Information Bulletin

IPT -1 | **Issued: September 2024** | **Revised: July 2025**

INSURANCE PREMIUMS TAX ACT

GENERAL INFORMATION

This bulletin outlines the Insurance Premiums Tax rates, reporting requirements, and refund requirements under *The Insurance Premiums Tax Act, The Fire Safety Act, and The Motor Vehicle Insurance Premiums Tax Act*. It is a general guide and not a substitute for the legislation.

Changes to this bulletin are indicated by a (|) in the left margin.

The contents of this bulletin are presented under the following sections:

A. GENERAL

Insurance companies who conduct business in Saskatchewan are subject to the Insurance Premiums Tax (IPT), the Motor Vehicle Insurance Premiums Tax and the Fire Safety Tax. The total of these three taxes comprises Insurance Premiums Tax, as reported on the return.

Insurance Premiums Tax

The Insurance Premiums Tax Act levies a tax of three per cent on the gross premiums of life, accident, sickness and hail insurance. Individual life, accident and sickness insurance policies in force prior to April 1, 2000, are taxed at a rate of two per cent until such time as the individual policy no longer exists. A rate of four per cent of gross premiums is taxed on property and all other insurance transacted in Saskatchewan.

Marine and reinsurance are exempt from the Insurance Premiums Tax.

Motor Vehicle Insurance Premiums Tax

The Motor Vehicle Insurance Premiums Tax Act levies a tax of one per cent on gross motor vehicle insurance premiums.

The Fire Safety Tax

The Fire Safety Act levies a tax of one per cent on gross premiums written relating to fire insurance.

B. CALCULATING THE INSURANCE PREMIUMS TAX

For the purpose of calculating Insurance Premiums Tax, 'gross premiums' means gross premiums receivable during the taxation year ending December 31st, less:

- Exempt premiums;
- Taxable premiums returned to policy holders; and,
- The value of dividends paid or credited to policyholders.

The 'gross premiums receivable during the taxation year' are generally considered to be the premiums written at the time a particular contract of insurance is formed.

Note: Direct premiums written for property insurance that do not include fire insurance should be reported as "other insurance" on the Insurance Premiums Tax return to avoid the Fire Safety Tax.

C. FILING YOUR RETURN

Returns are required to be submitted no later than March 15th of each calendar year. **Effective February 1, 2025,** returns must be filed online using Saskatchewan eTax Services (SETS) at sets.saskatchewan.ca. SETS is an online service that offers a secure, fast, and convenient way to file your IPT return.

Registering for SETS will allow you to access all your provincial tax accounts, see past transactions, view a statement of account, etc. Please review Section K for more details regarding SETS.

Payments due for returns can be made electronically:

- Online using SETS by Electronic Funds Transfer (EFT); or,
- Through your personal or business online banking services; or,
- Through wire transfer.

You may also remit your tax payment non-electronically:

- By mailing your cheque to the address above; or,
- By paying through a bank teller at your financial institution.

D. PROVINCIAL SALES TAX REGISTRATION REQUIREMENTS

Businesses that sell insurance contracts to consumers in Saskatchewan or in respect of properties located in Saskatchewan must become licensed as a vendor under *The Provincial Sales Tax Act* (PST), to collect and remit PST on insurance premiums. PST registration is not required if the insurance company sells in Saskatchewan solely through agents or brokers that are registered and collecting the PST on their behalf.

Further information is available in Information Bulletin *PST-73, Vendors of Insurance Contracts*.

E. BUYING AND SELLING A BUSINESS

When buying or selling a business, please refer to Information Bulletin *PST-77, Buying and Selling a Business*. This bulletin outlines the Provincial Sales Tax (PST) obligations of the buyer and seller, including the requirement to obtain a Bulk Sale Clearance Certificate for the bulk sale of business assets.

The seller must ensure that they have filed all returns, paid all amounts owing on their provincial tax account(s), and requested closure of their tax account(s) when closing a location or ceasing all operations.

Before finalizing the purchase of a business, the purchaser should obtain a copy of the Clearance Certificate issued by the Ministry of Finance's (Finance) Revenue Division from the seller. A Clearance Certificate confirms that all taxes collected, payable or for which the seller has become liable to account, have been paid to Finance in full. Failure to obtain a copy of this Certificate could result in the purchaser or seller being held liable for any outstanding taxes unpaid by the seller.

F. LICENSING AUTHORIZATION

Insurance companies and insurance businesses in Saskatchewan are regulated pursuant to *The Insurance Act* by the Financial and Consumer Affairs Authority of Saskatchewan (FCAA). A license from the FCAA is required to carry on business as an insurer in Saskatchewan.

Under certain circumstances, individuals or entities may purchase insurance from an insurer that is not licensed in Saskatchewan. In those circumstances, the purchaser of the insurance must pay a 10 per cent tax to the Superintendent of Insurance pursuant to section 6-2 (1)(c)(ii) of *The Insurance Act*.

Further information is available at fcaa.gov.sk.ca.

G. ENFORCEMENT PROVISIONS

The Revenue and Financial Services Act and *The Revenue Collection Administration Regulations* provide for several compliance and enforcement activities to help ensure the fair and consistent application of provincial taxes.

Tax Audits, Tax Liabilities and Appeals

The Ministry of Finance (Finance) will audit the records of businesses on a routine basis. When it is determined that tax has not been properly accounted for, the business is assessed the amount of tax owing plus penalty and interest charges.

Please see Information Bulletin GENERAL-2, *Tax Audits, Tax Liabilities and Appeals* for detailed information regarding the audit process and your rights and responsibilities in the event Finance establishes a tax liability.

Corporate Director's Liability

In certain circumstances, corporate directors may be held personally liable for taxes payable but not remitted by a corporation. Please see Information Bulletin GENERAL-2, *Tax Audits, Tax Liabilities and Appeals* for detailed information regarding the director's liability.

Penalty and Interest

Penalty and interest charges are applied to late tax returns and payments, and audit assessments. These penalties are utilized to promote compliance with our tax acts and to ensure a fair and competitive environment for all Saskatchewan businesses. Please see Information Bulletin GENERAL-1, *Penalty and Interest Charges* for details.

Suspension of Licences, Permits or Authorizations

Non-compliance with tax acts administered by Finance may result in the suspension or cancellation of any licence issued by Finance, and the suspension or cancellation of any licence, permit, authorization, registration or approval issued by any other provincial authority relating to carrying on business. Cancellation of a PST vendor's licence would prevent a business from purchasing or selling goods for resale tax exempt.

H. CORRESPONDING WITH THE MINISTRY OF FINANCE

When corresponding with Finance, please quote your Insurance Premiums Tax account number or Federal Business Number (BN). This helps to ensure that your tax account is updated correctly.

I. TAX CLIENT SERVICE COMMITMENTS AND STANDARDS CODE

The Revenue Division of Finance is committed to continually striving to improve the standard of the services we provide to businesses and taxpayers, and to be accountable for the quality of the services we provide.

The Tax Client Service Commitments and Standards Code describes the fairness and service principles that we follow while administering Saskatchewan's taxes and related programs.

J. 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.

The 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 the 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.

The 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

K. 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.