Government of Saskatchewan
Ministry of Finance

Information Notice

IN 2017-01
Issued: March 22, 2017

PROVINCIAL SALES TAX RATE TRANSITION RULES

Effective March 23, 2017, the Provincial Sales Tax (PST) rate is increased from 5 per cent to 6 per cent. The new rate of 6 per cent applies to all taxable sales or leases made on or after March 23, 2017. The transitional rules are outlined below for taxable goods, services and leases.

Taxable Goods

The 5 per cent tax rate applies to taxable goods purchased before March 23, 2017. This includes:

- Goods fully or partially paid for prior to March 23, 2017, including goods delivered on or after March 23, 2017.
- Goods delivered prior to March 23, 2017, including goods that are paid for on or after that date.
- Goods purchased on credit or under deferred payment arrangements where the purchaser takes legal title or possession of the goods before March 23, 2017, even though the purchaser pays the credit card company, financing company or vendor after March 23, 2017.

The 6 per cent tax rate applies to taxable goods purchased on or after March 23, 2017, including goods ordered but not delivered or paid for as of March 23, 2017.

Taxable Services

- The 5 per cent tax rate applies to all payments for taxable services that were made or became payable before March 23, 2017, even if the services are provided on or after March 23, 2017, or during a period that spans March 23, 2017.
- The 6 per cent tax rate applies to all payments for taxable services that are made or become payable on or after March 23, 2017, even if the contract was entered into before March 23, 2017.
- Services completed prior to March 23, 2017, are taxable at the 5 per cent rate, regardless of billing or payment date.

Prepaid Service Contracts

- Prepaid service arrangements bought and fully paid for prior to March 23, 2017 are taxable at 5 per cent, regardless of when the service is performed.
- On or after March 23, 2017, prepaid service arrangements where a vendor agrees to provide a service for a coverage period that is completed after March 23, 2017, is taxable at 6 per cent.

For transitional rules related to the change in application of PST to services to real property, please see Information Notice 2017-02, *Provincial Sales Tax – Services to Real Property*.

Taxable Leases

- The 5 per cent tax rate applies to all lease payments that were made or became payable before March 23, 2017.

- The 6 per cent tax rate applies to all lease payments that are made or become payable on or after March 23, 2017 even if the lease was entered into prior to that date.

- If a lease payment is for a period greater than one month that spans March 23, 2017, the lessor should prorate the tax according to the tax rate in effect during each part of the billing period.

Telecommunication services

- The tax rate applies on the standard monthly package charge based on the billing date. Bills for service dated prior to March 23, 2017, are taxable at 5 per cent, including billing periods that straddle that date.

- Bills for the standard monthly service package on or after March 23, 2017 are taxable at 6 per cent.

- Tax applies on charges for optional or extra-billed services based on the date the service was provided, i.e. charges for long distance calls or pay-per-view movies purchased prior to March 23, 2017, are taxable at 5 per cent, those purchased on or after March 23, 2017, are taxable at 6 per cent.

Electricity

- Monthly charges for taxable electricity (non-residential) are subject to tax based on the billing date. Bills for taxable electricity dated prior to March 23, 2017, are taxable at 5 per cent, including billing periods that straddle that date.

- Bills for taxable electricity on or after March 23, 2017, are taxable at 6 per cent.

PST Refunds and Credits

- Refunds of the PST on returned goods or cancelled sales must be provided at the same rate at which the tax was collected on the original sale.

- Internal credits taken for goods on which the PST was paid prior to March 23, 2017, at the 5 per cent rate and then resold after that date must use the 5 per cent rate.

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

Government website: Saskatchewan.ca.