Dump Truck Operators

Scope

This Excise Tax Advisory (ETA) explains the public utility (PUT), business and occupation (B&O), and retail sales tax reporting responsibilities for various services commonly provided by dump truck operators.

Scenario 1 – Sales of fill dirt or top soil (including delivery)

Sales of fill dirt and top soil are subject to the retailing B&O and retail sales taxes if the sale is to a consumer. The wholesaling B&O tax applies if the sale is for resale, provided the seller obtains a copy of a reseller permit from the buyer. See WAC 458-20-102 Reseller permits.

Scenario 2 – Contracts for earthmoving

Income from contracts for earthmoving services is subject to tax as follows:

- retailing B&O tax and retail sales tax on general construction projects and on state-owned road projects when done as a prime contractor;
- wholesaling B&O tax on general construction projects and on state-owned road projects when done as a subcontractor and the subcontractor is provided a reseller permit;
- public road construction B&O tax when done on public road jobs – except state-owned roads; and
- extracting for hire B&O tax when done for logging roads.

Earthmoving service contracts often entail performing activities such as trenching, excavating, back filling, dumping earth, and on-site movement of earth according to requirements of the agreement. The operator is responsible for the performance of the work and the contract has as its purpose the removal or placement of earth.

Please refer to:

To request this document in an alternate format, visit http://dor.wa.gov and click on “contact us” or call 1-800-647-7706. Teletype (TTY) users may use the Washington Relay Service by calling 711.

General tax information is available on our website at dor.wa.gov.

Questions? Complete the online form at dor.wa.gov/communications or call 800-647-7706. If you want a binding ruling from the Department, complete the form at dor.wa.gov/rulings.
• WAC 458-20-13501 Timber harvest operations.
• WAC 458-20-170 Constructing and repairing of new or existing buildings or other structures upon real property.
• WAC 458-20-171 Building, repairing or improving streets, roads, etc.
• WAC 458-20-172 Clearing land, moving earth, cleaning, fumigating, razing or moving existing buildings, and janitorial services.

Scenario 3 – Contracts for hauling for hire

In hauling for hire, the obligation of the contractor is limited to the performance of mere transportation services, e.g., hauling another’s property from Point A to Point B, including loading and unloading. Hauling for hire does not include any hauling for disposal (see Scenario 4). Hauling for hire (operating a motor propelled vehicle to convey property for hire) is subject to either the motor or urban transportation classification of the public utility tax.

See WAC 458-20-180 Motor transportation, urban transportation.

Scenario 4 – Contracts for collection and disposal of debris

Collection and Disposal of Construction, Demolition, and Land Clearing Debris

The tax consequences for collecting and hauling away construction, demolition, and land clearing debris (CDL), such as concrete, wood, fixtures, roofing, excess dirt, and vegetation, is dependent upon whether the CDL is recycled or simply disposed.

• If the CDL is collected primarily for recycling, the income is subject to service and other activities B&O tax.
• If the CDL is simply disposed of, the income is subject to the service and other activities B&O tax and the collection service provider must collect the solid waste collection tax.

See the Department’s Solid Waste Collection/Disposal and Recycling Businesses Guide for additional information.

Scenario 5 – Contracts combining earthmoving and hauling or collection and disposal of debris

In these situations, the operator contracts for a combination of earthmoving (See Scenario 2) with either hauling for hire (See Scenario 3) or collection and disposal of debris (See Scenario 4). Income from the entire contract is taxed based on the predominant activity under the contract or agreement, regardless of whether or not the earthmoving and the hauling/collection/disposal portions are separately stated. This income will generally be subject to tax as follows:

• retailing B&O tax and retail sales tax on general construction projects and on state-owned road projects when done as a prime contractor;
• wholesaling B&O tax on general construction projects and on state-owned road projects when done as a subcontractor and the subcontractor is provided a reseller permit;
• public road construction B&O tax when done on public road jobs – except state-owned roads; and
• extracting for hire B&O tax when done for logging roads.
**Scenario 6 – Bare rental of equipment**

Bare truck rentals are generally subject to the retailing B&O and retail sales taxes.
- The rental of a dump truck to a contractor for use by the contractor is a retail transaction.
- Wholesaling B&O tax applies only when the lessee intends to re-rent the equipment (without operator) to another and the lessee provides a reseller permit.

See WAC 458-20-211 *Leases or rentals of tangible personal property, bailments.*

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**Scenario 7 – Rental of truck with operator**

The rental of a truck with an operator is not taxed as a bare rental of equipment, but rather according to the nature of the activity performed; e.g. hauling for hire (subject to tax under the motor/urban transportation public utility tax) or earth moving (subject to tax as described in Scenario 2).

In this situation, the operator is performing contract services, as distinct from merely renting equipment.

See WAC 458-20-211 *Leases or rentals of tangible personal property, bailments.*

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