

PROVINCIAL SALES TAX ON INSURANCE PREMIUMS

As a result of consultations with insurance industry associations, the Government of Saskatchewan has extended the effective date for the application of Provincial Sales Tax (PST) to insurance premiums from July 1, 2017, to August 1, 2017. This extension will provide additional time to implement the change and to address the following updates:

- Self-insured group benefit arrangements, also known as Administrative Services Only (ASO) arrangements, are subject to PST.
- Individual permanent life insurance policies, including whole and universal life insurance, in effect prior to August 1, 2017, are exempt from PST, including all future premium payments with respect to these policies. New individual permanent life insurance policies effective after July 31, 2017, will be subject to PST.
- Endorsements added to insurance contracts with an effective date prior to August 1, 2017, are not subject to PST.

PST of 6 per cent applies to all insurance premiums with an effective date on or after August 1, 2017, sold by any company, agency or group, where the insured person or business is a resident of Saskatchewan or the insurance contract is in respect of property located in Saskatchewan.

PST will not apply to reinsurance, annuity contracts, contributions or premiums paid under the *Canada Pension Plan*, *Employment Insurance Act (Canada)* and *The Workers Compensation Act, 2013* or to insurance contracts purchased by Status Indians or Indian Bands solely covering their property situated on reserve land, or for risks, perils or events that relate wholly to an activity or location on reserve land, or in respect of a Status Indian living on reserve land.

The Ministry of Finance is currently consulting with insurance industry associations to finalize the information bulletin which will assist in applying and collecting the PST on insurance premiums. This bulletin is expected to be complete by May 31, 2017.

FOR FURTHER INFORMATION

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Internet: Tax bulletins, forms and information are available on the Internet at:
<http://www.finance.gov.sk.ca/taxes>