

Information Bulletin

PST-66

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THE PROVINCIAL SALES TAX ACT

INFORMATION FOR BUSINESSES PROVIDING EMPLOYMENT PLACEMENT 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.

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

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A. TAXABLE EMPLOYMENT PLACEMENT SERVICES

Employment placement services refer to services provided by a vendor whose primary business and source of revenue is the provision of those services, for the purpose of locating, obtaining, or arranging temporary or permanent employees or contractors in Saskatchewan on behalf of an employer. This includes the recruitment and placement of management personnel and professionals hired as either employees or contractors.

An employment placement service relates to Saskatchewan if that service:

- is provided in relation to a position that is based in Saskatchewan; and,
- is provided to a client who resides, ordinarily resides or carries on business in Saskatchewan at the time the service is provided.

B. EXEMPT EMPLOYMENT PLACEMENT SERVICES

Exempt services provided by businesses providing employment placement services include the following:

- Employment placement services that relate to employment outside Saskatchewan;

- Services provided by a person to that person's employer in the course of employment;
- Services for resale to another business providing and collecting tax on the employment placement services;
- Services where temporary workers are provided and the temporary workers remain employees (or contract workers) of the placement agency;

Note: Charges for recruitment services are exempt from PST when the worker remains an employee or contract worker of the employment placement agency. The application of PST to charges for the services provided by the employee or contract worker depend on whether the services provided are subject to PST. Please see Information Bulletin [PST-46, Service Enterprises](#) for a list of taxable services.

- Services provided to individuals who are prospective employees, such as resume writing and distribution, counseling, or training;
- Services provided to federal government departments or agencies (services provided to federal crown corporations, provincial government departments or agencies or to provincial crown corporations are subject to tax); and,
- Services provided to a Status Indian, Indian band or band-empowered entity located on a reserve. To qualify for the exemption, an individual must present their *Certificate of Indian Status* card to the supplier/contractor, and the complete 10-digit card number must be recorded on the sales invoice. For an Indian band or non-commercial band-empowered entity, the band number and band name must be recorded on the sales invoice. A band-empowered entity must also certify the purchase is for non-commercial band-management activities. **The service provider must retain documentation to support the exemption.** There is no exemption for commercial Indian-owned corporations whether they are located on or off reserve. Please see Information Bulletin [PST-63, Sales to First Nations Individuals and Organizations](#) for further information.

C. EXEMPT DISBURSEMENTS CHARGED TO THE CUSTOMER

The following disbursements are exempt from tax when itemized separately from employment placement services on the invoice provided to the customer:

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

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

D. 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.

E. 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](#).

F. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on purchases of equipment, 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 located outside Saskatchewan, the tax must be submitted with your return on the laid-down cost, which includes exchange, transportation charges, customs and excise duties, and importation charges, but not GST.

G. 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](#)

H. **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 (sets.saskatchewan.ca):

- 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