

**M e m o r a n d u m****110.0155**

To: Bill Stallings  
Bakersfield Audit Supervisor (DHA)

Date: October 7, 1988

From: Robert J. Stipe  
Headquarters - Legal

Subject: Sales of Llamas  
Regulation 1587

Your August 29, 1988 mini memo requesting our opinion concerning the correct application of tax to certain sales of South American llamas has been referred to me for a reply.

As I understand the facts, a taxpayer, based on a 1984 edition of Animal Breeding and Production of American Camelids, has indicated that llamas are a source of food for human consumption and therefore sales of llamas should be exempt from tax pursuant to Sales and Use Tax Regulation 1587 (Animal Life and Feed). You request our opinion.

Sales and Use Tax Regulation 1587(a), Animal Live, provides as follows:

“Tax does not apply to sales of any form of animal life of a kind the products of which ordinarily constitute food for human consumption, as for example, cattle, sheep, swine, baby chicks, hatching eggs, fish, and bees. Tax does apply, however, to retail sales (including sales for breeding purposes) of any form of animal life not of such a kind, as for example, cats, dogs, horses, mink, and canaries.” (Emphasis added.)

Based on the above criteria, it is our opinion that a llama is not a form of animal life the products of which ordinarily constitute food for human consumption. We note that the taxpayer included with his letter to you a July 1988 newspaper article from The Bakersfield Californian. Taxpayer appears to be the soul source for the information contained in this article and the article explains that llamas are domesticated animals used as pack animals, pets, or a source of wool. However, the article does not mention any use of llamas as a source of food for human consumption. Therefore, in our view, a llama is not a form of animal life the products of which ordinarily constitute food for human consumption and tax would apply to retail sales of llamas pursuant to the second sentence in Regulation 1587.

GLR:lb