

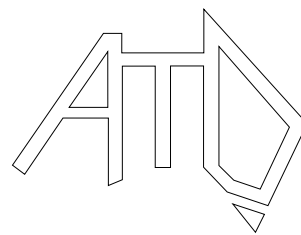
STB 14 - Food for Animals

Sales Tax Bulletin

Number 14 Food for Animals

Valid from 1 May 1997

Australian
Taxation
Office



Withholding and Indirect Taxes

About this bulletin

This bulletin explains how the sales tax laws apply to food for animals. It is a public ruling for the purposes of section 77 of the *Sales Tax Assessment Act 1992* and may be relied upon by any person to whom it applies. It replaces any previous private or public rulings, if they are inconsistent with the bulletin, and is current as at 1 May 1997.

If, after reading this bulletin, you want more information on how the sales tax law affects you, contact the Tax Office on **13 28 66** for the cost of a local call.

What is food for animals?

Food for animals is any food which is put up for sale for consumption by animals. The most common forms of food for animals which are subject to sales tax are canned meat, dried food and fresh meat packaged for consumption by cats and dogs.

How does sales tax apply to food for animals?

Food for animals is taxable at the Schedule 4 rate, currently 22%, where it is used by:

- owners of domestic pets;
- breeders of domestic pets;
- greyhound breeders and trainers;
- boarding kennels and catteries; or
- owners of guard dogs.

Which food for animals is exempt from sales tax?

Food for livestock

Goods of a kind ordinarily used as food for livestock are exempt from sales tax. 'Livestock' is defined in the sales tax law to mean:

- animals that are being reared or maintained for producing food, fibres, skins, fur, feathers or similar products, or for use in farming land; or
- breeding stock for any of the above animals; or
- horses.

'Livestock' does not include fish, crustaceans, or molluscs or animals that are kept or are to be kept as domestic pets.

The definition of livestock covers animals for use in farming land such as sheep dogs and cattle dogs as well as breeding stock for those animals. However, where people breed dogs for sale as pets, they cannot buy pet food free of sales tax even though the dogs are of a breed usually considered to be working dogs. The breeder is in the same position as other breeders of domestic pets. These breeders cannot buy pet food free of sales tax.

Primary products

Unprocessed primary produce, such as grass, oats and hay, is always exempt from sales tax no matter how, or by whom it is used.

Food for fish

Fishing and fish farming are primary production activities. Fish farming operations normally involve the breeding, growing and marketing of fish.

If you're in business as a fish farmer and you're registered for sales tax purposes, you can buy food for fish free of sales tax as a business input for use in your business by quoting your sales tax registration number. Similarly, registered people engaged in farming yabbies or marron can also buy their supplies of food, free of sales tax, for use in raising these animals.

Food for guide dogs

Food for animals will be exempt from sales tax where it is for use exclusively for guide dogs for the blind.

Food for animals in shelters, animal hospitals or veterinary clinics

Food for animals will also be exempt from sales tax where it is used exclusively for animals being given refuge or medical treatment in animal shelters, animal hospitals or veterinary clinics.

Note: Organisations that run animal shelters, hospitals or veterinary clinics, however, cannot buy pet food free of tax for use in the operation of boarding kennels or catteries.

Food for animals kept by exempt organisations

Some organisations are exempt from sales tax when they buy goods for their own use. If those organisations own animals, they can buy food for those animals free of sales tax. Examples of exempt organisations and the exemption Item number under which they may quote, are contained in the table on page 5.

Pet food bought by manufacturers

Manufacturers who are registered for sales tax purposes, can buy dog food free of sales tax by quoting their sales tax registration number where it is for feeding watch dogs used in the security of the manufacturing plant.

Poultry food

Preparations formulated and marketed as poultry food are exempt from sales tax no matter how, or by whom they are used.

Food for birds

Food for birds other than poultry is also exempt from sales tax, but not if the food is for birds kept as domestic pets.

Birdseed mixes which are formulated and marketed in a manner which identifies them as being for birds other than those kept as domestic pets will be exempt. Birdseed mixes which qualify for exemption are those marketed and formulated as:

- commercial breeders' mixes; or
- for feeding to wild birds, pigeons, pheasants, or quails.

All other birdseed mixes are considered to be marketed for consumption by birds kept as domestic pets and are taxable at the Schedule 4 rate, currently 22%.

Single seed products sold through pet food stores, supermarkets, and similar retail outlets are also considered to be marketed as food for domestic pets and are taxable at the Schedule 4 rate, currently 22%, unless specifically marketed as being for some other use. For example, sunflower seed packaged and marketed for human consumption or single seed packaged and marketed as food for wild birds.

How is sales tax paid?

Retailers buy taxable food for animals at a price that includes sales tax. When they sell the food, the selling price will include a component to cover the sales tax they have paid.

Manufacturers or wholesalers of taxable food for animals add sales tax to the price they charge their customers. They then send the sales tax to the Tax Office. If you'd like more information, contact your local Tax Office on **13 28 66**.

How do I claim exemption from sales tax?

There's no need to claim exemption from sales tax for the following goods because these types of food are always exempt from sales tax regardless of how, or by whom they are used:

- goods of a kind ordinarily used as food for livestock;
- primary products;
- poultry food; or
- food for birds (other than birds kept as domestic pets);

If you're not registered for sales tax purposes and you're entitled to buy taxable food for animals free of sales tax, you must fill out an exemption declaration and give it to your supplier at, or before, the time of purchase. A sample of this declaration is on page 6.

If you're registered for sales tax, you should quote your sales tax registration number in writing to your supplier (at, or before, the time of purchase) in the following terms:

I hereby quote Sales Tax Registration Number _____
Name of person authorised to quote _____
Signature of person authorised to quote _____
Date _____

To make buying goods free of sales tax over the telephone easier, the Tax Office has approved a two stage quoting process, consisting of an oral reference to the sales tax registration or exemption Item number when ordering the goods, followed up by a written quotation within a reasonable time. This will allow you to provide a written quotation when you pay the account.

Do I have to quote each time I buy goods?

No. You can now give your suppliers a single quotation to cover all your purchases in a period, where that period does not exceed one year.

A periodic quotation of sales tax number should be in the following form:

I hereby quote Sales Tax Registration Number _____ in respect of all goods obtained by me during the period _____ to _____ inclusive, except goods in respect of which I notify you to the contrary at or before the time of the relevant assessable dealing with those goods.

Name of person authorised to quote _____

Signature of person authorised to quote _____

Date _____

Note - The maximum period that can be covered by a periodic quotation is one year.

A periodic quotation of exemption declaration should be in the form shown on page 7.

For more information on buying goods free of sales tax, ask your local Tax Office for a copy of Bulletin No. 13 *Sales Tax - Buying goods free of sales tax*.

What do I have to do if I am a supplier of food for animals?

If you're a supplier, you shouldn't sell taxable food for animals free of sales tax unless you've received a quotation of sales tax registration number, or an exemption declaration, from the purchaser of the goods at the time of purchase.

If you sell goods free of sales tax and sales tax later becomes payable because the claim for exemption was incorrect, it's your customer and not you who will be liable for the sales tax. However, you shouldn't accept a quotation of sales tax registration number or an exemption declaration if you have reason to believe that the purchaser isn't entitled to claim exemption. In this case, you could be held liable for the sales tax.

Below are some examples of people and organisations who can buy goods for their own use, free of sales tax, along with the exemption Item number they should use to claim exemption.

Universities or non-profit schools	Item 109
Commonwealth or State Government Departments	Item 126
State or Territory Bodies	Item 126A
Local Government Bodies	Item 127
Public hospitals, public benevolent institutions	Item 140
Public zoological gardens	Item 147
Food for guide dogs	Item 163
Food for animals in shelters, hospitals or clinics	Item 163
Food for animal shelters conducted by RSPCA	Item 163A

Are credits of sales tax available?

If you're a supplier of food for animals, a credit is available where you've paid sales tax on food for animals and then you sell it, free of sales tax, to someone who claims exemption.

If you are a retailer, you can claim a credit from the Tax Office by completing an application for refund form for retailers, available from your local Tax Office.

If you are registered for sales tax, you can either claim a refund from the Tax Office or, if you send in return forms, you can claim the credit as a rebate on your sales tax return.

Note: (1) Suppliers cannot give a credit directly to customers who forget to quote an exemption declaration or a sales tax registration number when purchasing goods. However, the customer may be entitled to claim a credit directly from the Tax Office.

Note: (2) You can only claim a refund from the Tax Office where the minimum claim is for \$200 or more, but you can add smaller amounts together to reach \$200. This limit doesn't apply to a claim lodged together with a sales tax return. For more information on claiming credits, contact your local Tax Office on **13 28 66**.

Do you need more information?

If you have any questions or need more information about how the sales tax laws apply to you, please contact your local Tax Office:

- **by phone** - on our national sales tax enquiry number **13 28 66**. You can ring this number from anywhere in Australia for the cost of a local call; or
- **in person** - by visiting the enquiry counter at your nearest Tax Office. Tax Office addresses are listed in TaxPack, as well as in your White Pages telephone directory.¹

¹ Produced by the Withholding & Indirect Taxes Program of the Australian Taxation Office. NAT 2017.05.97

Sales Tax Assessment Act 1992
QUOTATION OF EXEMPTION DECLARATION
to the Commissioner of Taxation under section 86

WARNING

You must ensure that all the information you supply in this form is correct. The sales tax law provides for a penalty of \$2000 and/or double the amount of tax underpaid where a person quotes an exemption declaration when not entitled to, or in any other way falsely quotes an exemption declaration.

Supplier's name & address _____

Description of goods: _____

Date of transaction _____

Quoter's declaration to the Commissioner of Taxation:

I intend to use the goods described above so as to satisfy exemption Item _____ in Schedule 1 to the *Sales Tax (Exemptions & Classifications) Act 1992*.

Accordingly, I quote this declaration; or

I quote this declaration as an authorised representative for the business or organisation mentioned below:

Quoter's signature _____

Quoter's full name _____

Name of business or organisation (if applicable) _____

Address _____

Contact telephone number _____

Sales Tax Assessment Act 1992
PERIODIC QUOTATION OF EXEMPTION DECLARATION
to the Commissioner of Taxation under section 86

WARNING

You must ensure that all the information you supply in this form is correct. The sales tax law provides for a penalty of \$2000 and/or double the amount of tax underpaid where a person quotes an exemption declaration when not entitled to, or in any other way falsely quotes an exemption declaration.

Supplier's name & address _____

Description of goods _____

Period covered by this quotation (inclusive) _____ to _____

Quoter's declaration to the Commissioner of Taxation:

I intend to use the goods purchased during the period covered by this quotation so as to satisfy exemption Item _____ in Schedule 1 to the *Sales Tax (Exemptions & Classifications) Act 1992*. I will notify the supplier if I am not quoting for a particular purchase.

Accordingly, I quote this declaration; or

I quote this declaration as an authorised representative for the business or organisation mentioned below:

Quoter's signature _____

Quoter's full name _____

Name of business or organisation (if applicable) _____

Address _____

Contact telephone number _____

Date _____

Note: The maximum period that can be covered by a periodic quotation is one year.