

Information Bulletin

PST-20

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THE PROVINCIAL SALES TAX ACT

PRINTERS AND DESKTOP PUBLISHERS

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 (I) in the left margin.

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A. TAXABLE SALES TO CONSUMERS

The sale of printed material (including design services, printing services and materials) produced on a printing press, photocopier, laser printer, or by any other duplicating process, is subject to tax depending on the tax status of the finished product. For detailed listings of taxable and exempt printed materials refer to [Sections C](#) and [D](#) in this bulletin. When a customer purchases taxable printed material (products listed in [Section C](#)), the total charge to the customer is subject to tax including charges for design, materials and printing.

- When a customer purchases exempt printed materials (products listed in [Section D](#)), the total charge to the customer is exempt.

B. DESKTOP PUBLISHING

Desktop publishing refers to the creation of computer-generated images or negatives that can be used to produce printed matter with an off-set press, laser printer, digital printer, photocopier or other duplicating process. Charges for logo and letterhead design, graphic design, drawings, photographs and other pre-print material are subject to tax. These services can be delivered in hard-copy form, on a computer disc, tape, CD-Rom or via email.

When desktop publishing includes the production of a finished printed product, the charge for the service is taxable or exempt depending on the finished product a customer receives (see [Sections C](#) and [D](#)).

The charge for services and pre-print materials created by a desktop publisher is not subject to tax when sold to a customer who uses the pre-print materials and/or services for manufacturing printed materials for sale. To acquire these pre-print materials and/or services exempt, the customer must provide their vendor's licence number. (See [Section E](#), Exempt Sales).

C. TAXABLE PRINTED MATERIALS

- Address labels
- Advertising flyers
- Albums, photos, stamps, coins
- Annual reports
- Application forms
- Ballots
- Binders, printed and non-printed
- Books ruled for bookkeeping and accounting but not farm account books purchased by farmers
- Business cards
- Business reports
- Calendars
- Cards for use in teaching of reading, arithmetic, etc.
- Catalogues
- Charts
- Coupon books
- Credit reports
- Day planners
- Diplomas
- Directories
- Drawing books
- Exercise books

- Financial reports
- Forms (i.e. income tax, wills, etc.)
- Greeting cards
- Invitations
- Maps but not atlases
- Music books (blank)
- Paper, art plain, bristol board plain, carbon, computer lined, computer blank, construction plain, foolscap lined, graph, refills lined, refills plain, refills ruled, columnar, tracing plain, music manuscript, accounting
- Parts books
- Patterns, clothing, knitting, crochet
- Photographic reproductions and other pictorial illustrations
- Post and ring binders
- Post cards
- Posters
- Price lists
- Rate books except amortization tables
- Sales flyers and similar advertising matter
- Sales pamphlets and brochures
- School and office supplies, such as stationery, scratch pads and scribblers
- School report cards
- Test papers, answer sheets
- Tickets
- Time tables
- Travel brochures
- Workbooks (plain, non-printed)

D. EXEMPT PRINTED MATERIALS

- Amortization tables but not rate books
- Atlases but not maps and charts
- Biographies
- Books including digital or similar electronic equivalents that contain no advertising and are published solely for educational, technical, cultural or literary purposes. This includes:
 - books that are printed and bound with permanent bindings;
 - unbound literary and technical papers;
 - digital equivalents formatted for viewing on an electronic device; and,
 - loose-leaf sheets or pages that are printed and punched for insertion in a ring or post binder.
- Colouring books

- Comic books
- Cook books
- Crossword puzzle books
- Curriculum books for schools and universities
- Dictionaries and thesauri
- Education program calendar booklets
- Encyclopedia
- Event programs
- Farm account books purchased by farmers
- History books which outline the history of a family, association, organization, town, municipality
- Information bulletins
- Information books made available at art galleries or museums which provide data on the exhibits
- Magazines and periodicals including digital or similar electronic equivalents. A magazine or periodical means bound magazines and periodicals, bound trade magazines, employees' house organs and newsletters, club information bulletins, programs or school yearbooks that are issued at regular intervals, the contents of which are principally a factual reporting of current news of interest to the general public, together with general advertisements and literary matter. Current news and literary matter must comprise 20 per cent or greater of the total content of the magazine or periodical. Advertising inserts incorporated into magazines are subject to tax.
- Manuals
- Manuscripts
- Newsletters
- Newspapers including digital or similar electronic equivalents. A newspaper is defined to be a printed publication for regular distribution to the general public, the contents of which are principally a factual reporting of current news of interest to the general public, together with general advertisements and literary matter. Current news and literary matter should comprise 20 per cent or greater of the total content of the newspaper. Advertising inserts delivered with the newspaper are subject to tax.
- Novels
- Pamphlets and brochures that are published solely for educational, technical, cultural or literary purposes and contain no advertising
- Paste books
- Pattern books
- Printed music books
- Prize books, providing they contain no advertising
- Religious publications, including bibles, missals, prayer books, psalm and hymn books, tracts, Sunday school lessons, books bound and unbound, booklets, leaflets, scripture books, hymn and mass cards
- Resumes
- School yearbooks

- Sheet music
- Sticker books and cutout books
- TV guides
- Trade magazines
- Trade show news
- Union agreement books
- Workbooks (printed to accompany a text/program)

E. EXEMPT SALES

Sales of taxable goods and services to the following are exempt from tax:

- Federal government departments and agencies. (**Note:** Sales to federal government crown corporations and provincial government ministries, agencies and crown corporations are taxable).
- Other retailers for resale providing the retailer's vendor licence number is recorded.
- Residents or non-residents providing the goods are shipped or delivered out of the province by the retailer.
- Status Indians or Indian bands providing the goods are delivered to a reserve by the retailer and the *Certificate of Indian Status Card* number or band number is recorded on the invoice. The complete 10-digit card number must be recorded on the sales invoice. If the federal identification card number is only three to five digits, record the number and the name of the band on the sales invoice. **Proof of delivery to the reserve must be retained.**

F. MATERIAL CONSUMED OR USED IN THE MANUFACTURING PROCESS

(a) Taxable

- All equipment, repair parts and repair labour
- Computer programming, function and data tapes, including all electronic media

(b) Exempt

- All materials which are attached to or that become incorporated into the end product provided to the customer, including:
 - Paper
 - Ink
 - Laminating and shrink films
 - Binding supplies
 - Xerographic developer
 - Stitching supplies and staples
 - Padding compound
 - Binding glues
 - Toner/dry ink
 - Overhead transparencies
 - Spray and adhesive powders
- Direct agents (see Section I for information on direct agents)
- Labour component of in-house production costs for computer programming, printing plates and artwork
- Electricity consumed in the printing process

G. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on purchases of new and used equipment, supplies and taxable services purchased for use in their business operations. Tax is payable as follows:

- When purchased from a licensed supplier, the tax must be paid to the supplier at the time of purchase.
- When purchased from a supplier who did not collect the tax, or when taken from an exempt resale inventory, the tax must be self-assessed and remitted with the regular tax return. This includes goods taken for personal or business use.
- When purchased from an unlicensed supplier located outside Saskatchewan, the tax must be self-assessed and remitted with the regular tax return on the laid-down cost, which includes currency exchange, transportation charges, customs and excise duties and importation charges, but not the GST.

H. PRINTED MATERIALS PRODUCED FOR OWN USE

Printers are required to account for tax on the costs they incur to produce printed material for their own use.

If specific cost records are available, printers must calculate the tax at the current rate on the manufactured cost (direct materials, direct labour and all overhead costs, excluding GST and PST paid on direct materials).

If specific cost records are not available, tax must be calculated on the total of the following costs (excluding GST and PST paid on direct materials):

- the laid-down cost of direct materials used; and,
- two hundred and twenty percent (220%) of the cost of direct materials used.

I. DIRECT AGENTS

Printers can purchase direct agents tax exempt. Direct agents are those materials consumed or used in the manufacture of printed matter by contact or temporary incorporation into the materials being printed, and includes artwork, separations, typesetting, negatives and plates.

Direct agents include the following:

- Cuts and dies
- Plates
- Photographic and proofing materials
- Chemicals, including developer and activator
- Film
- Negatives
- Alcohol, water and ink form rollers, but not ink distribution rollers and transfer rollers
- Fountain concentrate, fountain solutions, but not when used as a cleaner
- Perforating supplies
- Press blankets

- Dampener covers
- Anti-marking net
- Anti-skin additives
- Anti-foaming additives
- Anti-static eliminators
- Anti-set off powders
- Copy protection sprays
- Slip agents

The following are not considered to be direct agents and must have tax paid on their purchase price:

- Production equipment, including repair parts
- Lubricating oils, grease and maintenance supplies
- Press, plate and film cleaners, including deglazers, conditioners and washers
- Developing pads
- Air cleaner supplies
- Filters
- Camera and light bulbs
- Clothing and safety supplies
- Hand cleaners and dispensers
- Wipes, rags and cleaning pads
- Power air and hand tools
- Alcohol cleaning solutions
- Cutting sticks
- Cutting rubbers

J. TANGIBLE PERSONAL PROPERTY AND REAL PROPERTY

Tangible Personal Property

Tangible personal property is property that can be seen or touched or that is in any way perceptible to the senses. These are items that are moveable or intended to be moved periodically and could be subject to repossession by a creditor. Tangible personal property maintains a separate identity and is not considered to be a component of real property.

Real Property

Real property is land and any items permanently attached to land such as buildings and structures. Property that is sunk into, bolted onto, cemented to or otherwise permanently affixed to the land is normally considered real property. Goods that are so large and heavy that they cannot be moved may be considered real property even if they are not otherwise affixed to the land. Certain production equipment may be considered real property.

General Criteria for Real Property

In some cases, it can be difficult to determine whether a large piece of printing equipment is considered tangible personal property or real property. To be considered real property, a piece of equipment will normally meet the following criteria:

- The equipment is permanently attached to real property such as being firmly bolted to the floor or ceiling, embedded in a concrete pad or built into the walls of a building.
- The attachment of the equipment is for the purpose of improving and becoming part of the real property rather than for the convenient or safe operation of the equipment or security of the equipment.
- The equipment is constructed at the customer's site because of its size and is normally expected to remain on the site for its useful life.
- The equipment cannot be moved from the site without either dismantling the equipment or causing substantial damage to the building in which it is installed in.
- The equipment is an integral component of a production plant or facility and is attached in a permanent fashion.
- The equipment is capitalized in a real property asset class for income tax purposes.

K. TANGIBLE PERSONAL PROPERTY SALES AND SERVICES

Tax applies as follows to the sale and servicing of tangible personal property:

Sale: The supplier must collect tax on the selling price of the equipment.

Lease or Rental: The supplier must collect tax on the total lease or rental charge including installation and maintenance charges.

Installation Charge: The supplier must collect tax on the labour to install the equipment.

Servicing and Repair: The supplier must collect tax on the parts and labour to service and repair the equipment.

L. REAL PROPERTY CONTRACTS AND SERVICES

The contractor is required to collect PST on the total charge to the customer for the sale and installation of equipment that becomes real property upon installation. Servicing and repair charges are also subject to PST. The contractor may purchase the equipment and any repair parts or materials exempt from PST by quoting their vendor's licence number to their supplier.

For further reference, please see Information Bulletin [PST-12, Services to Real Property](#).

M. MAINTENANCE CONTRACTS AND PHOTOCOPIER TONER

Maintenance contracts for printing equipment and photocopiers are subject to tax whether the equipment is considered tangible personal property or real property. Although photocopier toner is generally exempt as a raw material, it is quite common for maintenance contracts on photocopiers to be billed on a per-copy charge or “click” charge that covers both the photocopier maintenance and the toner. When the toner is not shown as a separate charge, tax applies as follows:

- Copy charges for equipment maintenance only are subject to tax.
- Copy charges for equipment maintenance and the toner are subject to tax on the full invoice amount unless the service provider segregates the toner charges from the maintenance fees.
- If no tax is paid to the service provider on the toner charges, the customer is required to self-assess tax on toner used for their own purposes.

N. SALES OF USED BUSINESS ASSETS

Businesses are required to collect tax on the sale of used assets, such as vehicles and equipment. When used assets are being sold as part of the closure of a business, the purchaser is required to self-assess and report the tax.

When individuals purchase used goods for personal use, other than vehicles, tax applies to the selling price of the goods less a deduction of \$300 per item. If a trade-in is involved, the purchaser is entitled to a deduction of \$300 or the value of the trade-in, whichever is greater. If the goods are for commercial use, the \$300 deduction does not apply. For further information please see Information Bulletin, [PST-58, Used Goods](#).

O. 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.

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