

North Carolina Department of Revenue
Post Office Box 25000
Raleigh, North Carolina 27640-0001

IMPORTANT NOTICE: Solid Waste Disposal Tax Changes

Pursuant to Session Law 2008-207, modifications have been made to the administration of the solid waste disposal tax. These modifications are discussed below and are effective August 9, 2008.

Payment of Tax

The filing period and payment due date for the solid waste disposal tax was changed from the schedule used for sales and use tax purposes to a quarterly basis. All taxpayers were originally set up to file returns and remit tax on a monthly basis beginning with a return for the month of July 2008 due by August 20, 2008. As a result of the law change, the first return will be for the quarter ending September 30, 2008 covering the months of July, August, and September 2008; the return and payment are due by October 31, 2008. Subsequent returns and payments are to be made for calendar quarters and are due by the last day of the month following the end of the quarter. Estimated payments of solid waste disposal tax are not required notwithstanding the amount due.

Taxpayers liable for the solid waste disposal tax were sent returns to file and remit the tax on a monthly basis. Taxpayers should use one of the returns to file and remit tax for the quarter ending September 30, 2008. A coupon book of quarterly returns for the period October 1, 2008 through September 30, 2009 will be sent to taxpayers in October 2008.

Bad Debt Deduction

An exclusion for bad debts incurred by a taxpayer liable for the solid waste disposal tax was enacted. If an owner or operator adds the amount of the solid waste disposal tax to charges made to third parties for disposal of municipal solid waste or construction or demolition debris and, after paying the tax, the account of the 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 not compensated. The tax is 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 not compensated. A local government that has paid tax on an account that is subsequently found to be worthless can recover tax in the same manner, if all the conditions for recovery would apply if the local government were subject to income tax. If an owner or operator subsequently collects on an account that has been declared worthless, any tax recovered must be repaid in the next calendar quarter.

Example: In November 2008, an owner or operator adds \$40.00 tax on charges that it makes to a third party for disposal of 20 tons of municipal solid waste. The owner or operator is required to report the 20 tons of waste and remit the \$40.00 tax in the period for the quarter ending December 31, 2008. The account becomes uncollectible and is charged off for income tax purposes in August 2009. The owner or operator is entitled to reduce its tonnage reported for the quarter ending September 30, 2009 by 20 tons.

Questions about this notice can be directed to the Taxpayer Assistance and Collection Center at telephone number 1-877-252-3052 (toll-free) or in writing to the Taxpayer Assistance Division, North Carolina Department of Revenue, P.O. Box 25000, Raleigh, N.C. 27640-0001.