

## DRILLING RIGS, SERVICE RIGS AND RELATED EQUIPMENT

*Changes to this notice are indicated by a bar (|) in the left margin.*

Equipment as described in subsection 18.61 and Table 1 of *The Provincial Sales Tax (PST) Regulations*, and outlined in Information Bulletin [PST-13, Petroleum Drilling & Well Servicing Contractors](#), is exempt from PST when used substantially (at least 90%) in any or all of the following activities:

- a) Drilling of oil and natural gas wells;
- b) Drilling of wells for helium or other non-hydrocarbon gases;
- c) Hard rock, potash and coal: exploration hole drilling, disposal well drilling, geotechnical or observation hole drilling, shaft or surface freeze hole drilling, potash solution drilling or uranium solution drilling, water inflow-related drilling, and surface and underground drilling for the purposes of delineating an ore deposit;
- d) Downhole servicing and downhole repairs directly related to a), or b), or production activity for a) or b); and,
- e) Downhole servicing and downhole repairs directly related to c); and,
- f) Geothermal drilling for the purpose of exploring for or generating a supply of electrical energy or steam to be used for commercial resale purposes only, **effective retroactively to April 1, 2017**. Geothermal drilling for other commercial purposes or for residential purposes is not a qualifying activity.

**Note:** “Hard rock” includes, but is not limited to, gold, silver, iron, copper, zinc, nickel, tin, lead, uranium, diamonds or gems, rare earth elements, cobalt, and platinum group metals or elements.

To qualify for the exemption, the equipment must be capitalized or recorded as a long-term lease receivable (capital lease) in the company’s records.

For further information regarding exemptions for equipment used in the hard rock mining industry, please see Information Bulletin [PST-59, Mining Industry](#).

### Calculating Substantial Use

PST applies on the change in use/taxable use date on eligible equipment that is used more than 10% outside the activities outlined above. This is established based on the previous one-year period of Saskatchewan activity, measured by either revenue or operating time. Once a method (revenue or operating time) has been established for a piece of equipment, that method must be maintained for any future use of that equipment. Examples for calculating 90% substantial use can be found in Section B of Information Bulletin [PST-13, Petroleum Drilling & Well Servicing Contractors](#).

PST must be submitted with the first regular PST return after entering into the taxable use related contract or commencing work in Saskatchewan.

### **Claiming a Refund**

Where PST has been paid on exempt equipment used substantially in any or all of the activities described above, the taxpayer may [Apply for a PST Refund Using SETS](#), along with supporting documentation.

**Note: Refund claims must typically be submitted within four years of paying the PST. However, PST paid between April 1, 2017, and March 31, 2023, on qualifying drilling rigs and related equipment used in the specified geothermal drilling activities and meeting the revised substantial use criteria, is eligible for refund providing the refund application is received in our office on or before March 31, 2025.**

Further information on applying for a PST refund may be found at [saskatchewan.ca/pst](http://saskatchewan.ca/pst).

### **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)