


ST 2441 - SALES TAX: FOODS FOR DOGS AND CATS

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TAXATION RULING NO. ST 2441

SALES TAX: FOODS FOR DOGS AND CATS

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FOODS FOR LIVESTOCK
SALES TAX (EXEMPTIONS
AND CLASSIFICATIONS)
ACT; SUBITEM 6(4),
FIRST SCHEDULE

PREAMBLE This Ruling considers the sales tax classification of foods for dogs and cats. It also considers the responsibility of vendors who accept exemption certificates from purchasers claiming exemption from sales tax and of the purchasers who tender such certificates.

2. Subitem 6(4) in the First Schedule to the Sales Tax (Exemptions and Classifications) Act exempts foods for livestock. 'Livestock' is defined not to include animals kept as domestic pets. That is, dogs and cats kept as domestic pets are not livestock for sales tax purposes. The exemption for 'foods for livestock' is also limited to goods produced in Australia. Goods produced overseas and imported for use as foods for livestock are therefore not covered by the subitem and are taxable at the rate of 20%.

3. The foods suitable for consumption by dogs and cats that are covered by this Ruling are purchased mainly from pet food stores, pet food areas of supermarkets and produce stores. The most common forms of foods are -

- . canned foods
- . dog biscuits
- . dry cat and dog food
- . fresh meat including kangaroo meat and rabbit mince

4. Some dogs and cats are kept in situations where they are not regarded as being kept as domestic pets but in other capacities, e.g., as working animals or for breeding purposes. These situations are:

- (a) working animals e.g., farm dogs and guard dogs used to protect business premises;
- (b) guide dogs for the blind;
- (c) dogs and cats owned by professional breeders for breeding purposes;

- (d) animals held for owners by persons who conduct commercial boarding kennels;
- (e) greyhounds kept for racing and stud purposes; and
- (f) animals maintained at animal shelters and veterinary clinics.

RULING

5. The goods described in paragraph 3 and which are marketed as foods for dogs and cats and purchased for feeding to dogs and cats kept as domestic pets are taxable at the general rate, 20%.

6. Persons who purchase foods for feeding to dogs and cats that are not kept as domestic pets, e.g., those described in paragraph 4, are entitled to claim exemption under subitem 6(4). To claim exemption they should furnish to the vendor a certificate in the standard form for each individual purchase. Where the retailer sells pet food from tax-paid stocks to a person who is entitled to exemption, the retailer may in turn supply an appropriately worded certificate to the wholesaler to claim a credit or refund of the tax allowed to the purchaser.

7. Both purchasers and vendors are obliged to ensure that exemptions claimed are properly allowable under subitem 6(4). Some of the factors that point to an end purchaser being entitled to exemption are -

- . the vendor knows that the purchaser keeps dogs or cats for one of the activities outlined in paragraph 4; or
- . the particular food is of the class likely to be used in the activities outlined in paragraph 4, e.g., the food is a formula designed for working dogs or is especially suitable for greyhounds. However, not all formula food is purchased for feeding to working dogs and vendors still need to exercise care that the purchaser requires the formula food for feeding to a working dog or racing greyhound.

8. Where exemption has been improperly claimed the registered person (vendor) may be required to pay any tax not previously paid. The vendor would then be entitled to pass the tax on to the purchaser or purchasers who have incorrectly claimed exemption subject to any specific terms of sale covering payment of sales tax.

9. Certificates furnished to suppliers by purchasers seeking exemption for goods purchased by them are required to be addressed to "the Commissioner of Taxation and the Commonwealth of Australia". It is important for persons giving the certificates to ensure that they do not make any statement in the certificates that is false or misleading in a material particular. There are substantial penalties for giving false or misleading statements to taxation officers.

10. To avoid any risk of penalty a person purchasing dog and cat foods should claim exemption only if the foods are for use in feeding to dogs and cats that are kept or maintained in circumstances where they are accepted not to be domestic pets, i.e., in the situations outlined in paragraph 4 above.

11. Likewise, retailers claiming exemption under the subitem would avoid any risk of prosecution by making sure that certificates given by them to wholesalers are not false or misleading.

12. It is emphasised that in the situations outlined above there is no exemption available for imported dog and cat food. Thus whether dogs and cats are kept as domestic pets or are kept in situations where they are not regarded as domestic pets, sales tax is payable in all instances on the purchase of imported dog and cat food.

COMMISSIONER OF TAXATION
29 September 1988