



STATE BOARD OF EQUALIZATION  
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April 4, 2008

Pet Association  
123 Any Street  
Your Town, CA XXXXX

**Subject: Pet Sellers Need a Seller's Permit**

Dear Pet Association:

As part of the Board of Equalization's (Board) ongoing efforts to educate sellers who may have sales subject to sales and use tax, the Board has found that many people who sell pets in California have not registered to obtain a California Seller's Permit. As a result, some pet sellers are not properly reporting and paying sales tax on their pet sales. We are contacting your association or business to provide you with information and hope that you in turn will share this information with your members or other sellers of pets.

Generally, sales of pets are subject to sales or use tax, unless the purchaser will resell the pets in the normal course of business and has provided the seller with a valid resale certificate. Resale certificates are described in Sales and Use Tax Regulation 1668, *Sales for Resale*, which can be found on our website at [www.boe.ca.gov/pdf/reg1668.pdf](http://www.boe.ca.gov/pdf/reg1668.pdf). A person who sells pets must register with the Board for a seller's permit, if they are engaged in business in California and make more than two sales during a twelve-month period. The number of sales is measured by each individual sale of an animal, not by the number of litters.

Persons located outside of California are required 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. Participation in pet shows in this state may also qualify a pet seller as engaged in business in California as provided in Regulation 1684, *Collection of Use Tax by Retailers*, [www.boe.ca.gov/pdf/reg1684.pdf](http://www.boe.ca.gov/pdf/reg1684.pdf). This regulation provides for the definition of engaged in business in California.

Individuals who purchase pets from out-of-state sellers who did not charge use tax, must pay use tax on the purchase of those pets. The use tax is the complement of the sales tax and is computed at the same rate. The obligation to pay the use tax is on the consumer. Use tax can easily be reported and paid on a California Income Tax return.

Enclosed is a copy of Publication 122, *Buying and Selling Dogs, Cats and Other Non-food Animals*. This publication provides detailed information and definitions to assist buyers and sellers of pets in determining how sales or use tax applies to their transactions.

Persons who sell pets in California and are not currently registered with the Board should contact the Board to register for a seller's permit. A listing of field offices and their phone numbers can be found on our website at [www.boe.ca.gov/info/phone.htm](http://www.boe.ca.gov/info/phone.htm). Form BOE-400-SPA, *Seller's Permit Application*, can be found on the Board's website at <http://www.boe.ca.gov/pdf/boe400spa.pdf>.

As part of our outreach efforts, the Board is identifying unregistered sellers of pets and will be contacting them to ensure their registration and reporting requirements are met. Pet sellers who do not comply with registration and reporting obligations may be subject to penalties.

For more information, please contact our Information Center at 800-400-7115. Staff is available to assist you from 8:00 a.m. to 5:00 p.m., Pacific time, Monday through Friday, except state holidays.

Sincerely,

Jeffrey L. McGuire, Chief  
Tax Policy Division

JLM:de:lsc

Enclosure: Publication 122