
PST-41

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THE PROVINCIAL SALES TAX ACT

INFORMATION FOR CITIES, TOWNS AND MUNICIPALITIES

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. Your Registered Consumer Number
- B. Paying the Tax
- C. Exempt Equipment and Supplies
- D. Taxable Equipment, Supplies and Services
- E. Electricity
- F. Sand, Gravel, Crushed/Screened Bases and Decorative Rock
- G. Exemption for Fire Trucks
- H. Cable Television Service
- I. Sewage Effluent Irrigation Projects
- J. Bonding and Clearance Process and Ensuring Contractor Holds a Valid Licence
- K. Sales of Used Assets
- L. Tax Tips Line
- M. Saskatchewan Electronic Tax Service (SETS)

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; and,
- 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 stop collecting 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. Refunds must be claimed within four years from the date of overpayment.

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 self-assessed and 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 AND ENSURING CONTRACTOR HOLDS A VALID LICENCE

1. Bonding/Clearance Requirement when Hiring Non-resident Contractors

Under Section 29 of *The Provincial Sales Tax Act*, non-resident contractors consuming or using equipment or other goods during the completion of a contract in Saskatchewan are required to:

- a) post a Guarantee Bond or cash deposit in an amount equivalent to 6% of the total contract amount, or
- b) obtain a clearance letter from the Ministry of Finance to provide to the principal.

It is recommended that the principal maintain a holdback of 6% until a clearance letter is provided or proof of bonding is obtained.

It is the responsibility of the principal to ensure that contractors comply with this provision as 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.

Proof of Guarantee Bond

In the majority of cases, bonding is obtained prior to work commencing. Original bonds are to be forwarded to the Revenue Division and written confirmation will be provided upon receipt.

If proof of bonding has been obtained, the principal is not required to also maintain holdbacks for PST purposes. However, in the event that change orders are subsequently issued which increase the total contract value, a holdback must be maintained on those change orders or a bond rider must be obtained.

Clearance Letter on Final Payment

In cases where proof of bonding has not been obtained, before the final payment is made on a contract, the 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:

- Visit our website at Saskatchewan.ca/PST, or
- Call 1-800-667-6102, extension 0956, or
- Email contractorclearance@gov.sk.ca.

If the contractor does not pay the PST payable with respect to the contract, the general contractor or principal will be requested to withhold from any hold back an amount equal to the tax due, to a maximum of 6% of the contract amount, and remit this amount to the Revenue Division.

Generally a clearance letter covers a specific contract for a specific customer. However, non-residents contracted for Master Service Agreements or similar arrangements are encouraged to request clearances on a monthly basis covering all jobs per customer within that month, versus on a job-by-job basis. For larger contracts spanning over a period of several months or years, a clearance may be requested for each progress period.

2. Principal's Obligation to Ensure Contractor Holds a Valid Licence

Section 29.01 of The Provincial Sales Tax Act requires the principal to ensure a contractor holds a valid Saskatchewan PST vendor's licence, whether the contractor is a resident or a non-resident, before making payment of PST to the contractor.

The principal can verify that a contractor holds a valid PST vendor licence by accessing the PST On-Line Registry at <http://www.skpstregistry.gov.sk.ca/>. It is recommended that the principal maintain a print from the registry for audit purposes. Alternatively, a clearance letter for the contract would act as sufficient evidence that the contractor holds a valid licence.

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

L. TAX TIPS LINE

When a business or individual does not comply with provincial tax legislation, businesses face unfair competition and a burden is placed on all taxpayers who do comply. It causes significant loss in the revenue available to fund services such as health, education and other important government programs.

Tax Tips Line provides an anonymous, fully confidential way for the public to report businesses or individuals who are participating in tax fraud. If you suspect that a business or individual is being dishonest with their provincial taxes or is misrepresenting their activities to reduce their taxes, you can report them using Tax Tips Line.

Please visit our website at Saskatchewan.ca/business-taxes to find out more regarding types of tax fraud and the information to report, if possible.

¹ Information Bulletin [PST-58, Information on the Taxation of Used Goods](#)

Tax Tips Line is specifically and solely for information related to provincial tax compliance. Any unrelated inquiries or information will not be addressed by the Tax Tips Line, and should be directed to the appropriate organization.

How to Report:

- 1) Toll-free 1-833-334-8477
- 2) Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA SK S4P 2Z6
- 3) [Online Form Submission](#)

M. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

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

Fax: 306-787-9644

Internet: Tax bulletins, forms and information are available at www.sets.saskatchewan.ca/taxinfo.

To receive automatic email notifications when this or any other bulletin is revised, go to www.sets.saskatchewan.ca/subscribe.

Government website: Saskatchewan.ca.