

NEW PST EXEMPTION FOR DRILLING SERVICES AND DOWNHOLE SERVICING AND REPAIRS

Changes to this Information Notice are indicated by a bar (|) in the left margin.

Effective December 1, 2019, drilling services related to exploration and specified mine site drilling for hard rock, potash and coal, and helium or other non-hydrocarbon gases, are exempt from PST. This includes:

- Exploration hole drilling; and,
- Specified mine site drilling, including:
 - Disposal well drilling;
 - Geotechnical or observation hole drilling;
 - Shaft or surface freeze hole drilling;
 - Potash solution drilling or uranium solution drilling;
 - Water inflow related drilling; and,
 - Surface and underground drilling for the purposes of delineating an ore deposit.

Other drilling services remain subject to PST, including:

- Water well drilling;
- Geothermal drilling;
- Drilling for blasting;
- Shaft excavation drilling;
- Bulk mining methods, including the excavation of ore;
- Drilling for the purpose of creating storage caverns; and,
- Other non-drilling services related to water inflow and remediation.

Note: “Hard rock” includes, but is not limited to, gold, silver, iron, copper, zinc, nickel, tin, lead, uranium, diamonds or gems, rare earth elements, cobalt, and platinum group metals or elements.

Downhole Servicing and Downhole Repairs

Effective December 1, 2019, downhole servicing and repair services are exempt from PST when directly related to:

- The drilling of helium or other non-hydrocarbon gas wells; or,
- An exempt drilling service related to exploration hole drilling and specified mine site drilling for hard rock, potash and coal (as listed above).

Charges for the service component of the invoice are exempt from tax, including associated charges such as mileage, permits etc. PST must be collected on materials and repair parts that are incorporated or installed on-site to complete the service. This includes materials such as acids, chemicals, drilling fluids, propping agents, polymers, sealants, cement, stimulation gases, lubricants and solvents.

Vendors of these exempt services must segregate the materials on their invoice to the customer and collect tax on the selling price of these items. PST must be shown as a separate line item on the invoice. If the materials are not segregated, tax must be collected on the total charge for the services provided.

The materials and repair parts sold as a retail sale to the customer may be purchased exempt from PST. The contractor must quote their vendor's licence number to the supplier in order to purchase these items exempt from tax.

The contractor must pay PST on the laid-down cost of all consumables used in providing the services. These items may not be purchased exempt from tax.

Note: For information regarding drilling services and downhole servicing and repairs in the oil and gas industry, please see Information Bulletin [PST-13, Petroleum Drilling & Well Servicing Contractors](#).

Claiming a Refund

Where PST has been paid on exempt drilling services or downhole servicing or repairs provided since December 1, 2019, the customer may apply to the Ministry of Finance for a refund of the tax by completing and submitting an [Application for Refund](#) along with supporting documentation.

Refund claims and supporting documentation may be submitted to PSTRefunds@gov.sk.ca or mailed to the address noted below. Further information on applying for a PST refund may be found at www.sets.saskatchewan.ca/taxinfo.

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.

Government website: Saskatchewan.ca