ADEQ

A R K A N S A S
Department of Environmental Quality

Applicability of Sales Tax to

Environmental Consultants & Contractors

ADEQ protects, enhances, and restores the environment for the well-being of all Arkansans

State Sales Tax

Some services and purchases related to storage tank cleanup are subject to sales tax, while others are not. The state Department of Finance and Administration has issued opinions Nos. 971027 and 20090909 for these examples:

Taxable

- **Excavation of contaminated soil, breaking concrete, excavation, backfill, landfill disposal or treatment of soils, and replacing concrete**

- **Pollution remediation equipment— nonpermanent equipment to treat and remove contamination from soil, water, and air as delivered on the site**
(The purchase or lease of this equipment would be taxable. Any labor charges for the repair of this equipment would be taxable.

    Delivery charges to haul the equipment to the site would *not* be taxable if that is the only charge on the invoice.

    If the delivery charges are included in the sale or rental of the equipment, they would be considered part of the total gross receipts received for the sale or rental and would be taxable. All materials purchased would be subject to sales tax unless specifically exempted by law.)

Not Taxable

- **Labor billed at hourly rates for**
  ◊ Professional—geologists, engineers, and managers
  ◊ Semi-professional—technicians
  ◊ Clerical—workers who prepare reports and reimbursement applications
  (The professional and clerical services for assessing and cleaning up contaminated facilities are not taxable services in Arkansas.)

- **Laboratory chemical analysis—billed as per test**
  (Laboratory chemical tests are not taxable services in Arkansas.)

- **Contaminated liquid disposal**

- **Removal of tanks and lines**
  (The removal of tanks and lines are not taxable services, whether part of a voluntary closure or required by ADEQ.)

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