

PST-16

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## THE PROVINCIAL SALES TAX ACT

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### INFORMATION FOR FARM IMPLEMENT AND FARM SUPPLY DEALERS

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.

*Changes to this bulletin are indicated by a bar (|) in the left margin.*

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

- A. General Information
- B. Items Exempt to Farmers
- C. Items Taxable to Farmers
- D. Sales of Used Business Assets
- E. Goods and Services for Your Own Use
- F. Saskatchewan Electronic Tax Service (SETS)

#### A. GENERAL INFORMATION

##### 1. EXEMPTIONS FOR FARMERS

A farmer may purchase exempt from tax certain farm implements, farm machinery, farm tools and commodities including repairs when acquired for use directly in a primary farming activity (see Section B on page 4 for a list of exempt items).

Exempt farm items fall into the following categories:

- (a) those that are readily identifiable and are exempt from tax as goods used exclusively in a farming operation. A Farm Exemption Certificate or equivalent is not required.
- (b) those that may be taxable when used in operations other than farming but which a farmer must certify as being used solely in the operation of his or her farm. Certification in one of the following forms is required:
  - (i) completion of a Farm Exemption Certificate;
  - (ii) completion of the contract form issued pursuant to *The Agricultural Implements Act*; or

(iii) print, type, write or apply by rubber stamp on the sales invoice or other document supporting the sale the following information:

Land Description Sec \_\_\_\_\_ Twsp \_\_\_\_\_ R \_\_\_\_\_

M \_\_\_\_\_. I hereby certify the goods listed on this invoice will be used solely in the operation of my farm.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Farmer

Completed Farm Exemption Certificates should be retained by the dealer for a minimum of three years and should not be forwarded to the Revenue Division.

## **2. EXEMPTIONS FOR NON-FARMERS**

A non-farmer engaged in a primary farming activity may purchase exempt from tax those farm implements, farm machinery, farm tools and commodities including repairs which are tax exempt when purchased by a farmer without the completion of a Farm Exemption Certificate or equivalent. However, a non-farmer must pay the tax on those items which require the completion of a Farm Exemption Certificate or equivalent. In the instances where the person has paid the tax on items requiring certification, he or she may apply to the Revenue Division for a refund.

Non-farmers in this category include custom harvesters, brush clearing contractors, crop sprayers, custom fertilizers, custom corral cleaners and irrigation contractors.

## **3. WHAT IS A PRIMARY FARMING ACTIVITY**

Primary farming activity means:

- (a) the preparation of farm land for crops, animal forage or grazing;
- (b) the seeding, cultivation, irrigation and harvesting of crops;
- (c) the loading and unloading of crops for on-farm storage;
- (d) the raising, breeding, feeding, watering, protecting, training, handling or segregating of farm animals, poultry, bees and fur-bearing animals;
- (e) the collection and primary processing of eggs, poultry, milk and honey;
- (f) the rearing and primary processing of fish raised for food;
- (g) the clearing or levelling of land, the draining of water from land or any other activity performed for the purposes stated above to be carried out, if the expenses for those services are incurred by the farmer or primary producer for the purpose of preparing the land for one of the following uses:
  - expanding cultivated acreage to grow crops;
  - expanding the land available to animals for forage or grazing.

Primary farming activity **does not** include:

- (a) **off-farm** sorting, cleaning, grading and preparing crops for storage or market;
- (b) any manufacturing, processing, refining or marketing operation where the agricultural commodity is changed from its natural primary state to a secondary state;
- (c) the manufacturing, processing, contracting or refining portions of a combined farm and non-farm operation.

Commercial facilities such as seed cleaning plants, feed mills, alfalfa dehydrating plants and grain elevators are required to pay the tax on all plant equipment purchased by them. However, a farmer or farming co-operative that operates a seed cleaning plant solely for their own use is entitled to the exemptions provided for farm implements, farm machinery, farm tools and farm commodities.

#### **4. DEALER OWNED FARM IMPLEMENTS AND FARM MACHINERY**

Dealer owned farm implements and farm machinery used solely in a primary farming activity are exempt when used by the dealer or rented to others including non-farmers. This includes farm equipment used in fertilizing, brush clearing, crop spraying and drainage of land. Repair parts and maintenance items for this equipment are not subject to tax.

If dealer owned farm equipment is used for activities other than a primary farming activity the tax must be paid by the dealer on his or her purchase cost.

#### **5. GOODS FOR YOUR OWN USE**

The tax must be paid on goods for a dealer's own use whether taken from stock or purchased from a supplier who did not charge the tax. Goods in this category include:

- office stationery and supplies
- office furniture and equipment
- shop tools and equipment
- shop supplies

Dealers are not required to remit tax on any repair parts including spark plugs, fuel filters, oil filters, oil, grease and anti-freeze which are used to repair farm implements and farm machinery for resale.

#### **6. WARRANTIES AND INSURANCE CONTRACTS**

##### **(1) Manufacturer's Extended Warranty Contracts:**

PST is not applicable on the sale of optional extended warranty contracts on new or used **exempt** farm implements and farm machinery purchased by a farmer for use in a primary farming activity. Labour and parts used to repair exempt farm equipment are also not subject to PST.

However, PST applies to the selling price of optional manufacturer's extended warranty contract as well as the deductible charges related to that contract for new and used **taxable** equipment and machinery. Tax applies to contracts sold subsequent to the purchase or lease of the equipment. Charges to transfer an existing contract to another owner are also subject to tax.

Since tax applies to the sale of the warranty on **taxable** equipment, no tax will apply to the parts and labour used to repair the equipment, when those repairs are completed under the terms of extended warranty or factory warranty.

Tax will apply to any of the charges that are billed directly to the customer including deductible charges and charges for parts or labour that are not covered under the terms of the warranty contract.

(2) Equipment Warranty Insurance Contracts:

Equipment Warranty Insurance Contracts (such as Mechanical Breakdown Insurance) are different than a Manufacturer's Extended Warranty Contract. Equipment Warranty Insurance Contracts are underwritten by an insurance company and the dealer selling these contracts must be licensed with the Insurance Councils of Saskatchewan.

Effective August 1, 2017, dealers selling Equipment Warranty Insurance Contracts for new and used **taxable or exempt** equipment are required to collect the PST on the sale of these contracts. Repair services provided under the insurance contract for taxable equipment are subject to PST. Repairs provided for exempt farm equipment are not subject to tax.

Dealers who are not certain about the type of contract being sold can contact the Insurance Councils of Saskatchewan for clarification between an extended warranty contract and an insurance contract.

**7. USED FARM EQUIPMENT**

The following outlines the tax status on the sale of used farm implements and farm machinery such as farm tractors, garden and lawn tractors and riding lawn mowers:

- used farm implements and farm machinery sold to a farmer are exempt in all instances. A Farm Exemption Certificate or equivalent is required on the sale of garden and lawn tractors and riding lawn mowers sold to farmers;
- used farm implements and farm machinery are subject to tax when sold to a non-farmer (municipality, contractor, etc.).

**B. ITEMS EXEMPT TO FARMERS**

The following items, including repair parts and labour may be purchased and/or leased tax exempt when acquired for use in a primary farming activity. Those which require the completion of a Farm Exemption Certificate or equivalent are identified accordingly. Please note that a Farm Exemption Certificate or equivalent must be completed for repairs to items requiring the completion of a Certificate.

1. **Crop handling equipment** including:

- bale handling equipment
- farm augers
- feed and grain conveyors (Farm Exemption Certificate or equivalent required)
- feed measuring devices when sold as an integral part of a feed and
- grain conveyer (Farm Exemption Certificate or equivalent required)
- grain and fertilizer scales
- grain and hay dryers and coolers

- grain cleaners
- grain hoppers
- grain vacuums
- hydraulic bin sweeps (Farm Exemption Certificate or equivalent required)
- silo unloaders

2. **Cultivation equipment** including:

- cultivators and listers
- farm land levellers, earth movers and scrapers that are not self-propelled (Farm Exemption Certificate or equivalent required)
- farm rock pickers, windrowers and rakes
- field packers
- harrows and drawbars
- ploughs
- rod weeders
- roto-tillers and attachments (Farm Exemption Certificate or equivalent required)
- tandem discs

3. **Dairying equipment** including:

- cow mats
- cream separators and butter churns
- dairy thermometers
- farm bulk milk coolers
- milk and cream cans
- milk filters, pasteurizers and teat dilators
- milking machines or systems **but not** multi-use piping
- refrigeration compressors for farm bulk milk coolers (Farm Exemption Certificate or equivalent required)
- specialized detergents, cleaners, and sanitizing solutions used in dairy farming (Farm Exemption Certificate or equivalent required)
- udder supports

4. **Harvesting equipment** including:

- combines and attachments
- forage and hay harvesting and handling equipment
- grain and hay moisture testers
- grain loss monitors
- straw bunchers
- swath rollers and turners
- swathers or windrowers and attachments
- vegetable harvesting equipment

5. **Irrigation, spraying and drainage equipment** including:

- aircraft specially designed and licensed for farm spraying only
- circuit breakers for irrigation power generation sets (Farm Exemption Certificate or equivalent required)

- drainage equipment which includes drainage tiles, pipes, observation tubes, junction wells, culverts and miscellaneous fittings
- field fertilizer and chemical sprayers and distributors (including those sold to a municipality)
- field markers for attachment to sprayer booms (Farm Exemption Certificate or equivalent required)
- field sprinkler units (Farm Exemption Certificate or equivalent required)
- granular fertilizer storage bins and liquid fertilizer storage tanks **but not** delivery tanks
- specially designed irrigation power generation sets (Farm Exemption Certificate or equivalent required)
- jet foggers
- powered wheel assemblies (Farm Exemption Certificate or equivalent required)
- pumps and meters (including repair parts) designed for use with herbicides (Farm Exemption Certificate or equivalent required) **but not** pumps or meters and repair parts which are interchangeable for use on fuel pumps or meters
- small discharge water pumps used for other than residential purposes (Farm Exemption Certificate or equivalent required)
- specially designed portable self-priming large diameter discharge slough pumps used solely for water drainage purposes (Farm Exemption Certificate or equivalent required)
- water tanks
- weed control chemical storage tanks

6. **Livestock handling equipment and specialized facilities** including:

- agricultural heat recovery ventilation systems (Farm Exemption Certificate or equivalent required)
- auger pit agitators
- feed conveyor carts
- feed grinders, mixers, mills, rollers, crushers and hammermills
- veterinary instruments including calf weaners, emasculators, ear notchers, castrators, calf pullers and dehorner
- livestock composters
- livestock feed/salt
- livestock scales, clippers, tags, artificial insemination equipment, dehorning paste, tattooing tools and ink, magnets, branding irons, tying chains, bull nose rings, saddles, horse shoes, harnesses, halters, bridles, bits, saddle pads and breast collars **but not** blankets and ropes
- manure handling equipment including spreaders
- portable hay feeders
- silver nitrate sticks
- skid steer loaders (Farm Exemption Certificate or equivalent required)
- slotted floors specially manufactured for hog barns (Farm Exemption Certificate or equivalent required)
- solar panels and pumping units for livestock watering troughs
- specialized facilities such as barn pens, headgates, stalls, stanchions, cattle squeezes, farrowing crates and pens, cattle gates, corral slabs, hog weanling decks, cattle chutes, cattle oilers, cow trainers, cow hobbles, cow lifters, stock prods, stock watering troughs and heaters and livestock waterers and feeders that are specially designed and manufactured and purchased as a complete unit by a farmer including computerized

feeding systems **but not** lumber, metal, plastic, glass, or other components purchased separately by a farmer for the purpose of constructing or repairing specialized facilities

- ventilation fans for livestock buildings (Farm Exemption Certificate or equivalent required)

7. **Planting equipment** including:

- drill fills, grain drains
- farm seed drills
- planters
- seeding and treatment attachments
- tree planters which includes those sold to a municipality (farmers must complete a Farm Exemption Certificate or equivalent)
- vegetable planting equipment

8. **Poultry and egg equipment** including:

- brooder room accessories which include brooder guards, incubator thermometers, oil valves, brooder switches, brooder wafers, brooder thermometers and hygrometers
- brooder equipment which includes infra-red electric brooders, electric 4-lamp brooders, electric brooders, gas brooders and electric incubators. Brooder lamps **but not** ordinary incandescent lamps (heat lamps and bulbs, standard glass bulbs and splatter-proof bulbs)
- egg collectors, candlers and graders
- egg room coolers and controls **but not** household refrigerators
- incubators and accessories
- specialized detergents, cleaners and sanitizing solutions used in poultry farming (Farm Exemption Certificate or equivalent required)
- specialized equipment or supplies such as debeakers, laying cages, poultry pluckers, waterers, feeders, poultry thermometers, egg washers, standard egg scales, leg bands, poultry water heaters, poultry nests, turkey saddles, poultry medications and water line medicators **but not** carbon filtration units

9. **Tractors and attachments** including:

- calcium chloride for tractor tires and calcium chloride pumps
- crawler tractors not used for construction
- dozer blades for farm tractors (Farm Exemption Certificate or equivalent required)
- farm tractors and attachments **but not** power generators and cement mixers
- farm tractor cabs and heat houses
- front end loaders and fork lifts for farm tractors only
- garden and lawn tractors and attachments (Farm Exemption Certificate or equivalent required)
- new or remanufactured automotive motors purchased as a replacement for a farm implement or machine (Farm Exemption Certificate or equivalent required)
- power take-off units for farm tractors only
- riding lawn mowers (Farm Exemption Certificate or equivalent required)
- roto-tillers (Farm Exemption Certificate or equivalent required)

- skid steer loaders, wheel loaders (Farm Exemption Certificate or equivalent required)
- snow plough attachments for farm tractors (Farm Exemption Certificate or equivalent required)
- tractor wheel weights

10. **Transportation equipment** including:

- farm wagons, farm wagon boxes and farm wagon chassis (Farm Exemption Certificate or equivalent required)
- transports specifically designed and manufactured for hauling combines, drills, swathers, sprayers or straw and hay bales **but not** dual purpose trailers or transports eligible to be licensed under *The Traffic Safety Act*

11. **The following unclassified equipment, specialized facilities and commodities:**

- agricultural fans for use in the ventilation of livestock buildings, barns and bins
- agricultural storage tanks, polyethylene and fibreglass
- air compressors (Farm Exemption Certificate or equivalent required)
- baler twine and wire
- binder twine
- bird scare cannons
- bleach or javex purchased in bulk as an additive to chemicals used for spraying
- bobcat loader
- bull semen
- cab coolers for farm implements
- cages (rabbit, mink, fox and chinchilla)
- calcium chloride pumps
- electric fencers
- electric monitors and depth controls for farm implements
- electric/gas motors for farm implements or machines (Farm Exemption Certificate or equivalent required)
- farm account books
- fence pickets, including wooden posts, pickets or stakes that may be treated to prevent deterioration and which have not been planed, squared or otherwise processed into finished lumber and also includes corral slabs for farm fencing **but not** rough cut lumber
- fencing, including barbed wire and grid fencing for specialty livestock (Farm Exemption Certificate or equivalent required)
- field markers including tracer used to mark sprayed fields
- fertilizer **but not** peat moss or vermiculite
- Fungicides purchased for use on a farm, railway right of way or by a municipality or other similar authority
- galvanized water tanks
- global positioning systems (GPS) designed specifically for farm implements, **but not** portable hand held units
- grain seed, forage crop seed and seed used in land reclamation
- grain vacuums
- hydraulic cylinders for farm implements and machines (Farm Exemption Certificate or equivalent required) **but not** hydraulic cylinders for truck hoists
- implement tires



- insecticides, fungicides and herbicides purchased for use on a farm, railway right of way or by a municipality or other similar authority
- livestock insecticides
- metal fence posts for farm fencing (Farm Exemption Certificate or equivalent required)
- moisture meters
- non-returnable containers such as packing boxes, cartons, egg crates, baskets, grain sacks, turnip wax, honey tins, jute bags, and potato sacks (Farm Exemption Certificate or equivalent required)
- portable internal combustion engines (Farm Exemption Certificate or equivalent required)
- post hole diggers and drivers (Farm Exemption Certificate or equivalent required)
- precleaners for use on tractor and combine motors **but not** precleaners interchangeable for use in motor vehicles
- precut wooden grain bin floors
- PVC pipe for farm irrigation (Farm Exemption Certificate or equivalent required)
- roller chain and links
- silage bags
- soil testers
- steel grain bins and partially assembled or specially precut wooden grain bins **but not** building materials purchased to build grain bins or other structures
- teat dip products
- tillers
- weed burners
- weed control chemicals
- welding machines and welders including tips and other related accessories when purchased with a welding machine or welder (Farm Exemption Certificate or equivalent required) **but not** accessories purchased subsequent to the initial purchase of a welding machine or welder
- welding rods (Farm Exemption Certificate or equivalent required)
- well pumps for non-residential use (Farm Exemption Certificate or equivalent required)
- windmills, wind chargers and pond mills
- wire and staples for farm fencing (Farm Exemption Certificate or equivalent required)

## 12. Repair parts and maintenance items

The following rules apply to farm implement and farm machinery repair parts and maintenance items including air filters, fuel filters, oil filters, cultivator bolts, bearings, hydraulic hose and fittings, spark plugs, batteries, generators, fan belts and repairs for electric motors and stationary internal combustion engines:

- parts which are designated as farm implement and farm machinery replacement parts by the manufacturer or wholesale distributor are exempt when sold over the counter or installed by the dealer;
- parts which are interchangeable for use in motor vehicles and installed in farm implements or farm machinery by the dealer are exempt **but not** parts which are interchangeable for use in motor vehicles and sold over the counter;
- oil (including hydraulic oil), grease and other additives installed in farm implements or farm machinery by the dealer are exempt;

- oil (including hydraulic oil), lubricants and other additives sold over the counter to a farmer are exempt only when the following conditions are met:
  1. the oil and lubricant inventory is obtained from a manufacturer or wholesaler of the farm equipment and has a manufacturer's part number;
  2. the oil and lubricant is certified to be manufactured specifically for exempt farm equipment by the manufacturer; and
  3. a farm exemption certificate is completed at the time of sale, cross-referenced to the sales transaction documents and retained for audit purposes.

### **C. ITEMS TAXABLE TO FARMERS**

The following are some of the more common items on which tax must be paid by farmers. This is not an all inclusive list.

- aircraft **other than** specially designed and licensed spray aircraft
- all-terrain vehicles
- barn heaters
- building materials including paint
- cellular telephones
- cement mixers
- chippers
- computer hardware and software
- concrete, redi-mix, cement
- chain saws
- crawler tractors used for construction
- electrical and plumbing supplies
- electronic equipment to control lights, feeders, alarms and water quality
- feeding pails and scoops
- fuel pumps (hand and electric fuel storage tank pumps)
- fuel storage tanks
- garden seed
- generator plants
- gooseneck trailers
- gravel and sand
- hand tools
- heaters, stereos, tape decks, radios and air conditioning equipment when purchased separately for a farm tractor or other farm machinery, **other than** when installed by the dealer
- high pressure washers
- home or multi-use heating, cooling, water supply or air conditioning equipment
- horse trailers
- household appliances and furniture
- hydraulic fluids and oil
- lawn mowers (walk behind)
- lawn seed
- lighting plants
- livestock trailers

- lubricants
- mercury lights
- mulchers
- nuts and bolts **other than** cultivator bolts
- oil
- plasma cutters
- power plants
- quonsets and metal buildings **other than** grain bins
- rebar
- ropes, chains and cables
- rodenticides including rat bait and gopher bait
- road construction and maintenance equipment
- safety equipment
- shop equipment **other than** welders and air compressors
- silos
- snowblowers (walk behind)
- snowmobiles and snow toboggans
- sodium lights
- steel
- storage tanks **other than** weed control chemical storage tanks, liquid fertilizer storage tanks and water tanks structures **other than** grain bins whether movable or immovable
- tires **other than** low speed implement tires
- tools
- truck and vehicle repair parts
- truck boxes and truck hoists whether purchased separately or with the vehicle
- truck racks
- truck seed funnels
- truck tarps
- vehicles eligible to be licensed under *The Traffic Safety Act* **other than** field fertilizer vehicles
- water pressure systems
- welder's helmets **other than** when purchased as part of a welding unit for farm use
- well cribbing
- well pumps for residential use

#### D. 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.

When individuals purchase used goods for personal use, other than vehicles, tax applies to the selling price of the goods less a deduction of \$300 per item. If a trade-in is involved, the purchaser is entitled to a deduction of \$300 or the value of the trade-in, whichever is greater.

If the goods are for commercial use, the \$300 deduction does not apply.<sup>1</sup>

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<sup>1</sup> Information Bulletin PST-58, *Information on the Taxation of Used Goods*

**E. GOODS AND SERVICES FOR YOUR OWN USE**

Businesses are required to pay tax on purchases of new and used equipment, supplies and taxable services purchased for use in their business operations. Tax is payable as follows:

- When purchased from a licensed supplier, the tax must be paid to the supplier at the time of purchase.
- When purchased from a supplier who did not collect the tax, or when taken from an exempt resale inventory, the tax must be self-assessed and remitted with the regular tax return. This includes goods taken for personal or business use.
- When purchased from an unlicensed supplier located outside Saskatchewan, the tax must be self-assessed and remitted with the regular tax return on the laid down cost, which includes currency exchange, transportation charges, customs and excise duties, and importation charges; but not the GST.

**F. 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. The Saskatchewan Electronic Tax Service (SETS) offers a secure, fast, easy and convenient alternative to filing returns in paper format. Several E-File services are currently available through SETS.

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.
- 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](mailto:sasktaxinfo@gov.sk.ca)

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

Fax: 306-787-9644

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