

# Information Bulletin

---

PST-58

Issued: March 2000

Revised: April 2022

---

## THE PROVINCIAL SALES TAX ACT

### USED GOODS

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax (PST). 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. Business Assets
- B. Trade-In Allowances
- C. Personal and Farm Use Goods
- D. Remanufactured and Reconditioned Goods
- E. Rental of Used Goods
- F. Vehicles
- G. Saskatchewan eTax Services (SETS)

#### A. BUSINESS ASSETS

##### Sale of Used Assets

Businesses are required to collect PST on the sale of used assets, such as vehicles and equipment. If an item is received in trade and tax has been paid on the trade-in, tax is collected on the cash difference. If tax was not paid on the trade-in item, tax must be collected on the full selling price. PST also applies on the subsequent sale of the item accepted as a trade-in.

##### Sale of Assets When a Business Ceases Operations

PST must be paid by the purchaser on the purchase price of taxable used assets when they are acquired from a business that is ceasing its operations. The purchaser must report and remit the tax within 30 days from the purchase date using a [Business Assets Declaration Form](#). For further information on the application of PST to business assets, please refer to the [Business Assets Declaration Form Guidelines](#).

### **Transfer of Assets Between Closely Related Parties**

Sections 7.3 and 7.4 of *The Provincial Sales Tax Regulations* provide an exemption of PST on transfers of assets between parent and subsidiary corporations and upon formation of a new corporation where specific criteria 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. For further information please see Information Bulletin, [PST-60, Transfers of Business Assets between Closely Related Parties](#).

#### **B. TRADE-IN ALLOWANCES**

When an item is received in trade, tax applies to the difference between the selling price of the goods and the value of the goods accepted in trade by the seller, provided the following conditions are met:

- The PST was previously paid in full on the trade-in; and,
- The trade-in is owned by the same person that is acquiring the new goods.

#### **C. PERSONAL AND FARM USE GOODS**

When used goods are purchased by an individual for personal use (other than vehicles) and PST was previously paid on the goods, tax applies to the selling price less a deduction of \$300 per item as discussed below.

The \$300 deduction applies to:

- Used goods purchased privately or from a business; and,
- Used goods purchased by a farmer or farming corporation when those items do not otherwise qualify for the full exemption of tax. Please refer to [PST-16, Farm Implement and Farm Supply Dealers](#) for further information regarding farm exemptions.

The \$300 deduction does not apply to:

- Used goods for commercial use;
- Used goods purchased from outside Canada; and,
- Vehicles, including recreational vehicles such as snowmobiles, all-terrain vehicles (ATV's), boats, campers, etc. See Section F regarding the \$5,000 exemption for private used vehicle purchases.

Taxable used goods are often sold as a set or group of items. Where the purchaser's invoice shows a single price for all of the items (i.e. the taxable goods are valued as a group), the \$300 deduction applies once to the entire group of items (see Example 1). Where the purchaser's invoice shows a value and quantity for each item purchased, the \$300 deduction applies to each item (see Example 2).

The following examples provide guidance on how the exemption is to be applied:

- (1) An individual purchases two separate sets of items. The first is a box of tools and the second is a dining set containing a table and several chairs. In both cases, the group of items is valued collectively and invoiced at a single price (one amount) for all the items. The invoice should show the \$300 exemption applied once to the total value or price of each set.

Box of Used Tools, (hammers, screwdrivers, saws)	\$ 600
(\$300 deduction for set 1)	
Used Dining Set, 5 pieces (table, 4 chairs)	<u>\$1,200</u>
(\$300 deduction for set 2)	
PST @ 6% $((600-300)+(1,200-300)) \times .06$	<u>\$ 72</u>
Total	\$1,872

- (2) A number of used appliances are sold separately. Where the invoice lists each item and the price, the \$300 exemption is applied separately to each item.

Used Fridge	\$ 500
(\$300 deduction)	
Used Stove	\$ 400
(\$300 deduction)	
Used Freezer	<u>\$ 200</u>
(\$300 deduction)	
PST @ 6% $((500-300)+(400-300)+(0)) \times .06$	<u>\$ 18</u>
Total	\$1,118

#### **D. REMANUFACTURED AND RECONDITIONED GOODS**

Reconditioned or remanufactured goods are subject to PST on the total selling price. These goods are returned to new or good condition by performing some service to the item such as repairing, cleaning and/or replacing parts that are worn or damaged. Items in this category are typically sold with a warranty.

The \$300 exemption does not apply to remanufactured or reconditioned goods.

#### **E. RENTAL OF USED GOODS**

PST applies to the total charge for the rental of taxable used goods, including casual or incidental rentals of business assets. All charges associated with the rental/lease of used goods are subject to tax. This includes any down payment, delivery, installation, finance, late fees, cleaning or maintenance charges and any other consideration paid by or agreed to be paid by the renter/lessee in order to obtain the right to use the goods.

When rental goods are sold, PST must be collected on the selling price.

The \$300 exemption for personal goods does not apply to the rental of used goods.

Please refer to [PST-72, Rental Businesses](#) for further information regarding the application of PST to rentals.

## F. **VEHICLES**

**Effective April 11, 2018, all classes of new and used vehicles are subject to PST, including eligible used light vehicles.**

The tax must be collected on the total selling price after deducting cash discounts and trade-in allowances. The customer's invoice must separate the selling price of the vehicle, the trade-in amount, and the amount of PST collected.

Please see Information Bulletin [PST-18 Motor Dealers and Leasing Companies](#) for information related to commercial vehicle transactions.

### **Private Used Vehicle Purchases**

The private purchase of a used vehicle for \$5,000 or less is exempt from PST when registered for private use. The private purchase of a used vehicle for greater than \$5,000 is subject to PST on the full amount.

A "private purchase" means both parties involved in the transaction are individuals and the vehicle is registered for personal, non-business use. If a trade-in is involved, a vehicle purchased for greater than \$5,000 is subject to PST on the selling price less the value of the trade-in (i.e. PST still applies even if the net difference is under \$5,000).

Farm businesses and farm corporations that purchase used vehicles for use in primary farming activity (i.e. plated under Class F) are also entitled to the \$5,000 exemption when purchased privately or from another farm business or farm corporation.

The greater of the purchase price or the Red Book average retail value is used in determining whether the purchase qualifies for the \$5,000 exemption at the time of registration. In situations where an individual paid less than the Red Book value, the purchaser may contact the Ministry of Finance to determine if a lower fair-market value would apply due to the condition of the vehicle.

Vehicles purchased from outside Canada, both private and commercial, do not qualify for the \$5,000 exemption.

### **Vehicle Gifting**

PST does not apply to Saskatchewan tax-paid used vehicles gifted between qualifying family members for personal, non-business use. Personal vehicles that are Saskatchewan tax paid can also be sold to first-degree relatives at values below the Red Book Value, and in these instances the tax applies on the selling price. If the price is \$5,000 or less tax does not apply.

For both gifts and low-value transactions between qualifying first-degree relatives, the current owner of the vehicle must draft a letter stating their relationship with the new owner and if the transaction is a gift or low-value transaction. This letter must be presented to SGI prior to the new registration occurring.

“Qualifying family members” is defined as the person’s: spouse or common-law spouse (including same sex partners), parent or step-parent, child or step-child, grandparent or step-grandparent, grandchild or step-grandchild, brother or step-brother, sister or step-sister, legal guardian or foster parent, father-in-law or mother-in-law, son-in-law or daughter-in-law.

A gift or low-value purchase from a first-degree relative, of a vehicle that has not been previously tax-paid in Saskatchewan (e.g. a vehicle from outside Saskatchewan), is subject to PST on the higher of the Red Book value or purchase price, when either value is greater than \$5,000. The recipient may contact the Ministry of Finance to determine if a lower fair-market value would apply due to the condition of the vehicle.

#### **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](mailto:sasktaxinfo@gov.sk.ca)

Internet: Tax bulletins, forms and information are available at [www.sets.saskatchewan.ca/taxinfo](http://www.sets.saskatchewan.ca/taxinfo).

To receive automatic email notifications when this or any other bulletin is revised, go to [www.sets.saskatchewan.ca/subscribe](http://www.sets.saskatchewan.ca/subscribe).

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

Government website: [Saskatchewan.ca](http://Saskatchewan.ca)