

Information Bulletin

PST-80

Issued: October 2026

THE PROVINCIAL SALES TAX ACT

COUPONS, DISCOUNTS, REBATES AND PROMOTIONAL PACKAGES

This bulletin has been prepared to assist you in understanding the application of Provincial Sales Tax (PST). It is a general guide and not a substitute for the legislation.

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A. DEFINITIONS

‘Promotional distribution’ refers to the provision of tangible personal property for no consideration or for consideration less than its fair market value (FMV), and includes goods provided as giveaways, prizes, samples or rewards, as described in clause 3(1)(e.1) of [The Provincial Sales Tax Act](#).

‘Consideration’ means the total amount paid or payable for goods or services, before application of certain incentives depending on their nature (e.g., discounts vs reimbursed coupons).

‘Laid-down cost’ includes currency exchange, transportation, customs and excise duties, and importation charges, but excludes GST.

B. PROMOTIONAL GOODS, GIFTS AND COMPLIMENTARY ITEMS

Items purchased for promotional purposes (e.g., giveaways, samples, prizes or gifts) are subject to PST at the time of purchase. If PST is not paid to the supplier, it must be self-assessed and reported on your return based on the purchase price or laid-down cost.

When Vendors Must Self-Assess PST

Vendors are required to self-assess PST where goods are:

- consumed by the vendor;
- provided as promotional distribution;
- taken from resale inventory and used for business or personal use; or
- taken from resale inventory and given away or sold for less than FMV as part of a promotional offer.

Where a vendor removes goods from resale inventory and uses them for promotional purposes or for other business or personal use, the vendor must self-assess PST on the laid-down cost of those goods.

Promotional Sales Below Cost

Where a taxable good is sold for less than the vendor's cost as part of a promotional offer, the transaction is considered partly a sale and partly a promotional distribution.

In these cases:

- PST applies to the selling price charged to the customer; and
- the vendor must self-assess PST on the difference between the vendor's cost and the selling price.

Example:

A vendor purchases a taxable item for \$10 and sells it for \$6 as part of a promotion.

- PST applies to the \$6 selling price; and
- the vendor must self-assess PST on the \$4 difference.

Sales Below Cost That Are Not Promotional

Vendors are not required to self-assess PST on goods sold below cost where the reduction in price is not for promotional purposes (for example, where goods are discounted because they are obsolete or their value has decreased).

In these cases, PST applies only to the selling price charged to the customer.

Example:

A vendor purchases an item for \$100 and later sells it for \$75 due to reduced demand.

- PST applies to the \$75 selling price; and
- no additional PST is required to be self-assessed.

Common Promotional Items

Promotional items are generally provided unconditionally (no purchase required).

Examples include:

- Giveaways such as calendars, pens, keychains, coffee mugs, clothing, etc.;
- Draw prizes where no purchase is required (e.g., BBQs, camping gear);
- Free product samples (e.g., perfume, cosmetics).

Note: Exceptions may apply for promotional admissions, tickets, and sponsorships. Please see [PST-76, Admissions, Entertainment and Recreation](#) for more information.

C. BUNDLED GOODS

In transactions where multiple goods are sold together for a single price, the application of Provincial Sales Tax (PST), as well as other applicable taxes such as Liquor Consumption Tax (LCT) and Vapour Products Tax (VPT), depends on the nature of the items included in the bundle and how they are marketed and priced.

Bonus Items

Where two taxable items are sold as a package, tax applies to the total selling price of the bundle. This treatment is based on the presumption that the consideration paid by the purchaser applies to all items included, regardless of whether one or more items are described as “free,” “bonus,” or “included at no extra charge.”

In practice, the advertised price of bundled goods often reflects the inclusion of all items, even where some are promoted as free.

Example:

A “free” toy included with a kid’s meal at a restaurant is considered to be the combined purchase of both items when the condition to receive the toy requires the purchase of a meal. In this case, the vendor is not required to pay PST on the purchase of the “free” toy as the toy is considered inventory for resale and may be purchased exempt from tax. The vendor must collect PST on the selling price of the meal.

Bundles Containing Taxable and Exempt Components

Where a bundled sale includes both taxable and exempt goods, the vendor must allocate the total selling price between the components on a reasonable basis using their FMV.

PST applies only to the portion of the price attributable to taxable goods.

This differs from bundles containing only taxable goods, where PST applies to the entire selling price.

Example:

A bundle includes an exempt book and a taxable accessory sold together for a single price. The price must be allocated between the two items based on their respective FMVs, and PST applies only to the taxable portion.

Gift Baskets and Other Packaged Goods

Gift baskets and similar packaged goods are a specific type of bundled sale that often includes a mix of taxable items, exempt items, and items subject to different tax types (e.g., LCT or VPT). As such, they are subject to more detailed rules.

Where a package includes items subject to different tax treatments, the vendor should allocate the total selling price among the components on a reasonable basis using their respective FMVs. Tax applies based on the tax status of each component. The rules below apply where no reasonable allocation is provided.

Packages Containing LCT Items

If the package contains one or more items subject to LCT (but no VPT items) and no allocation is provided, the entire selling price is subject to LCT (10%), regardless of the mix of other goods.

Packages Containing VPT Items

If any item in the package is subject to VPT, and no allocation is provided, the entire selling price is subject to VPT (20%). In addition, effective June 1, 2025, PST at 6% applies to the entire selling price.

High-Value Packages

Where the total selling price exceeds \$500 and no allocation is provided, the entire package is subject to the **highest applicable tax rate** (PST, LCT, or VPT) that applies to any item in the package.

Treatment of Containers

Where a gift basket includes a decorative or reusable container, such as a basket, vase, ornament, or personalized packaging, the value of that container must be included as part of the taxable portion subject to PST.

However, if the container is merely disposable packaging with no additional value to the consumer, it is not included in the taxable value.

See the table below for reference:

General Rule	
The value of goods and services subject to PST, LCT, and/or VPT are broken out by the manufacturer or vendor.	The fair market value of items in each category is subject to the applicable rate of tax as follows: • PST (six per cent) • LCT (10 per cent) • VPT (20 per cent) (Effective June 1, 2025, PST applies to vapour products, in addition to the VPT – see bulletin VPT-1)
Exceptions (when values are not broken out by the manufacturer or vendor)	
• The basket or package does not include any goods subject to LCT and/or VPT; and • The total selling price is less than \$500; and • The taxable value is more than 10 per cent of the total selling price.	The entire basket or package is subject to PST (six per cent).
• The basket or package does not include any goods subject to LCT and/or VPT; and, • The total selling price is less than \$500; • The taxable value is \$50 or less and 10 per cent or less of the total selling price; and, • The taxable portion is not ordinarily sold or provided separately from the exempt portion.	The entire selling price of the basket or package is exempt from tax.
• The taxable portion of the basket or package includes one or more products subject to LCT but does not include any products subject to VPT.	The entire selling price of the basket or package is subject to LCT (10 per cent).
• The taxable portion includes one or more products subject to VPT.	The entire selling price of the basket or package is subject to VPT (20 per cent). Effective June 1, 2025, PST (six per cent) applies to the entire package in addition to the VPT.

D. DISCOUNTS

Discounted Price

An offer that provides reduced pricing, either by stating a reduced price or offering a percentage discount, reduces the selling price of the goods. For these offers, PST applies to the reduced selling price.

Example:

An item regularly priced at \$100 is offered at 20% off. PST applies to the discounted price of \$80.

Early Payment Discount

Vendors may offer an early payment discount on credit sales (a sale where goods are provided to the customer before payment is due). This is often in the form of a percentage off discount if payment is made in full before the due date.

Similar to discounted pricing, PST applies to the total selling price of taxable goods after deducting any early payment discount or trade discounts. If the customer does not take advantage of the discount, PST would apply to the total selling price rather than the discounted amount.

Example:

An invoice for \$100 in taxable goods provides a 2% discount on the condition that payment is made in full within 10 days of issuance. PST applies to the reduced amount of \$98 if the customer takes advantage of the discount.

For this transaction the vendor would collect tax of \$5.88 (\$98 x 6%).

Late Payment Penalties

Late payment fees differ from early payment discounts. Where a vendor imposes a penalty for the late payment of an invoice by a consumer or user, the penalty is to be excluded in determining the value of any tangible personal property or taxable service.

E. COUPONS AND REBATES

General Rule for Coupons

The key factor in determining the PST treatment of a coupon is whether the vendor is reimbursed by a third party (e.g., a manufacturer).

- If the vendor is reimbursed, the coupon forms part of the consideration. Therefore, PST applies to the full price before deduction.
- If the vendor is not reimbursed, the coupon reduces the selling price. Therefore, PST applies to the reduced price.

Coupons provide customers with goods at a reduced price, or free of charge, or may provide some other promotional offer upon redemption. PST implications vary depending on the incentive provided.

Fixed Price and Percentage Off Coupons

A coupon that reduces the selling price (e.g., \$5 off or 20 per cent off)

- The specified price could be a reduction in retail price of the product in the form of dollars off, percentage off, or by mentioning a reduced price. PST applies to the reduced price and the coupon is not considered part of the amount paid by the customer.
- If the price paid by the customer is less than the vendor's cost to acquire the merchandise, the difference is treated as a promotional distribution (e.g., a portion of the item is effectively given away), and the vendor must pay PST on that difference.

Cash Coupons

Considered a "money's worth" equivalent that may be applied to the purchase of goods.

- An offer that provides an amount to the customer to be used as a cash equivalent does not have the same effect of reducing the stated price at which goods may be purchased. PST applies to the full selling price before the coupon is applied. The coupon does not reduce the taxable amount.

Example:

Item price: \$50
Cash coupon: \$10
Taxable amount: \$50
PST (6%): \$3.00

Manufacturers Coupons

Coupons and offers issued by the manufacturer (third party). These coupons are treated differently than those issued directly by the vendor.

- Manufacturers and distributors occasionally issue cash coupons for select products which are honoured by retailers. The retailer is typically reimbursed by the manufacturer for the value of the coupon, and this forms part of the consideration paid for the item. PST applies to the selling price of the item **before** deduction of the manufacturer's coupon amount.

Example:

Item price: \$20
Manufacturer coupon: \$5
Customer pays \$ 15
Taxable amount \$ 20
PST (6%): \$1.20

Buy "X", Get 1or "X" Free

A coupon which provides the customer with additional goods at no charge when making a taxable purchase.

**Buy “X”, Get
1or “X” Free
(Conintued)**

- Buy one, get one free coupons and similar promotions are treated the same as a discount when the “free” item is conditional on the purchase of another item. PST applies to the total selling price of the items billed to the customer. The vendor is not required to self-assess PST on the “free” item.
- Other variations of this promotion such as “buy ten and get the next one free” or “buy one and get the next one for half price” are also treated in the same manner as a discount. When acquiring the “free” item is conditional on the purchase of another item or items, it is treated as a discount and not a promotional good. The vendor is not required to self-assess PST on the “free” item.

Note: When a taxable good is provided “free” as a condition of purchasing **exempt** goods, tax must be paid on the taxable good. The vendor may either pay PST on the cost of the item or charge the PST to the customer.

Free Giveaway

A coupon which provides the customer with a product at no charge and with no purchase necessary.

- An offer that provides goods free of charge with no purchase necessary is considered to be promotional distribution.
- The provider of the complementary items is required to pay PST on the laid down cost of these goods. If tax was not paid at the time of purchase, PST must be self-assessed and reported as consumption tax.

**Mail-in Rebates
and Cash
Bonuses**

Provides for financial reimbursement after a purchase has been made.

- PST applies to the purchase price of taxable goods before deduction of any rebated amount. This rule applies even if the rebate is provided at the time of purchase and used to effectively reduce the amount payable by the customer.

Note: This also applies to manufacturer’s rebates.

**Membership
Pricing**

Programs that allow members to purchase items at a reduced cost.

- PST applies to the reduced price of taxable goods.

Coupon Books

A book which contains a variety of coupons that is sold by organizations primarily for fundraising activities.

- PST does not apply to the sale of coupon books. However, tax applies to the costs related to advertising, design and printing of the books.

Note: While PST does not apply to the sale of coupon books, the tax treatment of products, services, admissions or other items purchased or obtained using coupons is determined in accordance with the applicable sections of this bulletin.

Note: Charges for the design and printing of coupons and other promotional advertising materials are subject to PST. Please see Information Bulletin [PST-67, Advertising Services](#) for further information.

F. REWARD POINTS PROGRAMS

Reward points programs offered by vendors typically allow a customer to accumulate points on transactions which can be redeemed for goods, discounts and cash coupons.

Redemptions for Cash Coupons or Cash Equivalents

When reward points programs allow customers to redeem points for a cash coupon or cash equivalent, it does not have the same effect of reducing the stated price at which goods may be purchased. For these offers, PST applies on the selling price of the goods before a deduction of the cash amount.

Example:

A customer wishes to purchase taxable goods which total \$50. They redeem reward points for \$10 in cash credit to be put towards their purchase and pay the remaining balance in cash.

For this transaction the vendor would collect tax of \$3 (\$50 x 6%).

Redemptions for Goods and Services

When redeemed points provide the customer with a taxable good at no cost, the supplier of the item must pay tax on their cost of the merchandise. Goods that are given away free as part of a reward points program are considered promotional distribution.

Consumers are not required to pay tax on point redemptions for complimentary taxable services. The supplier of the service is required to pay tax on the cost of any materials consumed in completing the service, but not internal labour.

Example:

A customer redeems reward points for a free oil change at an automotive repair shop. The vendor would be required to pay tax on their cost to acquire the oil and report it as consumption tax with their next regular return.

Redemptions for Discounts

Point redemptions which grant the customer a percentage off their purchase qualify as a discount and reduce the amount owing by the customer. When point redemptions are for a set dollar amount, it is deemed to be a redemption of a cash coupon and not treated as a discount.

When a customer redeems a discount and pays a portion of the price with a monetary payment, PST applies to the amount paid by the customer.

If the amount paid by the customer is less than the vendor's cost of the merchandise, the supplier must also self-assess PST on the difference between the amount paid and their cost.

Redemptions for Gift Cards

Point redemptions for gift cards and pre-paid credit cards are not subject to PST. Tax will apply when the cards are redeemed as cash towards the purchase of goods, if applicable.

Note: Passes, tickets and other forms of pre-paid cards are not treated the same as gift cards and pre-paid credit cards.

G. FREE TRIAL OFFERS

Where a free trial provides access to a taxable service, the vendor may be considered the consumer of inputs used to provide the service and may be required to pay PST on taxable inputs, where applicable.

Online subscription providers (e.g., streaming platforms, music service and other digital service providers) may offer free trial periods during which users are granted temporary access to some or all features of the service without charge and without any contractual obligation to continue.

Where a free trial provides access to a taxable service for promotional purposes, and no consideration is charged or integrated in a subsequent subscription price, the service is provided for no charge or for less than its value. As a result, the vendor is considered the consumer of the service supplied during the trial period and is required to self-assess PST on the cost of providing the service.

PST continues to apply in the ordinary manner to any subscription fees charged to Saskatchewan users who elect to continue the service after the trial period.

H. DONATIONS TO PUBLIC OR NON-PROFIT ORGANIZATIONS

In general, donated goods are not subject to tax in the hands of the recipient; the donor is responsible for the tax owing.

There is no requirement for either the donor or the recipient to account for PST on donations of the following, unless the item is claimed by them as a promotional or advertising expense, in which case PST must be self-assessed on the amount expensed in the accounting records:

- Taxable services performed by the donor;
- Tax paid assets (tax paid by the donor); and
- Vendor's perishable or obsolete inventory

Where cash is donated to a recipient in Saskatchewan and the funds are used to purchase taxable goods, the recipient is required to pay the tax on the purchase of those goods.

I. 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-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-tips-line to find out more regarding types of tax fraud and the information to report, if possible.

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](#)

J. SASKATCHEWAN eTAX SERVICES (SETS)

Finance has made it possible to report and remit tax electronically through a secure, fast, easy and convenient online self-service portal. Several services are currently available to businesses through SETS (sets.saskatchewan.ca):

- Register for secure, self-managed access to all your tax accounts.
- Apply for a new tax account.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.
- Submit a service request to update the mailing address or add a new business location.
- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
- View and download up-to-date tax information promptly.

- Subscribe to receive email notifications when new and revised tax publications are available.

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

Internet: Tax bulletins, forms and information are available at saskatchewan.ca/business-taxes.

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

To provide feedback or suggest changes to this bulletin, please complete a [Bulletin Survey](#).

Government website: Saskatchewan.ca