

California Warns Pet Sellers to Pay Taxes

The tax board estimates about \$14 million in sales tax on pet sales goes uncollected each year.

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California requires sales tax payment from pet stores and individual pet breeders. The California Board of Equalization this week began notifying pet associations and pet and feed stores that they are required to report and pay sales tax on pet sold to Californians.

The tax board estimates about \$14 million in sales tax on pet sales goes uncollected each year because pet sellers are not properly reporting and paying sales tax.

The state requires sales tax payment from pet stores and individual breeders, including backyard breeders, if they make at least two pet sales, regardless of size, within 12 months. Those businesses and individuals also are required to possess a California Seller's Permit, the tax board reported.

The state requires persons outside of California to register for a permit and report tax if they "deliver pets into California with their own vehicles or are otherwise engaged in business in California."

For example, participation in pet shows in California may be considered as being engaged in business in the state, the board wrote in a letter to pet associations and retailers.

In addition, Californians who purchase pets from out-of-state sellers that do not charge use (same as sales) tax are required to report and pay use tax on these purchases on their annual state income tax return.

The tax board provided a detailed explanation of tax requirements in its August 2007 publication, "Buying and Selling Dogs, Cats and Other Non-Food Animals."

That information notes that tax applies to sales of dogs, cats, pet birds, pet reptiles, tropical fish, chinchillas, guinea pigs, rats, hamsters, mice, monkeys, horses, llamas and even earthworms.

Animal shelters and welfare organizations that charge fees related to animal adoptions are exempt from the tax requirements.