

## FREIGHT AND DELIVERY CHARGES

Freight or delivery charges related to the purchase of taxable goods are subject to PST when the supply point originates outside Saskatchewan, as the charges form part of the laid down cost of those goods. Additional charges, such as brokerage, duty and excise fees, related to the importation of goods from outside Saskatchewan are also included as part of the laid down cost. These charges are subject to tax, whether they are segregated on the invoice or billed separately.

Freight or delivery charges related to the purchase of taxable goods are not subject to PST when the supply point originates in Saskatchewan and all the following conditions are met:

- the charge is specifically described in some manner as shipping, handling or delivery;
- the charge is in addition to the selling price of the goods; and,
- the charge is reasonable and segregated on the invoice.

**Note:** Supply points originating in Saskatchewan include Lloydminster, Alberta and Flin Flon, Manitoba.

**PST Exempt Goods**

- Licensed vendors can purchase goods for resale exempt of tax, including any charges for the transportation of those goods. This includes items imported from outside of Saskatchewan. PST does not apply to freight or delivery charges in relation to the transportation of PST exempt goods.

**Postage**

- Standard postage is not subject to PST in relation to taxable printed materials mailed to Saskatchewan residents when the cost of the postage exceeds the value of the contents mailed. (Example: postage for direct mail of an advertising flyer to Saskatchewan customers when the cost of the postage exceeds the cost of the flyer).

**Note:** Standard postage does not include rush delivery fees, courier charges, duty, brokerage fees, etc.

**Special Order Goods**

- Freight or delivery charges to have “special order” goods delivered into Saskatchewan are subject to PST as part of the laid down cost of the goods.

**Manufactured Goods for Own Use**

- Freight or delivery charges for direct materials used in the production of goods for own use form part of the manufactured cost of the goods and are taxable whether the materials are shipped from a supply point inside or outside Saskatchewan. Manufactured cost includes all the steps in the production of the goods and all the input costs that increase the value of those goods.

**Rental Goods**

- Charges for freight or delivery that form part of a rental or lease agreement of taxable commodities are subject to tax regardless of whether the goods were shipped from a supply point inside or outside Saskatchewan. These charges are subject to PST whether invoiced by the rental or leasing company or a third party.

- Real Property Services**
- A contractor engaged in taxable services to real property is required to collect PST on the total charge to the customer, including all related charges and fees such as labour, materials, and transportation.

### **Common Carriers/Couriers**

Businesses such as common carriers or couriers transporting goods on behalf of others are not required to collect Provincial Sales Tax (PST) on their services. The purchaser or consumer of these services is required to self-assess the tax where applicable.

### **Fuel Surcharges**

Businesses may invoice a fuel surcharge in place of, or in addition to, a delivery charge. Fuel surcharges for products delivered within the province are exempt from PST when all the following conditions are met:

- The fuel surcharge is either segregated on the invoice **or** has been included in the delivery fee;
- The amount is reasonable in relation to other charges;
- It in no way reduces the selling price of the product; and,
- It does not form part of the cost of taxable manufactured goods for own use, rental goods, or real property services as listed above.

Fuel charges invoiced in relation to taxable goods delivered into Saskatchewan from a point outside of Saskatchewan are taxable as part of the laid-down cost of the goods.

PST also applies to fuel charges invoiced for taxable goods or services but are not related to in-province delivery.

### **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>	<a href="mailto:sasktaxinfo@gov.sk.ca">sasktaxinfo@gov.sk.ca</a>

Internet: Tax bulletins, forms and information are available at [saskatchewan.ca/business-taxes](http://saskatchewan.ca/business-taxes).

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