

PST-49 Issued: April 1996

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THE PROVINCIAL SALES TAX ACT

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INFORMATION FOR NON-RESIDENT VENDORS SUPPLYING AND INSTALLING TANGIBLE PERSONAL PROPERTY

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 (I) in the left margin.

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

- A. Sales and Installation of Tangible Personal Property
- B. Repairs of Tangible Personal Property
- C. Remanufactured or Reconditioned Articles
- D. Warranties and Maintenance Agreements
- E. Calculation of Tax on Equipment, Vehicles and Tools
- F. Supply and Installation of Real Property
- G. Registration and Reporting Requirements
- H. Saskatchewan Electronic Tax Services (SETS)

A. SALES AND INSTALLATION OF TANGIBLE PERSONAL PROPERTY

The sale of new and used tangible personal property is subject to tax on the full selling price, including charges to assemble the property at the customer's site, installation charges, and transportation charges from outside Saskatchewan.

New and used goods purchased on an exchange basis are subject to tax on the exchange price.

Tangible personal property includes machinery, computer equipment, furniture and certain production equipment. Goods, such as certain production equipment, that are affixed to the land or building may be considered to be tangible personal property if it is intended that the goods are to be periodically moved or are subject to repossession by a creditor.

B. REPAIRS OF TANGIBLE PERSONAL PROPERTY

The tax must be collected on new and used parts and repair labour. If a part is transported outside Saskatchewan for repair and then transported back to the province, tax does not apply to any portion of the transportation costs.

C. REMANUFACTURED OR RECONDITIONED ARTICLES

Remanufactured items, such as pumps, motors, alternators, starters, and batteries purchased on an exchange basis are subject to tax on the exchange price. In situations where a core is subsequently returned the tax may be refunded.

If a customer's article is repaired and no exchange takes place, tax must be collected on the repair parts and labour.

D. WARRANTIES AND MAINTENANCE AGREEMENTS

Tax applies to an extended warranty or agreement purchased for new and used tangible personal property, whether purchased with the article or at a subsequent date.

Tax does not apply to parts or labour used to repair the article under the terms of the extended warranty contract unless a charge is made to the customer. If the parts or labour are invoiced to the customer, tax must be collected on the amount charged.

Maintenance agreements which provide for regular cleaning, inspection or servicing of tangible personal property are subject to tax. Tax does not apply to parts used to repair the article under the terms of the maintenance contract. If the parts or labour are invoiced to the customer, tax must be collected on the amount charged.

E. CALCULATION OF TAX ON EQUIPMENT, VEHICLES AND TOOLS

A non-resident vendor who brings equipment, vehicles and tools into Saskatchewan is required to pay the tax by one of the following methods.

(a) Tax on depreciated value

The tax is payable on the depreciated value. To determine value, straight-line depreciation of 1 1/2% per month or part month to a maximum of 60% is allowed from the date of purchase to the original date of entry into Saskatchewan. Depreciation applies to the original purchase price before deduction of a trade-in.

(b) Tax on temporary use formula

If a retail sales tax has been paid in full to another jurisdiction, the Provincial Sales Tax is determined as follows:

- (i) calculate the tax on equipment and vehicles on the original purchase price before the deduction of a trade-in (no depreciation allowed).

- (ii) remit 1/36 of the tax calculated in (i) above for each month or part month the equipment or vehicles are in Saskatchewan. Payment will continue until full tax (36/36) has been paid or the equipment or vehicles are permanently removed from Saskatchewan.

If a retail sales tax has **not** been paid in full to another jurisdiction, the Provincial Sales Tax is determined as follows:

- (i) calculate the tax on equipment and vehicles on the original purchase price before the deduction of a trade-in (no depreciation allowed).
- (ii) remit 1/3 of the tax calculated in (i) above for each year or part year the equipment or vehicles are in Saskatchewan. Payment will continue until full tax (3/3) has been paid or the equipment or vehicles are permanently removed from Saskatchewan.

All equipment, vehicles and tools brought into Saskatchewan must be reported. For audit verification, please include copies of purchase invoices.

Leased equipment brought into Saskatchewan is subject to tax on the total lease/rental charge.

Please Note: Interjurisdictional vehicles registered under CAVR and IRP are subject to tax on a distance prorate formula. If you require further information on the distance prorate, please contact the Revenue Division at 1-800-667-6102 extension 6658.

F. SUPPLY AND INSTALLATION OF REAL PROPERTY

Businesses that are also involved in real property construction contracts should refer to Information Bulletin PST-38 *Non-Resident Contractors*.

G. REGISTRATION AND REPORTING REQUIREMENTS

Non-resident vendors who supply and install tangible personal property in Saskatchewan must become licensed with the Revenue Division to enable them to report tax payable on equipment, vehicles and tools brought into the province as well as tax collected on their sales. Tax returns will be forwarded on a regular basis and must be submitted no later than 20 days following the end of the return period.

H. 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.
- Subscribe to an email notification service that allows the option to be notified by email that a tax return should be filed (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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