

---

**DEPARTMENT OF STATE REVENUE**  
**Revenue Ruling #2008-20 ST**  
**December 30, 2008**

**NOTICE:** Under [IC 4-22-7-7](#), this document is required to be published in the Indiana Register and is effective on its date of publication. It shall remain in effect until the date it is superseded or deleted by the publication of a new document in the Indiana Register. The publication of this document will provide the general public with information about the Department's official position concerning a specific issue.

**ISSUE**

**Sales/Use Tax – Sales of Pet Recovery Products and Services**

**Authority:** [IC 6-2.5-4-1](#), [IC 6-2.5-2-1](#), [IC 6-2.5-1-1](#)

The taxpayer requests the Department to rule whether its sales of pet recovery products and services are subject to Indiana sales/use tax.

**STATEMENT OF FACTS**

The taxpayer provides lost pet recovery services such as internet accessible data repository; a pet recovery call center; implantation; lost pet alerts via the internet; 24/7 emergency medical response alerts and lost pet medical insurance. The taxpayer also provides products such as unique microchips, pet identification cards, scanners, and collar tags for pets through a variety of means such as veterinarians, pet shelters and directly to consumers.

**DISCUSSION**

[IC 6-2.5-4-1](#) states a retail transaction occurs when a person acquires tangible personal property for resale and transfers that tangible personal property to another person for consideration. [IC 6-2.5-2-1](#) provides that retail transactions are subject to sales tax. Conversely, transactions involving services only, are not subject to sales/use tax unless specifically stated so in the Indiana sales/use tax code.

[IC 6-2.5-1-1](#) states

(a) Except as provided in subsection (b), "unitary transaction" includes all items of personal property and services which are furnished under a single order or agreement and for which a total combined charge or price is calculated.

(b) "Unitary transaction" as it applies to the furnishing of public utility commodities or services means the public utility commodities and services which are invoiced in a single bill or statement for payment by the consumer.

...

Here, the taxpayer is transferring tangible personal property (pet identification cards, microchips, scanners and collar tags) for consideration. However, the taxpayer is transferring the property to veterinarians and animal shelters for resale. This type of transaction would be exempt from Indiana sales/use tax. In addition, when the transaction occurs to a consumer, (either a pet owner or a veterinarian) the transaction will be subject to Indiana sales tax.

Concerning the fee only charges, this is considered a service transaction; therefore, this transaction is not subject to Indiana sales/use tax unless specifically stated so in the Indiana sales/use tax code. Additionally, the free microchips that are supplied to veterinarians and animal shelters would be subject to Indiana use tax by the taxpayer.

If the total price of taxable tangible personal property is less than 10% of the total price of the transaction, then the transaction is exempt from sales tax.

**RULING**

The Department rules the taxpayer's sales of pet identification cards, microchips, scanners, and collar tags are subject to sales tax; however, exemption for resale may apply to certain sales of the property. Separately stated insurance and service fees are not subject to sales tax. Free microchips are subject to Indiana use tax by the taxpayer.

**CAVEAT**

This ruling is issued to the taxpayer requesting it on the assumption that the taxpayer's facts and circumstances, as stated herein are correct. If the facts and circumstances given are not correct, or if they change, then the taxpayer requesting this ruling may not rely on it. However, other taxpayers with substantially identical factual situations may rely on this ruling for informational purposes in preparing returns and making tax decisions. If a taxpayer relies on this ruling and the Department discovers, upon examination, that the fact situation of the taxpayer is different in any material respect from the facts and circumstances given in this ruling, then the ruling will not afford the taxpayer any protection. It should be noted that subsequent to the publication of this ruling a change in statute, regulation, or case law could void the ruling. If this occurs, the ruling will not afford the taxpayer any protection.

*Posted: 02/18/2009 by Legislative Services Agency*

