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THE PROVINCIAL SALES TAX ACT

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INFORMATION FOR BUSINESSES PROVIDING EMPLOYMENT PLACEMENT SERVICES

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.

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

- A. Taxable Employment Placement Services
- B. Exempt Employment Placement Services
- C. Exempt Disbursements Charged to the Customer
- D. Tax Credit for Bad Debts
- E. Sales of Used Business Assets
- F. Goods and Services for Your Own Use
- G. Saskatchewan Electronic Tax Service (SETS)

A. TAXABLE EMPLOYMENT PLACEMENT SERVICES

Employment placement services refer to services related to locating, obtaining, or arranging temporary or permanent employment in Saskatchewan on behalf of an employer. This includes the recruitment and placement of management personnel and professionals hired as either employees or contractors.

An employment placement service relates to Saskatchewan if that service:

- is provided in relation to a position that is based in Saskatchewan; and
- is provided to a client who resides, ordinarily resides or carries on business in Saskatchewan at the time the service is provided.

B. EXEMPT EMPLOYMENT PLACEMENT SERVICES

Exempt services provided by businesses providing employment placement services include the following:

- Employment placement services that relate to employment outside Saskatchewan;
- Services provided by a person to that person's employer in the course of employment;
- Services for resale to another business providing and collecting tax on the employment placement services;
- Services where temporary workers are provided and the temporary workers remain employees of the placement agency;
- Services provided to individuals who are prospective employees, such as resume writing and distribution, counseling, or training;
- Services provided to federal government departments or agencies (services provided to federal Crown corporations, provincial government departments or agencies or to provincial Crown corporations are subject to tax); and
- Services provided to a Status Indian, Indian band or band-empowered entity located on a reserve.

C. EXEMPT DISBURSEMENTS CHARGED TO THE CUSTOMER

The following disbursements are exempt from tax when itemized separately from employment placement services provided to the customer:

- Facsimile transmission, telephone, and courier services;
- Printing or photocopying of documents;
- Advertising, meals, accommodations, travel and per diem charges; and
- Third party fees or charges that do not form part of the employment placement service and are charged separately on the customer's invoice on a cost-recovery basis.

Charges or fees for research, secretarial services or other overhead costs are considered to form part of the employment placement service and are taxable even if charged separately on the client's invoice.

D. TAX CREDIT FOR BAD DEBTS

Businesses may claim a credit for the tax portion of their receivables that are written off as uncollectible. The tax credit should be taken as an internal adjustment in the vendor's records. Records of the accounts written off and tax credits claimed must be kept for audit verification by the Revenue Division.

E. SALES OF USED BUSINESS ASSETS

Businesses are required to collect tax on the sale of used assets, such as vehicles and equipment. When used assets are being sold as part of the transfer or 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.

For further reference please see Information Bulletin [PST-58, Information on the Taxation of Used Goods](#).

F. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on purchases of equipment, services, and supplies 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 located outside Saskatchewan, the tax must be submitted with your return on the laid-down cost, which includes exchange, transportation charges, customs and excise duties, and importation charges, but not GST.

G. 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.

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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