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THE PROVINCIAL SALES TAX ACT

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READER SURVEY

INFORMATION FOR SUPPLIERS OF MOBILE, MODULAR AND READY-TO-MOVE HOMES

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax (PST). It is a general guide and not a substitute for the legislation.

The contents of this bulletin are presented under the following sections:

- A. Definitions
- B. Supply Only Sales
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A. DEFINITIONS

- (a) a **“mobile home”** is a movable structure that:
 - (i) is designed and intended for use as a domestic residence
 - (ii) meets the requirements for a mobile home, a multi-section mobile home or a swing-out-and-expandable-room-section mobile home set out in the Z240 series of standards published by the Canadian Standards Association
 - (iii) bears the seal of the Canadian Standards Association.
- (b) a **“modular home”** means a house that:
 - (i) is designed and intended for use as a domestic residence
 - (ii) is constructed by assembling manufactured modular units, each of which:
 - a. comprises at least one room or living area
 - b. is completely constructed in all essential features prior to delivery from the factory
 - (iii) meets the requirements of:
 - a. the National Building Code of Canada, as adopted and amended pursuant to *The Uniform Building and Accessibility Standards Act*; or

- b. Canadian Standards Association standard A-277
- (iv) bears the seal of the Canadian Standards Association

- (c) “**ready-to-move home**” means a house that is:
 - (i) a single structure
 - (ii) designed and intended for use as a domestic residence
 - (iii) fully assembled by the vendor away from the site on which it is to be attached to a permanent foundation

None of these terms in (a) to (c) includes:

- structures that are intended to be used for non-residential or business purposes, including bunk houses, wash houses, kitchens, dining units and business premises;
- recreational vehicles or components of recreational vehicles, including travel trailers, tent trailers, motor homes, slide-on campers, chassis-mounted campers and other similar vehicles;
- free-standing appliances, furniture or draperies sold with the structure;
- prefabricated building packages; or
- repair or replacement parts or any additions or accessories added to the mobile home, modular home or ready-to-move home subsequent to its purchase.

Note: Mobile homes, modular homes and ready-to-move homes are referred to collectively as “homes” throughout this bulletin.

B. SUPPLY ONLY SALES

The sale of a home is considered to be a supply only sale when no further work is done by the supplier once the home is delivered to the customer's site. When further work is completed on site to affix the unit to the land in a permanent manner, such as attaching the home to the foundation, the sale is considered to be a supply and install contract. Please see Section C on page 3 for the application of tax to supply and install contracts.

Effective April 1, 2017, a **residential** home sold on a supply only basis is subject to tax at the rate of **6** per cent on the total selling price, excluding the GST.

Effective March 23, 2017, but prior to April 1, 2017, a **residential** home sold on a supply only basis is subject to tax at the rate of **3.0** per cent on the total selling price, excluding the GST.

Effective March 23, 2017, homes sold for **non-residential use** are subject to tax at the full rate of **6** per cent. Non-residential use includes homes for hotels/motels, offices, bunk houses/temporary residences, wash houses, kitchen and dining units, classrooms etc.

In all instances the tax collected on supply only sales must be shown separately on the customer's sales invoice. The tax collected from the purchaser may be submitted on your return in the period the home is delivered rather than at the time the sales agreement was signed.

Dealers may purchase homes exempt from tax that will be resold on a supply only basis by quoting their vendor's licence number to the supplier/builder. The dealer is required to collect tax on the sale to their customer as outlined above.

Prior to April 1, 2017

Sub-contractors who perform work on homes, such as plumbing, electrical and painting contractors, are required to pay tax on the cost of their materials. Since these materials are subject to tax as part of the selling price of the home, it is necessary for the home builder to request and maintain records that show the amount of tax paid by the sub-contractors on the materials used in each contract. The home builder may take a credit for the tax paid on these materials and offset it against the tax collected on the sale of the home.

C. SUPPLY AND INSTALL CONTRACTS

i) Effective April 1, 2017

Effective April 1, 2017, dealers and builders must collect PST on the total charge to the customer for the supply and installation of a mobile, modular or ready-to-move home for residential or non-residential use. This includes charges for the home, installation labour, materials used to complete or install the home and any other charges to the customer to complete the contract. The dealer or builder may purchase the home and/or materials exempt from PST by quoting their vendor's licence number to their suppliers. For further information please see Information Bulletin PST-12, *Information for Businesses Providing Services to Real Property*.

Non-resident contractors please also see Information Bulletin PST-38, *Information for Non-Resident Real Property and Service Contractors* for information regarding the application of tax to equipment, vehicles and tools coming into Saskatchewan for use in these contracts.

ii) March 23, 2017 to March 31, 2017

The PST rate effective March 23, 2017, is 6 per cent.

The sale of a home is considered to be a supply and install contract when further work is completed by the supplier at the customer's site to affix the unit to the land in a permanent manner, such as attaching the home to the foundation. **Note:** Utility hook-ups alone do not indicate the sale is a supply and install contract.

A supply and install contract is not a retail sale of goods, therefore PST is not collected on the contract price or shown as a separate line item on the customer invoice. The invoice to the customer will state "PST is included in the contract price", as it is the supplier of the home who is required to pay PST on their cost to build or acquire the home and any additional materials used to complete the contract. The supplier then recovers these costs as part of the contract price.

a) Dealers/Contractors

Dealers or contractors who purchase a home for a supply and install contract are required to pay PST to the vendor on the purchase of the unit as outlined in Section B. If the home is purchased from an unlicensed vendor, such as one located outside Saskatchewan, the dealer or contractor must self-assess and remit the tax on the laid-down cost, at the applicable rate, on their regular PST return form. Please see Section F on page 5 for further information on laid-down cost.

In addition, tax must be paid or self-assessed at the rate of 6 per cent on any other materials purchased to complete or install the home.

b) Builders

Builders of homes for supply and install contracts are required to apply PST in the following manner:

Residential

Builders who sell **residential homes** by supply and install contract are required to pay tax at the rate of 6 per cent on all materials purchased to build the home. The direct labour and manufacturing overhead are not subject to tax to ensure that homes sold by supply and install contract are treated in a similar manner to supply only homes which are taxed at 3.0 per cent. Tax must also be paid or self-assessed at the rate of 6 per cent on any other materials used to complete or install the home on-site.

Non-Residential

Builders of homes for **non-residential use** are required to pay tax at the rate of 6 per cent on the manufactured cost (excluding GST) for homes sold by supply and install contract. The manufactured cost is the total cost incurred at the builder's site. It includes all direct materials and direct labour of the builder and the sub-contractors, as well as manufacturing overhead. It does not include profit markup.

The following amounts can be subtracted from the PST calculated on the total manufactured cost:

- PST already paid on direct materials used by the builder, and
- PST already paid on materials used by subcontractors; the home builder must request and maintain records from the subcontractors that show the amount of tax paid on the materials used in each contract.

In addition, tax must be paid or self-assessed at the rate of 6 per cent on any materials used to complete or install the home on-site.

Non-residential use includes homes for hotels/motels, offices, bunk houses/temporary residences, wash houses, kitchen and dining units, classrooms etc.

Non-resident builders who enter into a supply and install contract for residential or non-residential homes in Saskatchewan are required to self-assess and remit PST as outlined above. Tax must also be remitted on the laid-down cost to bring the unit and any other materials into Saskatchewan. Laid-down cost includes currency exchange,

transportation charges, customs and excise duties and importation charges, but not the GST. Please see Information Bulletin PST-38, *Information for Non-Resident Real Property and Service Contractors* for information regarding the application of tax to equipment, vehicles and tools coming into Saskatchewan for use in these contracts.

D. APPLIANCES AND FURNISHINGS

Tax at the rate of 6 per cent must be collected on the selling price of any free standing appliances, furniture and draperies sold with a home whether for residential or non-residential use. The tax must be shown separately on the customer's sales invoice.

E. USED MOBILE, MODULAR AND READY-TO-MOVE HOMES

Used homes sold for residential use are not subject to tax providing the PST has been previously paid on the unit.

Used homes sold for non-residential use are subject to tax at the full rate of 6 per cent.

F. FREIGHT/DELIVERY CHARGES AND LAID-DOWN COST

The charge for transporting a Saskatchewan manufactured home from the vendor's premises to the customer's site is not subject to tax providing it is shown separately on the customer's sales invoice.

When homes are delivered from a location outside Saskatchewan, PST applies to the total laid down cost which includes transportation charges, currency exchange, customs and excise duties and importation charges; but not the GST. These charges are taxable at the same rate as the home itself, even if segregated on the invoice.

G. MANUFACTURERS

Builders who construct mobile, modular or ready-to-move homes at their business location are considered manufacturers. Please see Information Bulletin PST-21, *Information for Manufacturers* for further information.

H. PARK MODELS

New or used park model trailers that are marketed as trailers/RV units and are equipped with wheels to assist with transport are subject to tax at a rate of 6 per cent.

Park model homes that are marketed as homes and are not equipped with wheels are subject to tax in the same manner as mobile, modular and ready-to-move homes as outlined in this bulletin.

I. SALES TO STATUS INDIANS AND INDIAN BANDS

Supply Only

Sales of homes to Status Indians or Indian bands are not subject to tax providing the homes are delivered to a reserve by the supplier and the *Certificate of Indian Status Identification Card* or band number is recorded on the invoice.¹ The complete 10 digit card number must be recorded on the sales invoice. If the federal identification card number is only three to five digits, record the number and the name of the band on the sales invoice. **Proof of delivery to a reserve must be retained.**

Supply and Install Contracts on Indian Reserves

Contractors who paid the tax on materials used in the completion of a supply and install contract on an Indian reserve may apply for a refund of the tax paid, providing the contract with the Status Indian, Indian band or non-commercial band-empowered entity **specifically excludes the tax**. Contracts with a corporation located on reserve are not eligible for a refund. Only the general contractor on qualifying contracts may apply for a refund. Although sub-contractors are not eligible, the general contractor may obtain a breakdown of the tax paid by the sub-contractor and include it in the refund application. Copies of the purchase invoices showing the amount of tax paid should be submitted to the Revenue Division upon completion of the contract. A copy of the contract must be included with the refund submission.

J. SALES OF USED BUSINESS ASSETS

Businesses are required to collect tax on the sale of used assets, such as taxable vehicles and equipment. When used assets are being sold as part of the closure of a business, the purchaser is required to self-assess and report the tax.²

K. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on purchases of equipment, supplies and taxable services used in their business. If they are purchased from a licensed supplier, the tax must be paid to the supplier. If they are purchased from an unlicensed supplier, such as one located outside Saskatchewan, the tax must be submitted with your return on the laid down cost, which includes currency exchange, transportation charges, customs and excise duties and importation charges; but not the GST.

L. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

The Ministry of Finance has made it possible to report and remit tax electronically through the use of a standard Internet connection. SETS offers a secure, fast, easy and convenient alternative to filing returns in paper format. Several E-File services are currently available through SETS.

¹ Information Bulletin PST-63, *Information Regarding Sales to First Nations Individuals and Organizations*

² Information Bulletin PST-58, *Information on the Taxation of Used Goods*

Businesses may use SETS to file and pay returns for PST and other provincial taxes.

SETS allows businesses to:

- file and pay returns or make payments on account;
- file a return and post-date the payment to the due date;
- view account balance and statement information;
- authorize your accountant to file on your behalf; and,
- subscribe to an email notification service that allows the option to be notified by email that a tax return should be filed. This replaces the paper forms normally received in the mail.

FOR FURTHER INFORMATION

Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

Email: sasktaxinfo@gov.sk.ca

In-Person: Ministry of Finance
Revenue Division
2350 Albert St
REGINA SK S4P 4A6

Fax: 306-787-9644

Internet: Tax bulletins, forms and information are available [here](#).

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