

PST-31

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THE PROVINCIAL SALES TAX ACT

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READER SURVEY

INFORMATION FOR TOURIST OUTFITTERS, VACATION FARMS AND BED & BREAKFAST FACILITIES

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.

The changes to this bulletin are indicated by a () in the left margin.

The contents of this bulletin are presented under the following sections:

- A. Registration Requirements
- B. Lodging Services
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- D. Guide Services and Equipment Rentals
- E. Exempt Sales
- F. Taxable Sales
- G. Sales of Used Business Assets
- H. Goods and Services for Your Own Use
- I. Saskatchewan Electronic Tax Services (SETS)

A. REGISTRATION REQUIREMENTS

All tourist outfitters, vacation farms and bed and breakfast businesses are required to be licensed with a PST number. There is no minimum annual sales for this requirement, PST must be collected and remitted on all taxable sales as outlined in this bulletin. The return form is also used to report and remit any tax due on purchases of taxable goods and services.

B. LODGING SERVICES

Lodging is a taxable service and is subject to tax on the total price charged to the customer, excluding the GST.

Lodging provided to non-residents is subject to tax. A refund of tax is not available.

Lodging provided for a continuous period of 30 days or more to residents or non-residents is not subject to tax.

C. **ALL-INCLUSIVE PACKAGES**

Charges for meals, guide fees, transportation and recreational fees are not subject to tax. Where lodging services are included in a package with these services, tax must be collected on the lodging portion by using one of the following methods:

1. Where there is a normal advertised room rate for lodging services only, segregate this amount on the invoice and collect tax on the lodging portion.

Example:

1 person staying 4 nights:

Hunting package*	\$3,000.00
Rental of boat and fishing equipment	200.00
Hunting license	360.00
Cabin rental (4 nights @ \$70/night/person)	280.00
SUBTOTAL	\$3,840.00
PST (Equipment rental \$200 & lodging \$280, \$480 x 5%)	<u>24.00</u>
TOTAL	\$3,864.00

***Note:** Hunting package includes transportation, 2 meals/day and a guide service.

2. In the absence of a normal room rate for lodging, PST is to be applied on a flat rate of \$50 per night per person for the lodging rate.

Example:

1 person staying 3 nights:

Hunting package*	\$3,600.00
Rental of boat and fishing equipment	200.00
Hunting license	360.00
SUBTOTAL	\$4,160.00
PST (Equipment rental \$200 & lodging 3 nights @\$50/night/person, \$350 x 5%)	<u>17.50</u>
TOTAL	\$4177.50

* **Note:** Hunting package includes transportation, 3 nights' lodging at \$50 per night per person, 2 meals/day and a guide service.

3. Where the package price is for lodging and meals only, such as at bed and breakfast facilities, tax applies to:
 - o the total price, when the lodging portion is not itemized; or
 - o the itemized lodging portion, provided the amount is considered reasonable in relation to the total charge.

D. GUIDE SERVICES AND EQUIPMENT RENTALS

1. Guide Services

Guide services are not subject to PST. Businesses providing these services are required to pay tax on the cost of all equipment used to provide the service, including repairs. Both new and used equipment is subject to tax.

If tax is not paid to the supplier on the purchase of the equipment, it must be self-assessed and remitted on the regular return form. See Section H.

Businesses providing guide services that occasionally rent out their equipment without a guide are required to collect PST on the rental charges.

2. Equipment Rentals

Businesses renting out equipment such as boats, motors and fishing and hunting equipment are required to collect PST on the charges to their customer.

The business may purchase the rental inventory exempt from PST by quoting their vendor's licence number to the supplier. Repairs to rental inventory may also be purchased exempt from tax.

If the equipment is provided to the customer as part of a package, with no segregation for the equipment rentals, the business is required to pay tax on the cost of the equipment.

3. Businesses Providing both Guide Services and Equipment Rentals

Businesses providing both guide services and equipment rentals will hold either a tax-free or tax-paid inventory depending on which activity provides higher revenue.

Businesses predominantly providing guide services are required to pay tax on their equipment. PST must also be collected on the invoice to customers when the equipment is rented out without a guide.

Businesses predominantly providing rentals of equipment will be required to self-assess the PST on the fair market value for the rental when equipment is taken from their tax-free inventory for use in providing a guide service to their customer.

Alternatively, businesses providing both guide services and rentals may choose to maintain both a tax-free and a tax-paid inventory for each aspect of their business.

For further reference, please see Information Bulletin PST-72, *Information for Rental Businesses*.

E. EXEMPT SALES

PST does not apply to the following sales:

- Fishing and hunting licences
- Live bait

- Boat launch fees
- Boat storage fees, marina or land
- Sales to federal government departments and agencies. (Note: sales to federal Crown corporations and provincial government ministries, agencies and Crown corporations are **taxable**). Employees who are billed directly are required to pay the tax.
- Sales of goods to status Indians or Indian Bands are not subject to tax providing the goods are delivered to a reserve by the retailer and the *Certificate of Indian Status* identification card 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.**
- Food and drink items, including snack food
- Telephone calls and internet services. The business is required to pay tax to their telecommunication provider on these services.

F. **TAXABLE SALES**

PST must be collected on the following sales:

- Fishing and hunting supplies
- Frozen bait
- Laundry and dry cleaning services
- Souvenirs

Note: If your business sells grocery items, please refer to Information Bulletin PST-2, *Information for Grocery and Drug Stores*.

G. **SALES OF USED BUSINESS ASSETS**

Businesses are required to collect tax on the sale of used assets, such as taxable vehicles and equipment, including the sale of rental inventory. When used assets are sold as part of the closure of a business, the purchaser is required to self-assess and report the tax.¹

H. **GOODS AND SERVICES FOR YOUR OWN USE**

Businesses are required to pay tax on purchases of equipment, taxable services and supplies used in their business. If they are purchased from a licensed supplier, the tax must be paid to the supplier. If they are purchased from an unlicensed supplier, such as one located outside Saskatchewan, the tax must be self-assessed and submitted with the return on the laid down cost, which includes exchange, transportation charges, customs and excise duties, and importation charges, but not the GST.

¹ Information Bulletin PST-58, *Information on the Taxation of Used Goods*

I. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

The Ministry of Finance has made it possible to report and remit tax electronically through the use of a standard Internet connection. The Saskatchewan Electronic Tax Service (SETS) offers a secure, fast, easy and convenient alternative to filing returns in paper format. Several E-File services are currently available through SETS.

Businesses may use SETS to file and pay returns for PST and other provincial taxes.

SETS allows businesses to:

- file and pay returns or make payments on account;
- file a return and post-date the payment to the due date;
- view account balance and statement information;
- authorize your accountant to file on your behalf; and
- subscribe to an Email Notification Service that allows the option to be notified by email that a tax return should be filed. This replaces the paper forms normally received in the mail.

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: sask.tax.info@gov.sk.ca

In-Person: Ministry of Finance
Revenue Division
2350 Albert St
REGINA SK S4P 4A6

Fax: 306-787-9644

Internet: PST Bulletins, forms and information are available on the Internet at:
<http://www.finance.gov.sk.ca/taxes/pst>

To receive automatic email notification when this or any other bulletin is revised, go to www.finance.gov.sk.ca/taxes, click on the "What's New" information then click on the "subscribe" button.