

## California Pet Seller Taxes

### **California warns pet sellers to pay taxes.**

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The California Board of Equalization began notifying pet associations and pet and feed stores that they are required to report and pay a sales tax on pet sales to Californians.

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

The state requires sales tax payments 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 are also required to possess a California Seller's Permit, the tax board reported.

The state requires people outside of California to register for a permit and report taxes 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) taxes are required to report and pay use taxes 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 tropical fish, dogs, cats, pet birds, pet reptiles, 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.