

Information Bulletin

PST-75

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THE PROVINCIAL SALES TAX ACT

PST REBATE FOR NEW HOME CONSTRUCTION

This bulletin has been prepared to assist you in understanding the PST Rebate for New Home Construction Program administered under *The Provincial Sales Tax Act and The New Home Construction Rebate (Provincial Sales Tax) Remission Regulations*. It is a general guide and not a substitute for the legislation.

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

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

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- E. Appliances, Furniture and Furnishings
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A. GENERAL INFORMATION

Effective April 1, 2020, the Provincial Sales Tax (PST) Rebate for New Home Construction provides a rebate of up to 42% of the PST paid on the purchase of a new, previously unoccupied home (newly-constructed home), where the purchaser:

- takes possession of the home after March 31, 2020, and before April 1, 2023, **or**,
- meets all of the following criteria:
 - signs a contract for purchase of the home before April 1, 2023, for which the new housing start is complete before April 1, 2023, and
 - takes possession of the home before April 1, 2024.

The rebate is available on newly-constructed homes with a total price of less than \$450,000, before taxes and excluding the value of the land and the price of any furniture, furnishings and appliances, other than as outlined in Section E below. The amount of the rebate is reduced for homes with a total price between \$350,000 and \$450,000, with no rebate available for newly-constructed homes with a total price of \$450,000 or more. See Section C for details on how the rebate is calculated.

You may be eligible for the rebate if you:

- purchased a newly-constructed home from a builder for use as your primary place of residence;
- constructed or hired someone else to construct your home for use as your primary place of residence; or,
- purchased shares in a cooperative housing (co-op) complex for the purpose of using a unit in the co-op for use as your primary place of residence; and,
- take possession of the home (for homes purchased from a builder) after March 31, 2020 and before April 1, 2023; **or**,
- sign a contract before April 1, 2023 for the home (for homes purchased from a builder) for which the new housing start is complete before April 1, 2023, and you take possession of the home before April 1, 2024, or,
- you occupy the home (for owner-built homes) after March 31, 2020 and before April 1, 2023, **or**
- you occupy the home (for owner-built homes) before April 1, 2024 for a home with a new housing start complete before April 1, 2023.

B. DEFINITIONS

Builder

Means a contractor who is a builder of a residential building intended for resale but not rental purposes.

Co-operative Housing Corporation (Co-op)

Means a corporation established to provide a residential unit to its members by way of lease, licence, or similar arrangement for occupancy as a place of residence. A co-op operates at or near cost and at least 90% of its members are individuals or other co-ops that have only one vote in the affairs of the co-op.

Condominium Unit

Means a housing unit that is for use as a place of residence and that is, or is intended to be, a bounded space in a building designated or described as a separate unit on a registered condominium or strata lot plan or description (or similar plan or description registered under provincial law). A condominium unit includes any interest in the common areas as well as any interest in land pertaining to ownership of the unit. For example, an apartment unit or a townhouse would generally be a condominium unit for new home rebate purposes if the unit:

- is a housing unit that is for use as a place of residence;
- is registered as a condominium unit under provincial law;
- is owned under a deeded title separate from any other unit(s) in a condominium building; and,
- can be sold separately from the other units in a condominium building.

Duplex

Means a building that contains two residential units under one legal title (separate legal title does not exist for the individual units). This includes a single-family house that has a separate apartment for rent.

Mobile Home

Means a structure, whether ordinarily equipped with wheels or not, that is:

- designed, constructed or manufactured to be moved from one place to another by being towed or carried; and,
- used or designed to be used as a permanent residence.

A mobile home may include a modular home, but it does not include travel trailers, motor homes, camping trailers, or other vehicles or trailers designed and used for recreational purposes.

Modular Home

Means a home that is constructed from a number of pre-assembled units that are intended for delivery to and assembly at a residential site.

New Housing Start

Means the beginning of construction work on a residential building, usually when the concrete has been poured for the whole of the footing around the structure or, in the case where a basement is not part of the structure, an equivalent stage.

Newly-Constructed Home

For purposes of the PST Rebate for New Home Construction, a newly-constructed home includes any of the following that results from a new housing start:

- a detached or semi-detached single-unit house;
- a duplex, condominium unit, or a townhouse;
- a unit in a co-operative housing corporation; and,
- a mobile home (including a modular home).

A newly-constructed home does not include any of the following:

- a personal care home as defined in *The Personal Care Home Act*;
- a special-care home designated pursuant to The Provincial Health Authority Act; or,
- a home included in the definition of “newly-constructed home” above that is intended to be a rental unit.

Owner-Built Home

Means a newly-constructed home for which the purchaser has acted as their own general contractor rather than purchasing the newly-constructed home from a builder.

Possession

You are considered to have taken possession of a newly-constructed home if you:

- hold, control or occupy the newly-constructed home (in the case of an owner-built home you must occupy the newly-constructed home);
- are responsible for paying the property taxes with respect to the newly-constructed home; and,
- have the right to alter the land, to control entry or access to the newly-constructed home and to pay insurance premiums with respect to the newly-constructed home.

Primary Place of Residence

In order to be eligible for the rebate, the newly-constructed home must be your primary place of residence. Your primary place of residence is generally a home that you own, jointly or otherwise, and that you intend to live in on a permanent basis. You may have more than one place of residence, but you are considered to have only one **primary** place of residence.

The following are examples of some of the factors we may consider to determine whether a home is your or your relation's primary place of residence for purposes of the PST Rebate for New Home Construction:

- whether you consider the home as your main residence;
- the length of time you inhabit the premises; and,
- the designation of that address on personal and public records.

To be eligible for the PST Rebate for New Home Construction, your intent to use the home as your or your relation's primary place of residence must be evident at the outset of buying, or constructing the home. For rebate purposes, a home is not your primary place of residence if, for example, your intention is to use the home as your primary place of residence in the future, such as upon retirement. Further, a recreational cottage or an investment property is not your primary place of residence for rebate purposes. A PST Rebate for New Home Construction is not available in these cases.

Purchaser

Means a person who purchases from a builder a newly-constructed home that:

- is the result of a new housing start; and,
- has not been previously occupied.

In the case of an owner-built home, the individual who has acted as their own general contractor with respect to the newly-constructed home.

Relation

Relation of an individual means another individual related to the first individual by blood, marriage, common-law partnership, or adoption within the meaning of the Income Tax Act.

Blood relation is limited to parents, children, or other descendants or siblings. Marriage relation includes a spouse or person who is connected to the spouse by blood or adoption. For purposes of the PST Rebate for New Home Construction, a relation can also be your former spouse, or a former common-law partner.

C. HOW THE REBATE IS CALCULATED

In this section, R = Rebate amount, and P = Total price.

Total price means the total purchase price before taxes, and excluding the value of the land and the price of any furniture, furnishings and appliances, other than as outlined in Section E below.

Note: The PST paid by the purchaser on the total price (P) does not include any PST paid with respect to the land on which the newly-constructed home is situated (e.g. landscaping or other land development costs).

Calculation of rebate for newly-constructed homes with a total price less than \$350,000:

R = 42% of the PST paid by the purchaser on the total price (P).

Example:

Contract price for newly-constructed home, before taxes	\$400,000
Less the value of the land	\$100,000
Total price (P) for PST rebate purposes	\$300,000
PST @ 6% payable on P	\$ 18,000

$$R = \$18,000 \times 42\% = \$7,560$$

Calculation of rebate for newly-constructed homes with a total price between \$350,000 and 450,000:

$$R = \left[\frac{(\$450,000 - P)}{\$100,000} \right] \times \$8,820$$

Example:

Contract price for newly-constructed home, before taxes	\$500,000
Less the value of the land	\$100,000
Total price (P) for PST rebate purposes	\$400,000

$$R = (\$450,000 - \$400,000) / \$100,000 \times \$8,820 = \$4,410$$

D. APPLYING FOR THE REBATE

An application form, with supporting documentation, must be completed and submitted for all rebate claims under the PST Rebate for New Home Construction, as noted below.

Note: Purchase agreement, statement of account or other supporting documents must clearly state the agreed upon value of the land, PST charged on the sale of the newly-constructed home (must be separate line item), any upgrades, remodeling or any charges for alterations from the base model, to determine the rebate amount appropriately.

Where there is more than one purchaser (owner), all parties are required to sign the application form. In addition, you must indicate on the form the party to whom any applicable rebate will be paid.

1) Homes Purchased from a Builder

To apply for the rebate on a newly-constructed home purchased from a builder, please complete and submit the [PST Rebate for New Home Construction Application Form – Builder-Built](#), along with a copy of the sales contract. The form is available on the Internet at sets.saskatchewan.ca/taxinfo.

Assignment of Rebate from Purchaser to Builder

The purchaser may assign the entitlement to the rebate over to the builder and the builder must either pay the rebate amount to the purchaser, or credit the amount against the PST collected on the total price to the purchaser.

When the purchaser assigns the rebate to the builder, the builder must submit the [PST Rebate for New Home Construction Application Form – Builder-Built](#) and copy of the sales contract to the Ministry of Finance. Failure to do so will result in the builder being held liable for the rebate amount assigned to you by the purchaser.

Providing these documents have been submitted to Finance, the builder may report and submit to Finance only the net amount collected from the purchaser. This is subject to audit verification.

Note: The rebate is intended for the purchaser of the newly-constructed home. The builder cannot accept assignment of the rebate unless they are either paying or crediting the rebate amount to the purchaser. Builders will be liable for any amounts accepted through assignment and not provided to the purchaser, including potential penalty and interest charges.

2) Owner-Built Homes

To apply for the rebate on an owner-built home, please complete and submit the [PST Rebate for New Home Construction Application Form – Owner-Built](#), along with information to verify land ownership, and a summary of the building costs where PST has been paid. You are not required to submit invoices with the rebate application, but the invoices must be maintained in your records and may be requested. The form is available on the Internet at sets.saskatchewan.ca/taxinfo.

In order for the purchaser to be eligible for the PST Rebate for New Home Construction, the purchaser must have paid the tax, as required, on the construction materials and taxable services related to the construction of the owner-built home.

Filing Deadline

The application for the rebate must be made within 1 year after the date on which the purchaser took possession of the newly-constructed home but before April 1, 2024, whichever is the earlier date. In the case of an owner-built home, possession means occupying the newly-constructed home. The definition of possession may be found in Section B of this bulletin.

E. APPLIANCES, FURNITURE AND FURNISHINGS

Appliances, furniture and furnishings are not eligible for a rebate under the PST Rebate for New Home Construction, with the exception of **appliances** when:

- (a) they form part of an all-inclusive single consideration and are not stated separately on the invoice or statement provided by the builder;
- (b) they are of the type of appliances normally provided by the builder for similar newly-constructed homes; and,
- (c) the purchaser did not, according to the agreement with the builder, have the option to take a discount on the total contract price in lieu of the appliances.

For owner-built homes, only appliances that are of the type and value that would normally be provided by a builder for a newly-constructed home of similar value are eligible for the rebate.

Note: Upgrades to furnace, water heater and exhaust system (e.g. air exchangers) are eligible for the rebate as these are not considered to be appliances for the rebate purposes. However, window coverings are not eligible as they are considered furnishings.

F. 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 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](#)

G. 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

Internet: Tax bulletins, forms and information are available at 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 on bulletin content, please complete a [Bulletin Survey](#).

Government website: Saskatchewan.ca