

# Information Bulletin

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PST-57

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## THE PROVINCIAL SALES TAX ACT

### REPAIR AND INSTALLATION SERVICES

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. Tangible Personal Property and Real Property
- B. Tangible Personal Property Repair and Installation Services
- C. Real Property Repair and Installation Services
- D. Inspection and Diagnostic Services
- E. Miscellaneous Labour Charges
- F. Sales to Status Indians
- G. Goods and Services for Your Own Use
- H. Sales of Used Business Assets
- I. Tax Tips Line
- J. Saskatchewan eTax Services (SETS)

#### **A. TANGIBLE PERSONAL PROPERTY AND REAL PROPERTY**

**Tangible Personal Property (TPP)** refers to property, other than land or buildings that is movable, not attached to land or buildings in a permanent manner and can be subject to repossession.

TPP includes items such as machinery and equipment, office furniture, tools, vehicles and appliances. These items retain their identity and do not become part of real property.

**Real Property** includes land or buildings or property that is permanently attached to land or buildings. In general, TPP becomes real property upon installation when affixed or attached to the land or building in a permanent manner (i.e. sunk into, cemented into, bolted to, built or framed into, plumbed or wired into, or otherwise secured), thereby becoming an integral component of the property. The goods become a permanent and substantial improvement to the real property, being attached to the building such that they add value and cannot be easily removed.

Examples of items that become real property when installed in a building or attached to land include windows, doors, light fixtures, furnaces, central air conditioners, railings, underground sprinklers, fences and plumbing materials.

In addition, TPP that is so large and heavy that it cannot be moved may also be considered real property, even if it is not otherwise affixed to the land or a building. For example, most production machinery and equipment is considered to become real property after being permanently installed and becoming an integral component of a processing activity, regardless of being attached or affixed to the land or building.

## **B. TANGIBLE PERSONAL PROPERTY REPAIR AND INSTALLATION SERVICES**

Services provided to repair, install, assemble, dismantle, adjust, restore, recondition, examine, refinish or maintain TPP are subject to tax. Examples include welding a hitch, repairing an appliance and refinishing a table.

Tax must be collected on the total charge to the customer, including parts and labour and service call charges related to these services. The repair company may purchase the repair parts exempt from tax by quoting their vendor's licence number to their suppliers.

Tax does not apply to charges for mileage, travel, meals and accommodations related to these services providing the charges are reasonable and are segregated on the customer's invoice.

Charges to repair exempt equipment such as exempt farm implements and exempt medical equipment are not subject to tax. For further information please see Information Bulletins, [PST-16, Farm Implement and Farm Supply Dealers](#) and [PST-42, Medical Equipment and Supplies](#).

### **Sale of Used Parts or Goods**

When used parts or goods are sold to an individual for non-commercial purposes, tax applies to the selling price of the parts or goods less a deduction of \$300 per item. If a trade-in is involved, the purchaser is entitled to the \$300 deduction or the value of the trade-in, whichever is greater. The \$300 deduction **does not apply** if the goods are purchased for commercial use or from outside Canada.

## **C. REAL PROPERTY REPAIR AND INSTALLATION SERVICES**

Labour charges related to the installation or repair of real property are subject to tax. Examples include welding an underground pipeline, repairing a furnace and installing blinds.

Tax must be collected on the total charge to the customer, including parts and labour and service call charges related to these services. Mileage and subsistence charges are also subject to PST. The repair/installation company may purchase the repair parts and installation materials exempt from tax by quoting their vendor's licence number to their suppliers.

When items that have become real property are removed to an off-site location for repair, the charges for the materials and labour related to the repair are also subject to tax.

For further reference, please see Information Bulletin [PST-12, Services to Real Property](#).

#### **D. INSPECTION AND DIAGNOSTIC SERVICES**

##### **Tangible Personal Property**

Charges to diagnose, examine or inspect TPP are subject to tax when the service is provided in connection with the repair of that item. These services are provided in order to identify and assess potential repairs and are subject to tax whether or not the actual repairs are completed.

In cases where specialized diagnostic equipment is used to conduct the analysis, any charges to the customer for use of this equipment form part of the service agreement and are also subject to tax.

##### **Real Property**

Charges to diagnose, examine or inspect items that have become real property are subject to tax when the service is provided in connection with the repair of the real property.

The following services are exempt from PST if they are provided separately and are not billed in connection with taxable services to real property. Inspection or examination services completed:

- for the purpose of providing a quote with respect to evaluating damages and estimating the cost of repairs;
- as part of a general preventative maintenance schedule for the purpose of detecting or identifying potential repairs, and the repair or maintenance is completed separately from the inspection, not forming part of that inspection service;
- for the purpose of determining the remaining useful life of a component of tangible personal property that has been installed into real property; and,
- to monitor the operations of a plant or facility, or a processing activity, or to collect data for further analysis.

Home inspection services are not subject to tax.

##### **Mandatory Inspections**

Mandatory inspections that are regulated by a governing body to ensure standards are maintained, such as Saskatchewan Government Insurance safety inspections and fire extinguisher certifications, are not subject to tax as these relate to customer owned goods and are not provided in relation to the sale or repair of TPP or the repair of real property.

Where mandatory inspections are completed by a vendor in relation to a sale of TPP to ensure the product meets certain safety, quality or specification standards, the inspection charges form part of the laid down or manufactured cost of the goods and tax applies to the total consideration paid.

## E. MISCELLANEOUS LABOUR CHARGES

### Taxable Labour Charges Include:

- Instrument calibration for TPP
- Equipment programming-see Information Bulletin, [PST-7, Computer Hardware, Software and Computer Services](#)
- Skate sharpening and ski and snowboard waxing
- Knife and saw sharpening
- Musical instrument repair and tuning
- Engraving TPP
- Laminating
- Laundry, dry cleaning and alteration services-see Information Bulletin, [PST-53, Launderers and Dry Cleaners](#)
- Commercial building cleaning services-see Information Bulletin, [PST-61, Commercial Building Cleaning Services](#)
- Fire extinguisher refills and repairs
- Furniture repair and reupholstering

### Exempt Labour Charges Include:

- Cleaning services related to residential property.
- Cleaning or vacuuming of TPP such as equipment, furniture, vehicles, etc. when the cleaning service is separate from and not provided in relation to a repair of those items.
- Appraisal services such as home appraisals, damage appraisals for insurance purposes and valuation appraisals.
- Repair labour provided by a person to that person's employer in the course of employment.

## F. SALES TO STATUS INDIANS

Taxable goods and services provided to Status Indians, Indian bands and non-commercial band-empowered entities are not subject to tax providing the goods are delivered to the reserve by the retailer or the repair services are performed on the reserve and the *Certificate of Indian Status Identification Card* number or band number is recorded on the invoice. The complete 10-digit card number must be recorded on the sales invoice. If the federal identification card number is only three to five digits, record the number and the name of the band on the sales invoice. **Proof the repair was performed on reserve or the goods were delivered to the reserve must be retained. There is no exemption for taxable repair services performed off reserve.** For further information please see Information Bulletin, [PST-63, Sales to First Nations Individuals and Organizations](#).

## **G. GOODS AND SERVICES FOR YOUR OWN USE**

Businesses are required to pay tax on purchases of new and used equipment, supplies and taxable services purchased for use in their business operations. Tax is payable as follows:

- When purchased from a licensed supplier, the tax must be paid to the supplier at the time of purchase.
- When purchased from a supplier who did not collect the tax, or when taken from an exempt resale inventory, the tax must be self-assessed and remitted with the regular tax return. This includes goods taken for personal or business use.
- When purchased from an unlicensed supplier located outside Saskatchewan, the tax must be self-assessed and remitted with the regular tax return on the laid down cost, which includes currency exchange, transportation charges, customs and excise duties, and importation charges; but not the GST.

## **H. SALES OF USED BUSINESS ASSETS**

Businesses are required to collect tax on the sale of used assets, such as vehicles and equipment. When used assets are being sold as part of the closure of a business, the purchaser is required to self-assess and report the tax.

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.

For further information please see Information Bulletin, [PST-58, Used 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 [sets.saskatchewan.ca](https://sets.saskatchewan.ca) 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:

- 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](mailto:sasktaxinfo@gov.sk.ca)

Internet: Tax bulletins, forms and information are available at [www.sets.saskatchewan.ca/taxinfo](http://www.sets.saskatchewan.ca/taxinfo).

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