

PST-29 Issued: May 1988

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THE PROVINCIAL SALES TAX ACT

INFORMATION FOR AUTOBODY SHOPS

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READER SURVEY

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 bar (|) in the left margin.

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A. REPAIR PARTS AND LABOUR

Autobody repair services are subject to tax, including charges for labour and charges for new and used parts that are used in the repair. Taxable repairs include services such as painting, undercoating, rustproofing, wheel alignment, wheel balancing, frame straightening, body repair, and body rebuilding.

B. USED PARTS

Used parts sold or itemized in repairs for individuals for personal use, are subject to PST on the selling price of the parts less a deduction of \$300 per item.

If a trade-in is involved, the purchaser is entitled to the \$300 deduction or the value of the trade-in, whichever is greater. The \$300 deduction does not apply to sales of items for business use or on used parts from outside of Canada.

C. REMANUFACTURED OR RECONDITIONED PARTS

Reconditioned or remanufactured items, such as motors, transmissions, alternators, starters, brake shoes, fuel pumps, and water pumps are subject to tax on the total selling price. If an exchange unit is traded-in, the tax must be calculated on the cash difference. **A refund of tax is permitted on core credits** when the item is subsequently returned.

On the sale of a used part to an **individual** who receives credit for a core charge, the greater of the \$300 personal exemption **or** the actual core charge may be deducted, but **not** both.

D. PAINT MATERIALS

Charges to the customer for paint materials are subject to PST. This includes charges invoiced to the customer as a fixed percentage of the total labour charge to cover the paint materials used.

If these charges are shown as a separate line item on the invoice to the customer, the repair shop is required to collect the PST on the charge and may purchase these items exempt from tax by quoting their vendor's licence number to their suppliers.

If the paint materials are not invoiced as a separate line item to the customer, the repair shop is required to pay PST on the purchase of these goods.

Paint materials include the following:

- Compound
- Glass cleaner
- Hardener
- Kleen sol
- Litho wipers
- Masking paper
- Masking tape
- Metal prep
- Paint
- Paint remover
- Paint strainers
- Primer/undercoat
- Putty
- Reducer
- Retarder
- Rust proofing
- Sanding disc
- Sealers
- Silicone
- Tac rags
- Thinner
- Wax
- Wet and dry sandpaper
- Other such items that may be used in daily painting operation

E. SHOP SUPPLIES

Charges to the customer for shop supplies are subject to PST. This includes charges invoiced to the customer as a fixed percentage of the total labour charge to cover the shop supplies used.

If these charges are shown as a separate line item on the invoice to the customer, the repair shop is required to collect the PST on the charge and may purchase these items exempt from tax by quoting their vendor's licence number to their suppliers.

If the shop supplies are not invoiced as a separate line item to the customer, the repair shop is required to pay PST on the purchase of these goods.

Shop supplies include the following:

- Abrasive stones and discs
- Acid core solder and bits
- Adhesive sealant
- Bearing grease
- Bench lubricant
- Brass rods
- Carburetor solvent
- Chassis grease
- Choke cleaner
- Door ease
- Electric rods
- Electrical tape
- Fibreglass
- Gasket material
- Gasket sealer compound
- Glue
- Lubriplate paste
- Mechanical wire
- Minor hardware (nuts, bolts, washers)
- Parts cleaning solvent
- Permatex compound
- Protective material
- Resin
- Sandpaper
- Solder
- Steel rods
- Steel wool
- Upholstery cleaner
- Window weld
- Wiping rags

F. ENVIRONMENTAL HANDLING FEES

Environmental handling fees imposed by the Government of Saskatchewan are **not subject to PST when they are segregated on the customer's invoice.**

Exempt environmental handling fees include charges billed to a customer for disposal of oil, oil filters, antifreeze, diesel exhaust fluid containers, diesel fuel filters and tires.

G. INSPECTION AND DIAGNOSTIC SERVICES

Charges to diagnose, examine or inspect vehicles are subject to tax when the service is provided in connection with the repair of the vehicle. These services are provided in order to identify and assess potential repairs and are subject to tax whether or not the actual repairs are completed.

In cases where specialized diagnostic equipment is used to conduct the analysis, any charges to the customer for use of this equipment form part of the service agreement and are also subject to tax.

Mandatory inspections that are regulated by a governing body to ensure standards are maintained, such as Saskatchewan Government Insurance safety inspections, are not subject to tax as these are not intended to be provided in relation to the repair of the vehicle.

H. SUBLET REPAIRS

Repairs sublet to other shops may be purchased exempt from tax by quoting your vendor's licence number to the company providing the repair. Tax must be collected on repair parts and labour charges invoiced to your customer.

I. USED VEHICLES¹

Effective November 8, 2007, PST no longer applies to the sale of eligible used light vehicles on which PST has previously been paid in full. These include:

- Cars;
- Sport utility vehicles;
- Light vans (mini-vans, passenger vans and cargo vans that are rated one ton or less); and,
- Light trucks (quarter ton, half ton, three-quarter ton and one ton).

Excluded from the exemption are heavy vehicles, buses, trailers, motor homes, motorcycles, mopeds and leisure vehicles such as ATV's, snowmobiles and boats.

The value of all used vehicles accepted as a trade-in at the time of purchase of another vehicle may be subtracted from the purchase price of the vehicle before the PST is applied. If the vehicle being traded in is a tax-paid eligible light vehicle, it must have previously been registered by the owner for at least 90 days. Where a trade-in is allowed, the customer's invoice must separate the selling price of the vehicle, the trade-in amount, and the amount of PST collected.

Autobody shops are not required to pay tax on parts or repair labour used to repair vehicles which are in their taxable inventory for resale purposes, or for lease or daily rental to customers. Tax must be collected on the selling price or rental charge to the customer, excluding the GST.

Autobody shops are required to pay tax on parts and repair labour used to repair tax-paid eligible used light vehicles which are in their exempt inventory for resale purposes, or for lease or daily rental to customers. Tax is not collected on the selling price or rental charge to customers for tax-paid light vehicles.

¹ Information Bulletin PST-18, *Information for Motor Dealers and Leasing Companies*

J. EXEMPT SALES

The following sales are not subject to tax:

- Goods and labour services provided to other autobody shops for resale providing their vendor's licence number is recorded on the invoice.
- Eligible used light vehicles on which the Saskatchewan PST has previously been paid in full.²
- Carriers may purchase vehicles, trailers and certain repair parts and labour services tax free for interjurisdictional transportation purposes. The carrier's cab card number must be recorded on the sales invoice.³
- Repairs to rental or leasing company vehicles. The purchaser's vendor's licence number must be recorded on the sales invoice.
- Sales to non-residents where the goods are shipped out of province by the vendor and evidence of shipment is retained **but not** sales to non-residents which are taken at the time of purchase, including vehicle repairs.
- 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* 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 reserve must be retained.**

Repair labour performed on reserve for status Indians and Indian bands is not subject to tax. **Proof the labour was performed on reserve must be retained.** Repairs performed off reserve are taxable.

- Sales to federal government departments and agencies. (**NOTE:** sales to federal Crown corporations and provincial government ministries, agencies and Crown corporations are **taxable**).

K. SALES OF USED BUSINESS ASSETS

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

² Information Bulletin PST-18, *Information for Motor Dealers and Leasing Companies*

³ Information Bulletin PST-50, *Information for Interjurisdictional Carriers*

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.⁴

L. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on the cost of new and used equipment, supplies and taxable services purchased for use in their business operations. Tax is payable as follows:

- When purchased from a licensed supplier, the tax must be paid to the supplier at the time of purchase.
- When taken from an exempt resale inventory, the tax must be self-assessed and remitted with the regular tax return. This includes goods taken for personal or business use.
- When purchased from a supplier who did not collect the tax, such as an unlicensed supplier located outside Saskatchewan, the tax must be self-assessed and remitted with the regular tax return. Tax is payable on the laid-down cost, which includes currency exchange, transportation charges, customs and excise duties and importation charges, but not the GST.

M. 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.

⁴ Information Bulletin PST-58, *Information on the Taxation of Used Goods*

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>

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