

Information Bulletin

PST-62

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THE PROVINCIAL SALES TAX ACT

ACCOUNTING SERVICES

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 (I) in the left margin.

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A. TAXABLE ACCOUNTING SERVICES

Accounting services provided to resident or non-resident clients by a resident or non-resident accountant are subject to tax if the services relate to Saskatchewan. (Please refer to [section D](#) for definition of services relating to Saskatchewan).

Taxable accounting services include:

- Preparation of balance sheets, profit and loss statements, and similar services, including bookkeeping, payroll preparation, billing, cost accounting and budget preparation;
- Preparation of tax returns and tax documents or forms, account reconciliation and tax rebates;
- Services that are in the nature of the investigation or audit of accounting records; and,
- Advice or consulting directly related to the delivery of a taxable accounting service. For example, time spent on consultation in the preparation of a financial statement or tax return is considered to be a component of the service.

Retainers are generally considered to be amounts held in trust and do not become subject to tax until a bill for accounting services is provided to the client.

Charges or fees for research, secretarial services or other overhead costs are considered to form part of the accounting service and are subject to tax even if charged separately on the client's invoice.

B. EXEMPT SERVICES

Exempt services provided by businesses performing accounting services include the following:

- Advice or consulting related to business management, tax planning, estate planning, investments, financial management or similar services;
- Acting as a trustee, executor or administrator of an estate, Commissioner for Oaths, or Notary Public;
- Acting as a trustee for bankruptcy or receivership proceedings;
- Management fees, provided no other taxable accounting services are included;
- Accounting services provided to a Status Indian (service must be provided on the reserve), Indian band or band-empowered entity (service can be provided on or off the reserve but must relate to a non-commercial business activity that is located on a reserve) – see Information Bulletin [PST-63, Sales to First Nations Individuals and Organizations](#) for documentation requirements to support the exemption;
- Providing educational seminars, training, and coaching services. This would include training clients on the use of computer software or how to perform an accounting function (**however**, admissions to certain courses, programs, workshops and seminars are subject to PST – see Information Bulletin [PST-76, Admissions, Entertainment and Recreation](#)); and,
- Accounting services provided by a person to that person's employer in the course of employment. A person is considered to be an employee when the employer makes regular deductions from wages as required by federal Income Tax regulations.

Note: Where exempt and taxable services are provided to a client, the exempt services must be shown separately or the entire charge is taxable.

C. EXEMPT DISBURSEMENTS CHARGED TO THE CUSTOMER

The following disbursements are exempt from tax when itemized separately from accounting services provided to the client (tax must be paid to the supplier or self-assessed on these charges):

- Facsimile transmission, telephone, and courier services;
- Printing or photocopying of documents;
- Meals, accommodation, travel, and per diem charges; and,
- Third party fees or charges that do not form part of the accounting service that are charged separately on the customer's invoice on a cost-recovery basis.

An accountant who obtains a taxable service on behalf of a client may include that cost as a disbursement if tax is paid or self-assessed at the time of acquiring that service.

D. ACCOUNTING SERVICES RELATING TO SASKATCHEWAN

Accounting services relate to Saskatchewan if that service:

- (a) relates to a physical location, transaction, activity or contemplated transaction or activity in Saskatchewan; and,
- (b) is provided to a person who resides, ordinarily resides, or carries on business in Saskatchewan at the time the service is provided.

E. ACCOUNTING SERVICES RELATING TO MORE THAN ONE JURISDICTION

Accounting services provided to a client who is both a resident and a non-resident or who carries on business in Saskatchewan and another jurisdiction are subject to tax only on the portion of the services that relate to Saskatchewan.

F. 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 transfer or closure of a business, the purchaser is required to self-assess and report the tax.

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.

For further reference please see Information Bulletin [PST-58, Used Goods](#).

G. TAX CREDIT FOR BAD DEBTS

Vendors may claim a credit for the tax portion of their receivables that are written off as uncollectible. The tax credit should be taken as an internal adjustment in the vendor's records. Records of the accounts written off and tax credits claimed must be kept for audit verification by the Revenue Division.

H. GOODS AND SERVICES FOR YOUR OWN USE

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

I. SMALL TRADERS EXEMPTION (HOME BASED BUSINESSES)

Individuals selling goods or providing services from their residence to other individuals (non-commercial) are not required to collect tax providing their sales are less than \$10,000 annually. This exemption is not extended to individuals that conduct sales or provide services outside their residence or sell to commercial users.

Tax must be paid to all suppliers on the purchase price of all materials and labour charges. A business that purchases taxable goods or services from a small trader must self-assess and report the tax.

J. TAX TIPS LINE

When a business or individual does not comply with provincial tax legislation, businesses face unfair competition and a burden is placed on all taxpayers who do comply. It causes significant loss in the revenue available to fund services such as health, education, and other important government programs.

Tax Tips Line provides an anonymous, fully confidential way for the public to report businesses or individuals who are participating in tax fraud. If you suspect that a business or individual is being dishonest with their provincial taxes or is misrepresenting their activities to reduce their taxes, you can report them using Tax Tips Line.

Please visit our website at saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-tips-line to find out more regarding types of tax fraud and the information to report, if possible.

Tax Tips Line is specifically and solely for information related to provincial tax compliance. Any unrelated inquiries or information will not be addressed by the Tax Tips Line, and should be directed to the appropriate organization.

How to Report:

- 1) Toll-free 1-833-334-8477
- 2) Write: Ministry of Finance
Revenue Division
PO Box 200
REGINA SK S4P 2Z6
- 3) [Online Form Submission](#)

K. SASKATCHEWAN eTAX SERVICES (SETS)

Finance has made it possible to report and remit tax electronically through a secure, fast, easy, and convenient online self-service portal. Several services are currently available to businesses through SETS:

- Register for secure, self-managed access to all your tax accounts.

- Apply for a new tax account.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.
- Submit a service request to update the mailing address or add a new business location.
- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
- View and download up-to-date tax information promptly.
- Subscribe to receive email notifications when new and revised tax publications are available.

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: sasktaxinfo@gov.sk.ca

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

To receive automatic email notifications when this or any other bulletin is revised, go to sets.saskatchewan.ca/subscribe.

To provide feedback or suggest changes to this bulletin, please complete a [Bulletin Survey](#).

Government website: Saskatchewan.ca