

Californians Must Pay Sales Tax on Dogs and Puppies

Even when buying a dog or puppy from out of state, sales tax is due.

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

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

Californians who buy dogs from out-of-state breeders who don't charge a state sales tax must report those purchases on their annual state income tax returns and pay the appropriate sales tax.

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, as well as individual breeders if they sell at least two dogs or puppies 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 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.

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.