



QUESTIONS AND ANSWERS Education Notice – Sales of Animals

Q: Why did I get this letter?

A: It appears you are in Utah and selling animals. This notice outlines your responsibilities for collecting and paying sales tax and filing returns. Every seller in Utah must have a sales tax license to collect, report, and pay this tax.

Q: Why are animals, including dogs, cats, horses, birds, fish, insects, spiders, reptiles, amphibians, etc. taxable?

A: Under Utah law, all animals and other similar living creatures are included in the definition of tangible personal property. Sales of tangible personal property are subject to sales tax.

Q: How do I get a Sales Tax License?

A: You can apply for a license online at tap.utah.gov.

Q: What is Sales Tax?

Sales tax is a transaction-based tax. This means the transaction itself is taxed, not the actual goods or services.

Sales tax is applied to retail sales and leases of tangible personal property, products transferred electronically, and certain services. The seller collects sales tax from the buyer and pays it to the Utah State Tax Commission.

Q: Which tax rate should I use to collect tax? Do I use the rate for my business location or the rate for the customer's address?

A: Retail sales are deemed to occur at the retailer's place of business. Sales tax collected is based on the rate of your business location, even if the item sold is delivered elsewhere in Utah. Sales of items shipped out-of-state are not taxable. Current sales tax rates are found online at tax.utah.gov/sales/rates.

Q: The buyer does not live in Utah. Do I still need to charge sales tax?

A: If the animal is delivered to the buyer by you or a delivery service to an out-of-state address, it is exempt from Utah sales tax. Documents must be retained to prove this.

If the buyer picks up the animal in Utah, whether at your location, an airport, or another location in Utah, it is subject to Utah sales tax at your business location's sales tax rate.

Q: At what point do I report sales tax on a sale? Is it when I receive payment from the customer?

A: Not necessarily. Sales tax is collected when an invoice is prepared for the customer, regardless of whether full payment has been received. If a sale is later written off as uncollectible, an adjustment may be made on the sales tax return to credit any tax that was already reported and paid.



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Q: What records do I need to keep, and for how long?

A: Every retailer, lessor, or person doing business in Utah must keep complete records used to determine their sales and use tax liabilities. You must keep records for three years from the date you file your tax return. Your records must be available to the Tax Commission in their original format (paper or electronic).

Your records should document:

- All gross receipts from Utah sales or leases of tangible personal property, products transferred electronically, or services.
- Deductions and exemptions claimed on sales tax returns.
- Bills, invoices, and similar proof of all tangible personal property and products transferred electronically bought for sale, consumption, or lease in Utah.
- All schedules or working papers used to prepare tax returns.

Q: When should I *not* collect sales tax from my customers?

A: Please see the Examples sheet for instances of nontaxable sales.

Q: What items can I purchase tax-free, and how do I do so?

A: Purchases for resale of items that become a component of the product may be purchased tax-free by those holding a Utah sales and use tax license. See the Examples sheet for some common items purchased for resale. To make tax-exempt purchases for resale, you must provide the seller with a completed Exemption Certificate, form TC-721, available online at tax.utah.gov/forms/current/tc-721.pdf.

Q: What is Use Tax?

A: Use tax is a tax on the purchase of items used or consumed in Utah that were not previously taxed.

Any item brought into Utah, the purchase of which would typically be subject to sales tax in Utah and on which no sales tax was paid, creates a use tax liability. The purchaser is responsible for reporting the tax to the Utah State Tax Commission. Use tax applies to both businesses and individuals.

Additional information may be found in:

- Publication 25, *Sales and Use Tax General Information*
- Administrative Rules R865-12L, R865-19S and R865-21U
- Utah Code Annotated §59-12-102, §59-12-103, §59-12-106