



Robert W. Wood

THE TAX LAWYER

Dec. 25 2012

Santa Can Deduct His Reindeer But You Can't Claim Pets on Your Taxes

If you're like most Americans, you have pets, and they are part of the family. Still, they can be expensive—even if you don't have nine reindeer like Santa. But no matter how much they eat, you can't claim your pets as dependents.



Rudolph The Red Nosed Reindeer Has Come To Santa Monica (Photo credit: Kiewic)

That strikes a lot of people as unfair, which is why a proposed tax bill, [H.R. 3501](#), the “Humanity and Pets Partnered Through the Years” (HAPPY), would allow pet expense deductions up to \$3,500 a year. See [Strange But Legit Tax Deductions](#). It was introduced in 2009 by Michigan Rep. Thaddeus McCotter and co-sponsored by Rep. Steve Cohen of Tennessee and Rep. Jared Polis of Colorado.

It languished in Congress despite endorsements by the Humane Society, the SPCA, the Animal Law Coalition, the American Veterinary Medical Association and the Pet Industry Joint Advisory Council. See [Congress Bites At Pet Exemption](#). “Qualified pet care expenses” would include food, vet costs, etc. but excludes the costs of acquiring the pet. The bill limits tax benefits to pets.

It excludes research and trade or business animals like farm animals that have been the subject of another type of tax deduction within the preceding 3 years. As proposed, the law isn't limited to small animals or any particular type of animal. But with its "pets only" provisions, this law wouldn't help Santa.

His nine reindeer, Dasher, Dancer, Prancer, Vixen, Comet, Cupid, Donner, Blitzen and Rudolph aren't pets but are indispensable to his operation. They are surely business animals and that should make them deductible. After all, the cost of animals used in a business like a guard dog may be deductible as long as the company can show they are ordinary and necessary costs of doing business.

The business expense category is a broad one as long as your record-keeping and documentation is good. In [Seawright v. Commissioner](#), a married couple owned a junkyard. They put out cat food to attract wild cats. Why, you might ask?

The feral cats they were trying to attract dealt with snakes and rats on the property. That made for a safer junkyard for customers, making cat food a business expense. Santa's reindeer should be a much easier case. For most of us and our pets, though, we'll probably have to wait until Congress changes the law.

*Robert W. Wood practices law with [Wood LLP](#), in San Francisco. The author of more than 30 books, including *Taxation of Damage Awards & Settlement Payments* (4th Ed. 2009 with 2012 Supplement, [Tax Institute](#)), he can be reached at Wood@WoodLLP.com. This discussion is not intended as legal advice, and cannot be relied upon for any purpose without the services of a qualified professional.*