

Businesses are required to pay Provincial Sales Tax (PST) on the purchase of **new and used** assets. **The purchaser must self-assess and remit the PST on the purchase of assets when the tax was not collected by the supplier**, such as when acquired outside Saskatchewan or from a business ceasing operations. The purchase of shares of an existing corporation is not subject to tax, however a tax liability may arise if the corporation has either not paid the tax on its assets or it has not met the conditions for the exempt transfer of assets as outlined in Information Bulletin [PST-60, Transfers of Business Assets between Closely Related Parties](#).

The Business Assets Declaration form is to be completed by the purchaser upon commencement of business in Saskatchewan. Tax that is self-assessed on subsequent purchases of new or used assets must be reported on the tax on consumption line of the regular PST return form.

The guideline for the submission of the Business Assets Declaration form and payment of the PST payable is within 30 days of the purchase date.

The following information outlines the application of PST to the purchase of assets and provides guidelines for completing the Business Assets Declaration form.

1. Seller

Include the seller's business name and address when assets are acquired from a business ceasing operations. Please indicate the PST number if known.

2. Purchaser

Please include the purchaser's business name, address and PST account number. Note that all businesses operating in Saskatchewan are required to be registered with the PST office. If you have not yet applied for a PST number, please complete the online [New Business Registration](#) form or complete and submit a [Registration Form](#) by mail or email.

3. Effective Date of Sale

The effective date of sale is the date you agreed to take possession of the business assets, as recorded on the purchase agreement.

4. Purchase Price

On the bulk purchase of a business, the allocation of purchase price to the individual asset categories is often listed in, or as an attachment to, the purchase agreement. In cases where the individual asset categories are not itemized or valued, you may determine an allocation of the amounts, provided they are reasonable and consistent with the amounts reported in your accounting and income tax records.

For assets purchased out of province, please ensure you provide details of the total amount paid for the applicable categories. Please note that PST applies to the total laid down cost to bring goods into Saskatchewan. Laid down cost includes currency exchange, transportation charges, customs and excise duties, and importation charges, but not the Goods and Services Tax (GST).

Real Property/Tangible Personal Property

PST applies to purchases of tangible personal property. Tangible personal property is property that does not become part of real property and does not lose its identity. These items are movable or intended to be moved periodically. Examples include furniture, appliances, computer and office equipment, vehicles and mobile equipment.

PST **does not** apply to purchases of real property. Property that is sunk into, bolted onto, cemented to, or otherwise “permanently” affixed to land or building is normally considered real property, and generally includes leasehold improvements. Examples of items that become real property when installed in a building or attached to land include furnaces, water heaters, central air conditioners, walk-in coolers, underground sprinklers and fences.

The application of PST to the individual asset categories is outlined below.

Land

Land is real property; therefore, PST does not apply on the portion of the purchase price that is allocated to this category.

Buildings/Leasehold Improvements

Buildings and leasehold improvements form part of real property; therefore, PST does not apply to the amounts allocated to this category.

Furniture, Machinery and Equipment

Furniture, machinery and equipment that are not attached to real property in a permanent fashion are considered to be tangible personal property. PST applies to the amounts allocated to this category.

Computer Hardware/Software/Licensing/Support

Computer hardware, software, licensing and support are subject to PST. For further information, please see Information Bulletin [PST-7, Computer Hardware, Software and Computer Services](#).

Vehicles

All classes of new and used vehicles are subject to PST. PST applies on the total selling price after deducting cash discounts and trade-in allowances.

For ease of administration and to facilitate the registration of vehicles in a timely manner, it is recommended that the PST be paid to the motor licence issuer on the purchase price of vehicles at the time of registration. Tax should not be reported on the Business Assets Declaration form if it has been paid to the motor licence issuer. Please attach copies of these receipts for verification purposes.

For further information regarding the application of PST to new and used vehicles, please see Information Bulletin [PST-18, Motor Dealers and Leasing Companies](#).

Inventory (Goods for Resale)

Retail inventory and raw materials used in a manufacturing process may be acquired exempt from PST. You will be required to quote your vendor's licence number to your suppliers on future purchases of these goods.

Intangible Assets

Amounts that are allocated to intangible assets such as goodwill, client lists and franchise fees are not subject to PST, provided they are reasonable and consistent with your accounting and income tax records.

5. Audit Verification

Please note that any amounts reported on this form must be consistent with your accounting and income tax records. The amounts reported on this form may be subject to audit verification and any discrepancies will be re-assessed, including penalty and interest.

6. Exemption of PST on Transfers of Business Assets between Closely Related Parties

Sections 7.3 and 7.4 of *The Provincial Sales Tax Regulations* provide an exemption of tax on transfers of tangible personal property between parent and subsidiary corporations and upon formation of a new corporation where specific conditions are met. These provisions allow for the continuity of business through a change in the organizational structure, such as the incorporation of a proprietorship, without incurring a tax liability.

Please see Information Bulletin [PST-60, Transfers of Business Assets between Closely Related Parties](#) for further reference.

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 www.sets.saskatchewan.ca/taxinfo.

Government website: Saskatchewan.ca