

PST-41

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THE PROVINCIAL SALES TAX ACT

INFORMATION FOR CITIES, TOWNS AND MUNICIPALITIES

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READER SURVEY

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 (|) in the left margin.

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A. YOUR REGISTERED CONSUMER NUMBER

A registered consumer number is issued to businesses and organizations that do not make retail sales of goods but do obtain taxable goods and services for their own use. This number cannot be used to purchase taxable goods or services without paying the PST. Please see Information Bulletin PST-5, *General Information* for further reference regarding registered consumer responsibilities.

B. PAYING THE TAX

Cities, towns and municipalities are required to pay tax on purchases of equipment, supplies and taxable services, including labour services to repair machinery and equipment. Effective April 1, 2017, services to real property are subject to PST. For further reference, please see Information Bulletin PST-12, *Information for Businesses Providing Services to Real Property*.

If the goods and services are purchased from a licensed supplier, the tax must be paid to the supplier. If the goods and services are purchased from an unlicensed supplier located outside Saskatchewan, the tax must be submitted with your return on the purchase price, including exchange, transportation charges, customs and excise duties and importation charges, but not the GST.

C. EXEMPT EQUIPMENT AND SUPPLIES

Acetylene and oxygen	Tree planters and repair parts
Books, magazines and periodicals	Top soil
Clay and earth	Water treatment chemicals (for drinking water)
Fertilizer	Water treatment filter membranes (for drinking water)
Fungicides	Weed control chemicals
Herbicides	Weed sprayers and repair parts
Insecticides	
Soil sterilants	

D. TAXABLE EQUIPMENT, SUPPLIES AND SERVICES

Antifreeze	Peat moss and vermiculite
Bedding plants	Rebar
Building supplies	Ready-mix concrete
Calcium chloride	Repair labour on tangible personal property
Commercial building cleaning services (refer to Bulletin PST-61)	Road and maintenance equipment
Computer hardware and computer services (refer to Bulletin PST-7)	Road salt
Dust control chemicals and agents	Road signs
Dust control equipment	Rodenticides
Electric pumps	Sandbags
Fencing materials	Sanitation equipment
Fire extinguishers and recharging	Sewage equipment
Fire fighting equipment (see next page)	Sewage treatment chemicals
Flower seeds	Shrubs
Freight charges (on taxable goods originating outside the province)	Sod
Fuel pumps	Swimming pool chemicals (chlorine and salt)
Garbage containers	Tools and equipment
Garden seed	Tractors
Grass seed	Traffic systems
Information signs	Trees
Machinery repair parts	Uniforms
Nursery plants	Water meters
Parking meters	Water treatment equipment
	Welders and welding accessories

E. ELECTRICITY

Cities, towns and municipalities are exempt from paying tax on electricity used for the following purposes:

- heating of buildings where the heating is produced solely by electricity
- public curling rinks, skating rinks, swimming pools (that are not operated for profit), fire halls, sewage disposal and water pumping
- street lighting, lighting of park pathways, tunnels and underpasses

Please provide us with a copy of your current power bill and we will notify your supplier of electrical power to delete tax on your power billings. If you are presently paying tax on all of your electricity, a refund can be obtained by submitting copies of your power billings to the Revenue Division.

Electricity used for lighting parking lots, traffic signals, cross walk signals, playgrounds, ball diamonds and airports is subject to tax.

F. SAND, GRAVEL, CRUSHED/SCREENED BASES AND DECORATIVE ROCK

Cities, towns and municipalities are not required to pay tax on the purchase of sand, gravel and crushed/screened bases. This includes sand and gravel purchased from farmers and licensed vendors. However, they are required to pay tax on purchases of decorative rock, red shale and similar products used for landscaping or decorative purposes.

For further reference, please see PST-71, *Information for Suppliers of Sand, Gravel, Crushed/Screened Bases and Decorative Rock*.

G. EXEMPTION FOR FIRE TRUCKS

Tax does not apply to fire trucks and attached equipment purchased by municipal governments. The exemption includes all equipment attached to or furnished with the vehicle, including any equipment that forms part of that vehicle at the time the vehicle is acquired. Repair labour and replacement parts, supplies or any equipment added to a fire truck after the date the vehicle is acquired, are not eligible for the exemption. Equipment that does not normally form part of a vehicle designed for fighting fires is taxable.

H. CABLE TELEVISION SERVICES

Cities, towns and municipalities that provide cable television services are required to obtain a vendor's licence and collect tax on this service. Equipment used to provide cable television services is subject to tax. Telecommunication equipment includes satellite receiving equipment, signal processing equipment, transmission equipment, decoders, cable and repairs parts. If the tax is not paid to your suppliers, it must be remitted with your return.

I. SEWAGE EFFLUENT IRRIGATION PROJECTS

Sewage effluent equipment purchased directly from a supplier or obtained in a supply and install contract is subject to tax. However, pivots, pipe or pumps installed or located on farmland are eligible for a refund. Copies of your purchase invoices must be submitted for a refund of the tax. A tax refund is not available on equipment located at sewage lagoons or other sites adjacent to farmland.

J. BONDING AND CLEARANCE PROCESS

Under Section 29 of *The Provincial Sales Tax Act*, non-resident and resident contractors carrying on business in Saskatchewan are required to post a guarantee bond or cash deposit in an amount equivalent to 6 per cent of the total amount to be paid under the contract with respect to the sale of:

- A taxable service related to real property, or
- A taxable service related to real property where tangible personal property is installed in conjunction with a taxable real property service.

It is the responsibility of the principal to ensure that contractors comply with this provision. Failure to do so can leave the principal liable for any taxes which the contractor fails to remit, in addition to possible fines and penalties.

Alternatively, contractors required to demonstrate to a principal that their security obligation has been fulfilled can request a clearance letter from the Ministry of Finance. If approved, the letter obtained from Finance can be provided to the principal. It is recommended that principals maintain a holdback of 6 per cent until a clearance letter is provided or proof of bonding is obtained.

Before the final payment is made on a contract, the sub-contractor must obtain a clearance letter from the Revenue Division and provide a copy of the letter to the general contractor or principal. To obtain a clearance letter, please call 1-800-667-6102, extension 0956. If the contractor's account is not in good standing, the general contractor or principal will be requested to withhold from any hold back an amount equal to the tax due and remit this amount to the Revenue Division.

K. SALES OF USED ASSETS

Cities, towns and municipalities are required to collect tax on the sale of used assets, such as vehicles and equipment.

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.¹

¹ Information Bulletin PST-58, *Information on the Taxation of Used Goods*

L. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

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; 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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