

Information Bulletin

PST-41

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THE PROVINCIAL SALES TAX ACT

CITIES, TOWNS AND MUNICIPALITIES

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.

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A. YOUR REGISTERED CONSUMER NUMBER

A registered consumer number is issued to businesses and organizations that do not make retail sales of goods or services but purchase or rent taxable goods and services for their own use. This number cannot be used to purchase taxable goods or services exempt from PST. Please see Information Bulletin [PST-5, Registration and Reporting Requirements](#) for further reference regarding registered consumer responsibilities.

B. PAYING THE TAX

Cities, towns, and municipalities are required to pay tax on purchases (or rentals) of equipment, supplies and taxable services, such as labour services to repair machinery and equipment and services to real property.

For information regarding taxable services to real property, please see Information Bulletin [PST-12, Services to Real Property](#).

If the goods and services are purchased from a licensed supplier, the tax must be paid to the supplier. If the goods and services are purchased from an unlicensed supplier located outside Saskatchewan, the tax must be submitted with your return on the purchase price, including exchange, transportation charges, customs and excise duties and importation charges, but not the GST.

C. EXEMPT EQUIPMENT AND SUPPLIES

- Acetylene and oxygen
- Books, magazines and periodicals
- Clay and earth
- Fertilizer
- Fungicides
- Herbicides
- Insecticides
- Soil sterilants
- Tree planters and repair parts
- Topsoil
- Water treatment chemicals (for drinking water)
- Water treatment filter membranes (for drinking water)
- Weed control chemicals
- Weed sprayers and repair parts

D. TAXABLE EQUIPMENT, SUPPLIES AND SERVICES

- Antifreeze
- Bedding plants
- Building supplies
- Calcium chloride
- Commercial building cleaning services (refer to Bulletin PST-61)
- Computer hardware and computer services (refer to Bulletin PST-7)
- Dust control chemicals and agents
- Dust control equipment
- Electric pumps
- Fencing materials
- Fire extinguishers and recharging
- Firefighting equipment (see next page)
- Flower seeds
- Freight charges (on taxable goods originating outside the province)
- Fuel pumps
- Garbage containers
- Garden seed
- Grass seed
- Information signs
- Machinery repair parts
- Nursery plants
- Parking meters
- Peat moss and vermiculite
- Rebar
- Ready-mix concrete
- Repair labour on tangible personal property (refer to Bulletin PST-57)
- Road and maintenance equipment
- Road salt
- Road signs
- Rodenticides
- Sandbags

- Sanitation equipment
- Services to real property (refer to Bulletin PST-12)
- Sewage equipment
- Sewage treatment chemicals
- Shrubs
- Sod
- Swimming pool chemicals (chlorine and salt)
- Tools and equipment
- Tractors
- Traffic systems
- Trees
- Uniforms
- Water meters
- Water treatment equipment
- Welders and welding accessories

E. ELECTRICITY

Cities, towns, and municipalities are exempt from paying tax on electricity used for the following purposes:

- heating of buildings where the heating is produced solely by electricity;
- public curling rinks, skating rinks, swimming pools (that are not operated for profit), fire halls, sewage disposal and water pumping; and,
- street lighting, lighting of park pathways, tunnels, and underpasses.

Please provide us with a copy of your current power bill and we will notify your supplier of electrical power to stop collecting tax on your power billings.

If you are presently paying tax on all of your electricity, a refund can be obtained by submitting copies of your power billings to the Revenue Division. Refunds must be claimed within four years from the date of overpayment.

Electricity used for lighting parking lots, traffic signals, cross walk signals, playgrounds, ball diamonds and airports is subject to tax.

F. SAND, GRAVEL, CRUSHED/SCREENED BASES AND DECORATIVE ROCK

Cities, towns, and municipalities are not required to pay tax on the purchase of sand, gravel and crushed/screened bases. This includes sand and gravel purchased from farmers and licensed vendors. However, they are required to pay tax on purchases of decorative rock, red shale and similar products used for landscaping or decorative purposes.

Note: Fill dirt, topsoil, clay, and manure are not subject to PST.

Installation of Base and Subbase

Cities, towns, and municipalities may purchase sand and gravel exempt from PST when used as part of a supply and install contract for base/subbase, provided the charge for sand and gravel is reasonably segregated from the labour portion on the invoice. This includes traffic gravel, and gravel used for sealing.

Note: There is no exemption available for sand and gravel used as raw materials for the manufacturing of hot or cold mix asphalt in relation to supply only or supply and install contracts of asphalt.

For further reference, please see [PST-71, Sand, Gravel, Crushed/Screened Bases and Decorative Rock](#).

G. EXEMPTION FOR FIRE TRUCKS

Tax does not apply to fire trucks and attached equipment purchased by municipal governments. The exemption includes all equipment attached to or furnished with the vehicle, including any equipment that forms part of that vehicle at the time the vehicle is acquired.

Repair labour and replacement parts, supplies or any equipment added to a fire truck after the date the vehicle is acquired, are not eligible for the exemption. Equipment that does not normally form part of a vehicle designed for fighting fires is taxable.

H. CABLE TELEVISION SERVICES

Cities, towns, and municipalities that provide cable television services are required to obtain a vendor's licence and collect tax on this service. Equipment used to provide cable television services is subject to tax. Telecommunication equipment includes satellite receiving equipment, signal processing equipment, transmission equipment, decoders, cable, and repairs parts. If the tax is not paid to your suppliers, it must be self-assessed and remitted with your return.

I. SEWAGE EFFLUENT IRRIGATION PROJECTS

Sewage effluent equipment purchased directly from a supplier or obtained in a supply and install contract is subject to tax. However, pivots, pipes, or pumps installed or located on farmland are eligible for a refund. Copies of your purchase invoices must be submitted for a refund of the tax. A tax refund is not available on equipment located at sewage lagoons or other sites adjacent to farmland.

J. WATER TREATMENT CHEMICALS AND FILTERS

Chemicals used as oxidizers, coagulates, or which become a component part of treated drinking water are tax exempt when purchased by cities, towns, and municipalities for their water treatment facilities. These typically include chemicals like ferrous sulphate, lime, ferrous chloride, aluminum sulphate, sodium aluminate, potassium permanganate, chlorine, sodium silica, fluorine, aqua nuchar, copper sulphate, copper carbonate, soda ash, high test hypochlorite, calcium hypochlorite, lump alum, activated carbon, processed coal and nalcolyte.

Filters and products that act directly as a filtration medium are exempt from tax when purchased for use by municipalities for mechanical water treatment technologies, such as electro-dialysis reversal, reverse osmosis, or nano-filtration.

K. BONDING AND CLEARANCE PROCESS AND ENSURING CONTRACTOR HOLDS A VALID LICENCE

1. Bonding/Clearance Requirement when Hiring Non-resident Contractors

Under Section 29 of *The Provincial Sales Tax Act*, non-resident contractors consuming or using equipment or other goods during the completion of a contract in Saskatchewan are required to:

- a) post a Guarantee Bond or cash deposit in an amount equivalent to 6% of the total contract amount; or,
- b) obtain a clearance letter from the Ministry of Finance to provide to the principal.

It is recommended that the principal maintain a holdback of 6% until a clearance letter is provided or proof of bonding is obtained.

It is the responsibility of the principal to ensure that contractors comply with this provision as failure to do so can leave the principal liable for any taxes which the contractor fails to remit, in addition to possible fines and penalties.

Proof of Guarantee Bond

In the majority of cases, bonding is obtained prior to work commencing. Original bonds are to be forwarded to the Revenue Division and written confirmation will be provided upon receipt.

If proof of bonding has been obtained, the principal is not required to also maintain holdbacks for PST purposes. However, in the event that change orders are subsequently issued which increase the total contract value, a holdback must be maintained on those change orders or a bond rider must be obtained.

Clearance Letter on Final Payment

In cases where proof of bonding has not been obtained, before the final payment is made on a contract, the contractor must obtain a clearance letter from the Revenue Division and provide a copy of the letter to the general contractor or principal. To obtain a clearance letter, please:

- Visit our website at saskatchewan.ca/pst, or;
- Call 1-800-667-6102, extension 0956; or,
- Email contractorclearance@gov.sk.ca.

If the contractor does not pay the PST payable with respect to the contract, the general contractor or principal will be requested to withhold from any hold back an amount equal to the tax due, to a maximum of 6% of the contract amount, and remit this amount to the Revenue Division.

Generally a clearance letter covers a specific contract for a specific customer. However, non-residents contracted for Master Service Agreements or similar arrangements are encouraged to request clearances on a monthly basis covering all jobs per customer within that month, versus on a job-by-job basis. For larger contracts spanning over a period of several months or years, a clearance may be requested for each progress period.

2. Principal's Obligation to Ensure Contractor Holds a Valid Licence

Section 29.01 of *The Provincial Sales Tax Act* requires the principal to ensure a contractor holds a valid Saskatchewan PST vendor's licence, whether the contractor is a resident or a non-resident, before making payment of PST to the contractor.

The principal can verify that a contractor holds a valid PST vendor licence by accessing the PST On-Line Registry at sets.saskatchewan.ca/rptp/portal/footer/pst-registry. It is recommended that the principal maintain a print from the registry for audit purposes. Alternatively, a clearance letter for the contract would act as sufficient evidence that the contractor holds a valid licence.

L. SALES OF USED ASSETS

Cities, towns, and municipalities are required to collect tax on the sale of used assets, such as vehicles and equipment.

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](#).

M. 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 saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-tips-line 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](#)

N. 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.

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

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

Government website: Saskatchewan.ca