



Special Notice

WASHINGTON STATE DEPARTMENT OF REVENUE

July 19, 2017

Pet adoption fees charged by animal rescue organizations

Recent law clarifies that animal rescue organizations that charge pet adoption fees for pet placement are not engaging in a sale subject to the retailing business and occupation (B&O) and retail sales tax.

The bill amends the term “sale” to exclude the transfer of the ownership of, title to, or possession of an animal by an animal rescue organization in exchange for the adoption fee payment. This legislation is takes effect from July 1, 2015. However, since this clarifies the language, the retailing B&O and retail sales tax is also not due on pet adoption fees that an animal rescue organization receives for any period before this law passed. ([Substitute Senate Bill 5358; Chapter 323, Laws of 2017](#)).

Pet adoption fees

Pet adoption fees received by animal rescue organizations are subject to the service and other activities B&O tax beginning July 1, 2015. (Retail sales tax does not apply.) The department will not assess B&O tax on these fees under any classification for periods before July 1, 2015. For more information, see our online article [Pet adoption fees charged by nonprofit animal rescue organizations](#).

Definitions

“Adoption fee” means an amount charged by an animal rescue organization to adopt an animal, except that “adoption fee” does not include any separately itemized charge for any incidental inanimate items provided to persons adopting an animal, including food, identification tags, collars, and leashes.

“Animal rescue organization” means an animal care and control agency or an animal rescue group.

“Animal care and control agency” means the same as in [RCW 16.52.011](#) and includes any similar entity operating outside of this state.

“Animal Rescue Group” means a nonprofit organization that:

1.

- Is exempt from federal income taxation under 26 U.S.C. Section 501(c) of the federal internal revenue code as it exists on July 23, 2017; or
- Is registered as a charity with the Washington secretary of state under chapter 19.09 RCW, whether such registration is required by law or voluntary; and

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2. Has as its primary purpose the prevention of abuse, neglect, cruelty, exploitation, or homelessness of animals; and

3. Exclusively obtains dogs, cats, or other animals for placement that are:

- Stray or abandoned;
- Surrendered or relinquished by animal owner or caretakers;
- Transferred from other animal rescue organizations; or
- Born in the care of such nonprofit organization other than through intentional breeding by the nonprofit organization.