

Pet adoption fees charged by nonprofit animal rescue organizations

This article discusses activities of nonprofit animal rescue organizations. It does not address the sales of pets by animal breeders, pet stores, or other businesses. For information regarding these sales, see our Dog Breeders tax guide.

Pet adoption fees

Gross income received by a nonprofit animal rescue organization from mandatory pet adoption fees is subject to business and occupation (B&O) tax under the Service and Other Activities classification.

When calculating the B&O tax, no deductions are allowed for costs incurred by caring and finding homes for rescued animals. Pet adoption fees aren't eligible for the B&O tax exemption for amounts received from qualified fundraising activities. For more information, see "Fundraising activities" below.

Other sources of income

Monetary donations: If the donor does not receive significant goods or services for the donations (or contributions), you may deduct amounts received as donations from your gross income. Money donated beyond the mandatory adoption fee may qualify for this deduction. These amounts should be included in the gross income reportable under the Service and Other Activities classification, then deducted under "Certain Initiation Fees/Dues/Contributions."

Donations of goods and services: Nonprofit organizations do not owe sales or use tax on goods or services donated to them.

Sales of tangible goods: Nonprofit animal rescue organizations that separately charge for pet food, leashes, collars, medicine, etc., must collect and submit sales tax on these sales. These sales are also subject to the B&O tax under the Retailing classification on these sales.

Fundraising activities (exemption does not apply to pet adoption fees):

Pet adoption fees and other income received from a nonprofit animal rescue organization's day-to-day activities are not qualified fundraising activities. A qualifying fundraising activity is not held at a regular place of business. It is specifically for the purpose of soliciting or accepting donations that further the goals of the nonprofit organization.

Examples of a nonprofit organization's qualifying fundraising activities include:

- Holding a dinner/auction to raise money to cover the costs of spaying/neutering animals.
- Holding a car wash to raise money for food and pet supplies to be provided by the organization to persons that foster animals awaiting adoption.
- Holding a raffle to raise money for new pet carriers to be used in the transportation of pets to and from vet visits, foster homes, etc.

Sales or use tax is due on purchases

If a nonprofit animal rescue organization buys consumable items (such as pet medication, food, toys, office supplies, and cleaning supplies), or computers, equipment, furniture, or retail services, these purchases are subject to sales tax. Use tax is due if sales tax was not paid at the time of purchase.

Resources

Nonprofit Guide.

WAC 458-20-169 - Nonprofit organizations

RCW 82.04.4282- Deductions—Fees, dues, charges

RCW 82.04.3651 - Exemptions—Amounts received by nonprofit organizations for fund-raising activities

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