

Pets and Pet Grooming, Boarding and Care Services

122

Sales Tax Fact Sheet 122

Fact Sheet

Sales of animals, including pets, are generally taxable. Charges for pet grooming services and for lodging, boarding, and care services for animals in kennels and other similar arrangements are taxable. Purchases of materials used or consumed in providing these taxable services are exempt from sales tax. This exemption is explained on page 2.

Pets

Sales of pets and pet supplies are taxable. Dogs, cats, fish, gerbils, birds, insects, reptiles, exotic pets and any other animals (except horses) are taxable. This is true whether the animals are sold by pet stores, dealers, brokers, breeders, or any person that breeds animals for sale to the public.

Adoption fees for pets are taxable. Sales of service animals, including guide dogs or any animal trained to provide assistance to an individual with a disability are taxable.

Pet breeding stock is taxable if the sale of the offspring is taxable. For example, the sale of dog or cat breeding stock is taxable since the offspring are intended to be sold as pets.

Sales of agricultural animals and horses are exempt. For more information, see Fact Sheet 100, *Agricultural Production*.

Raising pets for sale at retail is part of the agricultural production process. Persons in the business of agricultural production may buy some items without paying tax. The exemptions for materials used or consumed in agricultural production are explained in detail in Fact Sheet 100, *Agricultural Production*.

Boarding and care services

Charges for lodging, boarding, and care services for animals (except horses) are taxable. Fees charged by individuals or businesses that offer care services either at the animal owner's home or at the care provider's home are also taxable. Examples of animals include: dogs, cats, birds, fish, and gerbils.

Taxable services

Following are examples of services that are taxed:

- Administering drugs or medicines to animals other than by a licensed veterinarian.
- Caring for an animal at a care provider's home.
- Caring for an animal at the animal owner's home.
- Impound services for animal control (including lodging, boarding and care services).
- Lodging, boarding, and care services at kennels.
- Picking up pet droppings.
- Placement fees for matching a care provider with an animal for boarding or care.
- Transportation charges for animals in conjunction with providing any taxable services.
- Walking, exercising, or providing entertainment for animals.

Nontaxable services

Sales tax does *not* apply to the following services:

- Boarding services provided by a person licensed to practice veterinary medicine if the services are provided in conjunction with veterinary procedures or observation for veterinary reasons. For more information, see Fact Sheet 144, *Veterinary Practice*.
- Care provided by persons who are not in the business of providing animal care services. Being "in the business" includes but is not limited to soliciting sales, advertising, or entering into written contracts to provide services. **Example:** When you go on vacation for a week and ask a neighbor to feed and walk your dog while you are away, the fee you pay for the service is not taxable unless the neighbor has established a business of providing these services, or advertises these services for sale.
- Horse boarding or care services.

- Training services such as obedience, tracking, and protection, are not taxable if the charge for the service is separately stated from fees for boarding, feeding or caring for the animal.
- Transportation charges to pick up or deliver animals to a veterinarian or for other nontaxable reasons.
- Charges by animal control or others for catching or picking up an animal.

Pet grooming

If you provide pet grooming services, you must collect sales tax on charges for these services. Pets include dogs, cats, and any other animals that are tamed and kept for affection and pleasure rather than for utility or profit. Grooming services for horses and service animals are not taxable.

Shampooing, clipping, trimming, nail cutting, and other pet grooming services are taxable. In addition, you must charge sales tax on sales of pet care items such as shampoo, conditioner, collars (including flea collars), pet medicine (including prescription medications), pet food, combs, currycombs, and brushes. Pet sweaters, booties, blankets, toys, and other pet accessories are also taxable.

Grooming services performed by a veterinarian are taxable unless they are performed by the veterinarian for the treatment or prevention of illness or disease in the animal.

Horse shoeing and trimming of horse hoofs are not taxable.

Purchases

Exempt purchases

You can buy certain materials used or consumed directly in providing these taxable services exempt by giving the vendor a completed Form ST3, *Certificate of Exemption*. Specify the Other exemption and write in Materials to provide taxable services.

The following materials used directly in providing taxable services are examples of exempt purchases:

- chemicals used to treat waste generated as a result of providing the taxable service
- sprays or chemicals for odor control
- consumable supplies used directly in providing taxable services such as:

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| anti static spray | food |
| animal carriers (disposable) | hair ball remedies |
| clipper grease | litter |
| coat oil | nail polish |
| colognes | powders |

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| conditioners | replacement blades |
| disinfectants | for clippers and trimmers |
| disposable bedding | ribbons |
| disposable towels and rags | shampoos |
| flea spray | soaps |
| | vitamins |
| | water |

Note: If you buy materials exempt from tax but use them in providing non-taxable services, you must pay use tax on those materials.

The exemption applies only to businesses providing taxable services and does not extend to individuals purchasing materials for their own use.

Taxable purchases

This exemption does not apply to equipment, implements, tools, accessories, appliances, furniture and fixtures. It also does not apply to utilities used for space heating or lighting, or to other taxable services. Purchases of materials used for general business or administrative purposes are taxable.

The following are examples of taxable purchases:

- building cleaning and maintenance services
- chemicals, cleaning agents, and water used to clean kennels, buildings, and vehicles
- equipment and machinery
- fuel, electricity, and gas used for space heating or lighting
- furniture
- lawn care services
- linen supply or other laundry services
- office supplies
- security services
- specialty advertising materials
- telephone service
- training materials and supplies
- tools or appliances such as:

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| animal carriers (reusable/returnable) | kennels |
| brushes | leashes |
| clippers | nail clippers |
| combs | scales |
| dryers | scissors |
| feeding dishes | towels (reusable) |
| grooming tables | trimmers |
| | tubs |

Pay sales tax to your supplier when you buy these items or report use tax when you electronically file your sales and use tax return. See Use tax on page 3.

Purchases for resale

When you buy pet care items to sell to your customers, you should not pay sales tax. Instead, buy the items exempt from tax by giving your supplier a completed Form ST3, *Certificate of Exemption*. Charge your customers sales tax when you sell the items at retail.

Sales

Sales to governments and nonprofits

The **federal** government and its agencies can purchase goods and services exempt from sales tax.

State agencies must pay sales tax or use tax on taxable services. State agencies generally use a Direct Pay Permit, which means that state agencies do not pay tax to the seller on purchases of *goods*. However, the permit does not apply to purchases of services, including the taxable services described in this fact sheet.

School districts and local government owned hospitals and nursing homes can purchase goods and services exempt from sales tax.

All other **local government agencies** (such as cities, counties, and townships) must pay sales or use tax on purchases of goods and services.

For more information, see Fact Sheet 142, *Sales to Governments*.

Qualifying **nonprofit organizations** must give you an exemption certificate to claim exemption on purchases.

Equipment sales

If you sell or lease equipment or other items that were used in your business, the sale may be taxable. For more information, see Fact Sheet 132, *Isolated and Occasional Sales*.

Use tax

Sales tax is generally charged by the seller at the time of sale. However, if the seller does not charge Minnesota sales tax on equipment, supplies, or other taxable items used in your business, you must pay use tax. Use tax is due on your cost of the item. Report state and local use tax when you electronically file your sales and use tax return. For more information, see Fact Sheet 146, *Use Tax for Businesses*.

You must pay use tax when you:

- buy equipment or taxable supplies directly or by mail, internet, or phone order from a retailer outside Minnesota for use in Minnesota when sales tax is not charged by the seller.

- buy equipment or taxable supplies in another state for use in Minnesota and pay tax at a rate lower than the Minnesota rate. Credit is allowed for tax paid to the other state.
- buy items exempt for use in a taxable service, but take the items out of inventory for other business or personal use.
- buy equipment or taxable supplies from a Minnesota seller who does not collect the sales tax, if you put the items to a taxable use.
- buy items for use in an area with a local use tax, but only Minnesota state tax was paid.
- purchase taxable services in Minnesota (such as laundry or linen service, building cleaning, lawn and garden, or security services), but were not charged sales tax.

Local sales and use taxes

If you are located or working in an area with a local tax, local sales or use tax may also be due. Local taxes are listed and explained in detail in Fact Sheet 164, *Local Sales and Use Taxes*.

Legal References

Minnesota Statutes 297A.61, subd. 3(g)(6), Services, (v) and (viii)

Minnesota Statutes 297A.68, subd. 3, Materials used in providing certain taxable services

Revenue Notices

98-26, Kennel Services and Pet Grooming
00-03, Exemptions: Materials Used or Consumed in Providing Taxable Services

Other Fact Sheets

100, *Agricultural Production*
132, *Isolated and Occasional Sales*
142, *Sales to Governments*
144, *Veterinary Practice*
146, *Use Tax for Businesses*
164, *Local Sales and Use Taxes*