately for the delivery of the dumpsters, for each day, week, or month of their retention of the dumpsters, and for the pick-up of the dumpsters and removal of waste.

**Issue**

Is the state sales tax due on the furnishing of the trash dumpsters under the above scenarios? If so, are any separately stated charges for trash pick-up within the taxable base? Will sales tax be due on the single charge for the furnishing of dumpsters and trash pick-up? Is sales tax due on charges for the furnishing and retention of dumpsters that are contracted and arranged separately from the trash removal service?

**Analysis**

With respect to service transactions, the Louisiana sales tax law levies the tax only upon the eight services defined in the sales tax law, which do not include the service of waste removal or trash pick-up. The law does, however, levy the sales tax on transactions for the lease or rental of tangible personal property.<sup>1</sup> La. Rev. Stat. Ann. § 47:301(16)(a) defines the term “tangible

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<sup>1</sup> La. Rev. Stat. Ann. § 47:302(B), 321(B), 331(B), and the sales tax ordinance of the Louisiana Tourism Promotion District each levy a tax on “the gross proceeds derived from the lease or rental of tangible personal property ... where the lease or rental of such property is an established business, or part of an established business, or the same is incidental or germane to the said business” and upon “the monthly lease or rental price paid by lessee or rentee, or contracted or agreed to be paid by lessee or rentee to the owner of the tangible personal property.” La. Rev. Stat. Ann. § 47:301(7)(a) defines the term “lease or rental,” in pertinent part, as “the leasing or renting of tangible personal property and the possession or use thereof by the lessee or renter, for a consideration, without transfer of the title of such property”.

personal property,” in pertinent part, as “personal property which may be seen, weighed, measured, felt or touched, or is in any other manner perceptible to the senses.” Movable trash dumpsters are clearly “tangible personal property” under this definition. The question is, then, whether the furnishing of the dumpsters to customers under the above scenarios would be considered separate lease or rental transactions or, alternatively, whether the furnishing of the dumpsters is so integrated into the providing of the service of trash removal that the furnishing of the dumpsters would be a part of that non-taxable service, rather than separate leases or rentals of tangible personal property.

The department concludes that, in Scenarios 1 and 2, above, the “true object” of the transactions is the furnishing of the trash removal service, and the providing to customers of the dumpsters is done to facilitate the furnishing of the service. In these two scenarios, the sales tax is not collected on the charges to customers.

In Scenario No. 3, the customer specifically desires to have possession of a dumpster for a period of time, and the customer is charged a daily, weekly, or monthly rate for the duration of his/her possession of the dumpster. In this scenario, the sales tax will be collected on the periodic charges for the customer’s possession of the dumpster. The additional charges for the trash pick-up are not subject to sales tax.

The trash dumpsters and other durable tangible personal property that providers acquire for the exclusive purpose of lease or rental as tangible personal property, as in scenario No. 3 above, are eligible for tax-free purchase, as provided by La. Rev. Stat. Ann. § 47:301(10)(a)(iii). Trash dumpsters that the purchasers will acquire to provide a trash pick-up service, as in Scenarios 1 and 2 above, will be taxable to the purchasers.

### **Comparison to the Furnishing of Portable Toilet Facilities**

In a separate Revenue Ruling, the department has ruled that the furnishing to customers of portable toilet facilities, along with the services needed for those facilities, constitute taxable leases and rentals. The reason that the sales tax treatment of transactions for the furnishing of trash dumpsters and associated services, as in Scenarios 1 and 2 above, is different from the tax treatment of transactions for the furnishing of portable toilet facilities and associated services, as discussed in that other Revenue Ruling, is that the “true object” of the transactions for the dumpsters and trash pick-up is the trash removal service. In the case of the transactions for the portable toilet facilities, the “true object” of the transactions is the furnishing of the facilities themselves.

For more information regarding this topic, taxpayers should contact the Taxpayer Services Division at 225.219.7356.

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