

# Dog Breeders

JULY 2013

## INTRODUCTION

This fact sheet contains important information for those who breed and sell dogs in Washington State.

Some dog breeders may not be aware they are required to:

- Register with the Department of Revenue.
- Collect and remit retail sales tax.

In addition, they owe retailing business and occupation (B&O) tax on their sales.

Dogs are considered pets, not livestock. They do NOT qualify for the sales tax exemption provided when livestock, registered in a nationally recognized breed association, are sold for breeding purposes.

## DO I NEED TO BE REGISTERED?

Anyone who engages in the business of selling dogs must register with the Department and file excise tax returns. For example, if you advertise dogs for sale through a website or classified print advertising you are considered to be engaging in business.

## HOW DO I REGISTER MY BUSINESS?

You can register your business with the Department of Revenue one of two ways:

- **Online** – Find instructions and register your business at [www.bls.dor.wa.gov/file.aspx](http://www.bls.dor.wa.gov/file.aspx).
- **By Mail** – Call us toll free at (360) 705-6705 to request a business registration application. Complete and send to the address on the application.

Once registered you will receive a business license and general information on how to file and pay taxes.

## WHAT ARE MY TAX REPORTING RESPONSIBILITIES?

You must collect and remit retail sales tax on sales of dogs to consumers in this state. In addition, such sales are subject to retailing B&O tax.

The sales tax rate is based on the location where the dogs are delivered. For more information, visit our website at [destinationtax.dor.wa.gov](http://destinationtax.dor.wa.gov).

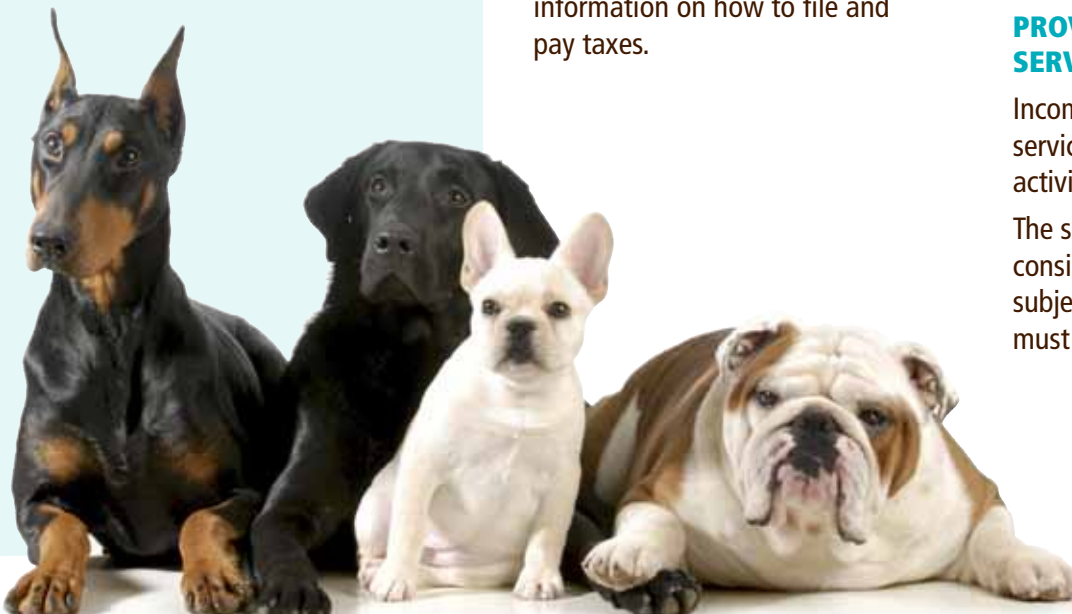
If you sell dogs to pet stores or other breeders and they provide you with a copy of their valid reseller permit, you are not required to collect/remit sales tax on these sales. This income would be subject to wholesaling B&O tax. For more information on using and accepting reseller permits visit our website at [dor.wa.gov/resellerpermit](http://dor.wa.gov/resellerpermit).

Depending on your income, you may qualify for a “**Small Business B&O Tax Credit**” which reduces the amount of B&O tax owed. If you use our e-file system, the credit will be calculated for you.

## PROVIDING BREEDING (STUD) SERVICES

Income received for breeding (stud) services is subject to service and other activities B&O tax.

The sale of dog semen to consumers is considered a retail sale. This income is subject to retailing B&O tax and you must collect and remit retail sales tax.



### **PARTICIPATING IN DOG SHOWS**

Amounts received from purses, bonuses, awards, and prizes are subject to service and other activities B&O tax. No deductions are allowed for amounts paid to trainers, entry fees, or other costs of doing business.

### **COSTS OF DOING BUSINESS ARE NOT DEDUCTIBLE**

Washington's B&O tax and sales tax is based on gross income. You may not deduct costs for pet food, veterinary care, training, registration fees, shipping or any other costs incurred while conducting your business.

### **SALES OR USE TAX IS DUE ON CONSUMABLES**

Purchases of consumable items such as pet medication, pet food and pet supplies are subject to use tax if sales tax was not paid at the time of purchase. Learn more about Use Tax on our website.

### **WHAT ABOUT THE TAXABILITY OF OTHER INCOME?**

<b>Common Business Activities:</b>	<b>Tax Reporting Classification(s):</b>
Sales of Pet Supplies	Retailing B&O & Sales Tax
Training, Boarding, and Walking Dogs	Service and Other Activities B&O Tax*
Dog Grooming	Service and Other Activities B&O Tax*

*\*Sales tax does not apply.*



### **TELEPHONE INFORMATION CENTER**

**(360) 705-6705**

### **WEBSITE**

**DOR.WA.GOV**

The information contained in this fact sheet is current as of the date of this publication and provides general information about Washington's business taxes. It does not cover every aspect of the taxes, nor does it alter or supersede any administrative regulations or rulings issued by the Department.

For tax assistance or to request this document in an alternate format, visit <http://dor.wa.gov> or call (360) 705-6705. Teletype (TTY) users may use the Washington Relay Service by calling 711.