



Information Bulletin

PST-26 Issued: March, 1987

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THE PROVINCIAL SALES TAX ACT

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INFORMATION FOR VETERINARIANS AND VETERINARY SUPPLY FIRMS

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 (I).

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

- A. Definition of Veterinary Services
- B. Veterinary Services, Veterinary Drugs and Medicines, and Pet Food
- C. Consumables and Items Sold as Part of a Veterinary Service
- D. Taxable Sales
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- F. Sales to Status Indians, Indian Bands and Band-empowered Entities
- G. Goods and Services Sold to Government Departments, Ministries, Agencies and Crown Corporations
- H. Sales of Used Business Assets
- I. Saskatchewan Electronic Tax Service (SETS)

A. DEFINITION OF VETERINARY SERVICES

Taxable “veterinary services” means those services provided by a person who is registered to practice veterinary medicine pursuant to The Veterinarians Act, 1987. This includes services that are provided by any assistants or other support staff who provide those services under the supervision, authority or direction of a veterinarian.

Excluded from the definition of taxable veterinary services are any services provided with respect to commercial livestock or by a person who provides services to that person’s employer in the course of employment.

“Commercial livestock” means an animal raised in a primary farming operation that is intended to be sold for food, as pet stock, for racing or for the sale of products produced by the animal. This includes horses owned by farmers.

B. VETERINARY SERVICES, VETERINARY DRUGS AND MEDICINES, AND PET FOOD

Fees charged by a veterinarian for veterinary services, drugs and medicines, and pet food, including vitamins and dietary supplements, are subject to tax. Taxable fees include professional fees, service calls, procedural charges, diagnostic fees and hospitalization charges.

Fees charged for veterinary services, feed and drugs and medicines administered to commercial livestock are exempt. Drugs and medicines purchased by a farmer for commercial livestock are exempt from tax, providing the farmer provides a land location and certifies that the medicines are being purchased for use in a primary farming activity.

C. CONSUMABLES AND ITEMS SOLD AS PART OF A VETERINARY SERVICE

The application of tax to purchases made by a veterinarian depends on whether the item was purchased for resale or if it is to be consumed in the course of providing veterinarian services. Below are examples to show the differences between consumables and retail items and how tax would apply:

- Consumable products represent goods that are considered to be used or consumed by the veterinarian in the course of providing a service. Consumables are not billed separately on the customer's invoice.

Example:

To conduct test	\$160.00

Total	\$160.00

- Some practitioners will list consumables used to provide the service as a courtesy to their customers. In such instances, the consumable items are shown on the invoice, but the value for the consumables is not shown.

Example:

To conduct test, including consumables	\$160.00

Total	\$160.00

In both examples above, PST applies on the \$160.00 fee and the veterinarian pays tax on the cost of the consumables used to conduct the test.

Tax is paid by the veterinarians on the cost of consumables at the time of purchase. If consumable items are taken from a tax free inventory, veterinarians are required to account for tax on those consumables, either on a cost basis or by using the following formula:

$((\text{Total Purchases} - \text{cost of itemized retail sales}) - \text{cost of inventory}) \times \text{Tax Rate}$

- Retail items are sold to the customer and are itemized on the invoice with a retail selling price. For billing purposes, the veterinarian collects tax on the full selling price of the retail items and the veterinary services. The veterinarian may acquire retail items exempt from tax by quoting their vendor's licence number to the supplier. If a veterinarian has paid tax on the cost of a retail item at the time of purchase, an internal credit can be taken.

Example:

To conduct test	\$125.00
Retail Item	\$ 35.00

Total	\$160.00

PST applies on the \$160.00 fee and the veterinarian is not required to pay tax on the cost of the retail item.

D. TAXABLE SALES

The following items are subject to tax:

- Absorbent cotton
- Bandages, dressings, drapes and tape
- Biologics
- Blankets
- Cast materials
- Collars and leashes for pets, including flea collars
- Combs and brushes
- Disinfectants and germicidals, including iodine
- High pressure washers
- Hoof nippers, trimmers and rasps
- Household insecticides
- Knives
- Lariat ropes
- Liniments
- Needles and syringes
- Nitrogen tanks
- Ointments and salves
- Pet food and vitamins
- Rawhide dog chews
- Rodenticides
- Rubbing alcohol
- Saddle soap
- Shampoos
- Silver nitrate sticks (exempt when sold for or administered to commercial livestock)
- Soap, including medicated
- Sterilized gauze
- Sutures
- Veterinary drugs, medicines and biologics (exempt when sold for or administered to commercial livestock)

- Vitamin and dietary supplements (exempt when sold for or administered to commercial livestock)
- Whips

E. EXEMPT SALES

The following are exempt when sold for commercial livestock:

- Artificial insemination equipment
- Branding irons and branding fluids
- Bull and hog rings and leads
- Bull semen
- Cattle oilers, cattle chutes, squeezes and head gates
- Cow anti-kick, hobbles, lifters and mats
- Cow or sheep bells
- Cow trainers
- Dairy and poultry thermometers
- Dehorning paste
- Drugs, medicines, biologics, vitamins and dietary supplements when sold for or administered to commercial livestock
- Ear tags and other livestock identification tags
- Forceps and scalpels
- Harnesses, halters, bridles, bits, tying chains, saddles, saddle pads, breast collars and horse shoes
- Intravenous equipment and supplies
- Livestock clippers and shears
- Livestock feed and salt
- Livestock insecticides, including flea and louse powder, and applicators
- Livestock magnets
- Livestock scales
- Sheep branding paint
- Specialized detergents, cleaners and sanitizing solutions used in dairy farming (Farm Exemption Certificate or equivalent required)
- Stock prods
- Tattooing tools and ink
- Teat dilators
- Udder supports
- Veterinary instruments including calf weaners, emasculators, ear notchers and pliers, castrators, calf pullers, dehorners and bloat trochars
- Veterinary manuals (exempt to all purchasers)

F. SALES TO STATUS INDIANS, INDIAN BANDS AND BAND-EMPOWERED ENTITIES

Sales to status Indians, Indian Bands and band-empowered entities are not subject to tax upon presentation of a Certificate of Indian Status identification card issued under the *Indian Act* (Canada), providing the goods are delivered by the retailer to a reserve or the taxable services are provided on a reserve. The complete 10 digit card number must be recorded on the invoice. If the federal identification card number is only 3 to 5 digits, record the number and the name of the band on the sales invoice.

G. GOODS AND SERVICES SOLD TO GOVERNMENT DEPARTMENTS, MINISTRIES, AGENCIES AND CROWN CORPORATIONS

Goods and services sold to federal government departments or agencies are not subject to tax. Goods and services sold to federal Crown corporations, provincial government ministries or agencies or to provincial Crown corporations are subject to tax.

H. SALES OF USED BUSINESS ASSETS

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

Note: For information on the exemption of tax on “eligible used light vehicles” please refer to Information Bulletin PST – 58.

I. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

Saskatchewan Ministry of Finance has made it possible to report and remit tax electronically through the use of a standard Internet connection. 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 Provincial Sales Tax 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.
- Subscribe to an E-mail Notification Service that allows the option to be notified by e-mail that a tax return should be filed (replaces the paper forms normally received in the mail).

FOR FURTHER INFORMATION

Write: Ministry of Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

E-mail: sask.tax.info@gov.sk.ca

Fax: 306-787-9644

Internet: Provincial Sales Tax bulletins, forms and information are available on the Internet at:

<http://www.finance.gov.sk.ca/taxes/pst>

To receive automatic e-mail 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.