

Information Bulletin

PST-50

Issued: August 1996

Revised: March 22, 2017

THE PROVINCIAL SALES TAX ACT

INTERJURISDICTIONAL CARRIERS

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax (PST). It is provided as a general guide and should not be considered a substitute for the legislation.

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

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A. PRORATED VEHICLE TAX OVERVIEW

The PVT allows for the payment of tax, by all registrants of an interjurisdictional vehicle, based on their proportionate travel in Saskatchewan. When they register their vehicles, the vehicle registration office will collect the PVT.

Under the PVT, individuals who hold a valid apportioned vehicle registration (cab card), issued by any jurisdiction in North America and displaying Saskatchewan (SK) as a registered jurisdiction, may purchase or lease their interjurisdictional vehicles, trailers and most repair parts and labour, exempt of tax.

Motor vehicles and trailers that operate solely in Saskatchewan are not eligible for the PVT. Therefore, these vehicles and their associated repair parts and repair services are subject to the Provincial Sales Tax (PST) on the purchase or lease price.

B. CALCULATION OF THE PRORATED VEHICLE TAX (PVT)

The PVT is calculated according to the following formula:

$$\text{Tax} = \text{TV} \times \text{R} \times \text{SDR} \times \text{T}$$

- TV = the taxable value of the vehicle
- R = the tax rate for the applicable calendar year
- SDR = the Saskatchewan distance ratio
- T = the number of whole months or partial calendar months left in the vehicle licence period at the time that the vehicle is licensed, divided by twelve.

Taxable Value of the Vehicle (TV)

If the vehicle is purchased, the taxable value is the purchase price before any trade-in allowance.

If the vehicle is leased, the taxable value is the greater of:

- the purchase price as described in the lease agreement; or,
- the fair market value at the start of the lease.

Applicable Tax Rate (R)

The tax rate is based on the number of calendar years since the year in which the current licensee acquired the vehicle. The tax rates to be used in each calendar year in which the PVT is payable are as follows:

<u>Calendar Year</u>	<u>Truck Tax Rate</u>	<u>Bus Tax Rate</u>
The year of acquisition	2.823%	1.765%
First year following acquisition year	2.268%	1.418%
Second year following acquisition year	1.866%	1.166%
Third year following acquisition year	1.575%	0.985%
Fourth year following acquisition year	1.369%	0.855%
Fifth year following acquisition year	1.352%	0.845%
Sixth year following acquisition year	1.293%	0.808%
Seventh year following acquisition year	1.274%	0.796%
Eighth year following acquisition year	1.283%	0.802%
Ninth and subsequent years following acquisition year	1.314%	0.821%

Note: The tax rates have been adjusted to take into account, on an industry wide basis, the average cost of trailers, parts and repair labour.

Saskatchewan Distance Ratio (SDR)

The Saskatchewan distance ratio is the distance travelled in Saskatchewan by the fleet in which the vehicle is registered, divided by the total distance travelled by that fleet, for the preceding year from July 1 to June 30. Where actual distances are not known, estimated distances may be used in accordance with the rules established for vehicle registration. If the estimated distances are significantly different than the actual distances, the total PVT payable may be adjusted by audit.

C. EXEMPT PARTS AND REPAIR LABOUR

The purchaser must present his or her valid apportioned cab card to the dealer to purchase parts and repair labour tax exempt. The supplier must record the cab card number and the purchaser's name on the invoice and retain a copy of the invoice and cab card to substantiate the tax exemption.

Where possible, the carrier should maintain separate inventories of parts for prorated vehicles and for vehicles that travel solely in Saskatchewan. Where this is not possible, the carrier may choose to keep records supporting which parts were used on which units or pay tax on an allocation of cost basis.

Items that may be purchased tax free for interjurisdictional vehicles include parts which are designed specifically as a component part of a truck, trailer or bus. Extended or optional service warranties may also be purchased tax free.

D. TAXABLE ACCESSORIES, FLUIDS AND REPAIR MATERIALS

Optional accessories and associated labour charges are taxable and consist of components or parts which are generally not purchased with the truck and are added after the truck has been purchased. The following are examples of optional accessories that are taxable unless included in the selling price of the vehicle:

Bug deflectors and screens	Fridges	Rotating lights
CB radios	Microwaves	Seat covers
Enhanced sound systems	Portable computers	Telephones
Facsimile machines	Portable generators	Televisions VCRs
Fleet net radios including the antenna	Global positioning/satellite tracking equipment	Winter fronts
First aid kits		

Fluids used by the vehicle are taxable unless they are included as part of a repair work order issued by a dealer. They include the following:

Adhesives	Ether	Power steering fluids
Air conditioning fluids	Lubricants	Washer fluids
Anticorrosion additives	Oils	
Antifreeze	Oil and fuel additives	

Repair materials are taxable unless they are included as part of a repair work order issued by a dealer. They include materials and shop supplies which are not specifically designed as component parts, such as the following:

Air hose	Exhaust tubing	Plastic ties and tubing
Cable	Fittings (universal)	Rope
Canvas	Heat shrink	Rubber tubing
Chain	Heater hose	Sheet metal
Cloth	Hose clamps	Vinyl
Copper tubing	Hydraulic hose	Wire loom
Electrical terminals	Iron or steel material	Wood
Electrical wire	Nuts and bolts	

E. RESPONSIBILITY AND ACCOUNTABILITY

Either the dealer or the individual purchaser may be held responsible to ensure that an item that is sold tax free is eligible as an exempt sale to a valid apportioned cab card holder.

It is the dealer's responsibility to ensure that an individual or firm holds a valid apportioned cab card and is eligible to purchase tax free. Dealers are required to record the purchaser's name, address and the cab card registration (supplement) number on the invoice. These invoices and cab cards must be retained, by both the dealer and the purchaser, for audit inspection.

When the holder of a valid apportioned cab card purchases items tax free and subsequently diverts the parts to a taxable vehicle, the cab card holder is responsible for ensuring that the tax is properly accounted for and reported to the Ministry of Finance.

F. MAJOR ADDITIONS OR MODIFICATIONS MADE TO THE VEHICLE

It is the registrant's responsibility to ensure that the cost of capital modifications or additions made to the vehicle, subsequent to its purchase, are included in the taxable value of the truck or bus for the purpose of calculating the PVT, when the vehicle is next registered. Parts and labour related to additions and modifications (not including replacement parts) which are purchased tax free and capitalized are subject to the PVT.

Example: Tanks, pickers, sleepers, pumping and handling equipment or other equipment that is permanently mounted on the truck must be included in the taxable value on which the PVT is calculated. Parts and labour for these units and equipment may be purchased tax free.

G. PERMANENTLY MOUNTED EQUIPMENT

Equipment that is permanently mounted to an interjurisdictional vehicle forms part of the unit being registered and is, therefore, eligible for the PVT. The value of the equipment must be included in the taxable value of the unit for PVT purposes. If equipment is permanently mounted to a **trailer** which is used with an interjurisdictional vehicle, and that equipment is not used to facilitate the transportation of goods, the equipment and trailer are not eligible for the PVT. In such situations, tax applies in accordance with Section 5 of *The Provincial Sales Tax Act*.

H. TRAILERS

When the carrier is unable to designate specific trailers that are used solely for interjurisdictional commercial purposes and those that are used solely within Saskatchewan, an allocation will have to be made to determine the trailers that are subject to tax. For example, if 60 per cent of a carrier's power units are licensed for interjurisdictional use and 40 per cent of their power units are licensed for intrajurisdictional use, then 40 per cent of the total amount paid for purchasing or leasing trailers during that year would be subject to the 6 per cent PST. The allocation would be subject to audit review.

I. SASKATCHEWAN BASED FLEETS

Effective October 1, 2005, when a carrier removes a vehicle from an interjurisdictional fleet based in Saskatchewan prior to the expiry of its licence period, a PVT credit will be provided for the remainder of the vehicle licence period. The credit will be applied against other PVT payable by the carrier.

For vehicles added during the licence period, the tax is prorated over the remaining months of the registration year.

A vehicle moved from an intrajurisdictional fleet to an interjurisdictional fleet is subject to the PVT. A partial refund of tax previously paid may be requested.

A vehicle moved from an interjurisdictional fleet to an intrajurisdictional fleet may be subject to tax on the value at the time of the transfer.

J. GOODS AND SERVICES FOR YOUR OWN USE

Taxable goods and services for your own use include all non-vehicle related items, such as shop tools, jacks, warehouse equipment, furniture, fixtures, office equipment, supplies, computer hardware, accounting services and computer services.

K. SATELLITE MONITORING SYSTEMS

All base equipment located in Saskatchewan is subject to the PST. Satellite tracking charges are subject to tax as a telecommunication service. Taxable telecommunication services are outlined in Information Bulletin [PST-8, Telecommunication Services](#).

Satellite tracking equipment installed in the vehicle is subject to tax as a taxable accessory. (See Section D – Taxable Accessories, Fluids and Repair Materials).

L. 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

<u>Write:</u>	Ministry of Finance Revenue Division PO Box 200 REGINA SK S4P 2Z6	<u>Telephone:</u>	Toll Free 1-800-667-6102 Regina 306-787-6645
		<u>Email:</u>	sasktaxinfo@gov.sk.ca

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

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

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

Government website: Saskatchewan.ca