

GIFT BASKETS AND OTHER PACKAGED GOODS

This notice outlines how to apply the Provincial Sales Tax (PST), Liquor Consumption Tax (LCT) and/or Vapour Products Tax (VPT) on sales of gift baskets and other packages containing both taxable and exempt items and/or items subject to different tax types.

In general, PST, LCT and VPT must be collected on the fair-market value of the taxable items included in gift baskets and other packages of goods sold for a single price.

Note: Vendors are required to include the value of any decorative/personalized basket or other container (e.g. vase, ornament, custom labelled, etc.) as part of the portion subject to PST, unless the basket/container is used only as packaging material considered disposable and of no further value to the consumer.

The gift basket or package is exempt from tax **when all the following criteria are met:**

- The taxable portion does not include any products subject to LCT, or VPT;
- The taxable items are combined with exempt items and sold for a single price;
- The fair market value of the taxable items is:
 - \$50 or less, **and**
 - 10% or less of the total selling price of the basket or package;
- The taxable portion is pre-packaged with the exempt portion, **or** you do not ordinarily sell the taxable portion separate from the exempt portion; and the taxable portion is not being provided by way of promotional distribution.

In cases where allocation/segregation of the value of items is required and not provided (e.g. basket valued over \$500), the higher of the tax rates (PST, LCT, or VPT) applicable to any of the goods in the basket or package must be applied to the total selling price.

The following table provides a summary of the general application of tax, and exceptions for cases where the manufacturer or vendor does not break out the values of the taxable and exempt items or those subject to different tax types.

General Rule	
The value of goods and services subject to PST, LCT, and/or VPT are broken out by the manufacturer or vendor.	The fair market value of items in each category is subject to the applicable rate of tax as follows: <ul style="list-style-type: none">• PST (6%)• LCT (10%)• VPT (20%)

Exceptions (when values are not broken out by the manufacturer or vendor)	
<ul style="list-style-type: none">• The basket or package does not include any goods subject to LCT and/or VPT; and• The total selling price is less than \$500; and• The taxable value is more than 10% of the total selling price.	The entire basket or package is subject to PST (6%).
<ul style="list-style-type: none">• The basket or package does not include any goods subject to LCT and/or VPT; and• The total selling price is less than \$500;• The taxable value is \$50 or less and 10% or less of the total selling price; and• The taxable portion is not ordinarily available for sale separate from the exempt portion, or is not ordinarily provided separate from the exempt items.	The entire selling price of the basket or package is exempt from tax.
<ul style="list-style-type: none">• The taxable portion of the basket or package includes one or more products subject to LCT but does not include any products subject to VPT.	The entire selling price of the basket or package is subject to LCT (10%).
<ul style="list-style-type: none">• The taxable portion includes one or more products subject to VPT.	The entire selling price of the basket or package is subject to VPT (20%).

FOR FURTHER INFORMATION

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Internet: Tax bulletins, forms and information are available at saskatchewan.ca/business-taxes.

Government website: Saskatchewan.ca