

Information Bulletin

LCT-1

Issued: January 1988

Revised: September 2024

THE LIQUOR CONSUMPTION TAX ACT

LIQUOR CONSUMPTION TAX

This bulletin has been prepared to assist you in understanding your obligations under *The Liquor Consumption Tax Act* and *The Revenue and Financial Services Act*. It is provided as a general guide and should not be considered a substitute for the legislation. Copies of these Acts and Regulations are available free of charge online at www.publications.gov.sk.ca/freelaw/.

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A. GENERAL INFORMATION

Liquor Consumption Tax (LCT)

The LCT rate is 10 per cent and it applies to the total selling price of beer, wine, and spirits, including charges for the right to consume alcohol in a licensed establishment, such as Bring Your Own Wine (BYOW) charges.

Your Special Licence

A Special Licence is issued by the Ministry of Finance to all liquor vendors licensed by Saskatchewan Liquor and Gaming Authority (SLGA). A Special Licence holder is required to collect, report, and remit the LCT as outlined in this bulletin.

If a liquor vendor holds a liquor licence at more than one location in the province, a Special Licence is issued for each place of business.

A Special Licence is not transferable and cannot be used by anyone else.

How to Apply

Businesses may apply for an LCT Licence using one of the following methods:

1. Register Online using SETS which is an online service that offers a secure, fast, and convenient way to register your business to collect and report provincial taxes.
 - New Businesses may submit their application by completing the online [New Business Registration](#) form to apply for a PST, LCT, VPT, BCP and/or IFTA Licence.
 - Businesses that are already registered under another tax program may apply for an LCT Licence by logging into their SETS account and submitting a Service Request to Add account.

For further SETS instruction please visit [SETS Learning](#).

2. Mail-in:

- New or Existing Businesses may complete and submit a [Registration Form](#) by email to SaskTaxInfo@gov.sk.ca, or mail to:

Ministry of Finance
Revenue Division
PO Box 200
Regina SK S4P 2Z6

Your Responsibilities

As the holder of a Special Licence (as a collector of LCT), your responsibilities under *The Liquor Consumption Tax Act* are to:

- Collect the tax on the sale of beer, wine, and spirits.
- Collect the resale levy on purchases made by Special Occasion Permit holders who resell alcohol under open pricing.
- Collect the tax on fees to consume alcohol such as BYOW charges.
- Refund the tax on returned beer, wine, and spirits if the full purchase price is refunded to the customer.
- Pay the tax on beer, wine and spirits for your own use when taken from stock.
- Keep complete and up-to-date records of all your business transactions; (You should not destroy these records unless permission has been granted by Finance. Records must be retained for at least six years, and may then be destroyed without permission from Finance. See the attachment at the end of this bulletin, Audit Information and Record Keeping Requirements).
- Remit the tax and resale levy collected to Finance.

- File tax returns by the due date shown on the return. If you have no tax to report, you must still file a NIL return.
- Advise us if your business and/or mailing address is changed.
- Advise us if your business is discontinued or sold or if there is a change in your business name.
- Quote your SLGA Retail Store or Commercial Permit number when you are buying beer, wine, and spirits for resale.
- A credit may be claimed for the tax portion of receivables that are written off as uncollectible. The tax credit should be taken as an internal adjustment in your records. Details of the accounts written off must be retained for audit verification by Finance.

B. COLLECTING THE TAX

As a Special Licence holder, LCT should be recorded separately from sales in your records and all tax collected must be remitted. Examples are included below for the calculation of LCT in situations when tax-inclusive pricing is used at the point of sale.

(a) Off-Sale – Sales for Off-Site Consumption (Retail Store Permit)

Off-sale includes sales by Retail Store Permit holders such as retail stores, off-sale establishments and manufacturer’s off-sale.

LCT applies to the total selling price of beer, wine, and spirits (excluding GST and refundable deposits and environmental handling charges collected from the customer).

The following table summarizes refundable deposits and environmental handling charges for beverage containers. These charges are not subject to LCT.

Beverage Container	EHC	Refundable Deposit	Total Amount
Metal Cans			
Under 1 litre	7¢	10¢	17¢
1 litre or more	7¢	25¢	32¢
Plastic Bottles (Including Milk Containers/Jugs)			
Under 1 litre	8¢	10¢	18¢
1 litre or more	8¢	25¢	33¢
Glass Bottles			
300ml or less	9¢	10¢	19¢
Over 300ml but less than 1 litre	9¢	20¢	29¢
1 litre or more	9¢	40¢	49¢
Shelf Stable Aseptic (TetraPaks)			
Under 1 litre	5¢	10¢	15¢
1 litre or more	5¢	25¢	30¢

Polycoat (Gabletops, including Milk Containers/Cartons)			
Under 1 litre	5¢	10¢	15¢
1 litre or more	5¢	25¢	30¢

The following illustration assists with the calculation of LCT when there is no segregation made between the liquor sales, tax collected (GST and LCT) and refundable deposits and shylaenvironmental handling charges, at the time of sale:

To ensure that you do not over remit LCT, the appropriate refundable deposits and environmental handling charges that have been collected on beverage containers must be deducted before calculating the tax owing.

Total liquor sales from records (including GST, LCT, refundable deposits and environmental handling charges)	\$7,500.00	
Deduct resale to other retail or commercial permit holders (including GST, refundable deposits and environmental handling charges)	<u>500.00</u>	\$7,000.00
Deduct deposit/environmental charge collected on beverage containers (for off-sale only)		
25 glass bottles (300 ml or less) @ 19¢ per bottle	\$ 4.75	
150 glass bottles (greater than 300 ml but less than 1 litre) @ 29¢ per bottle	43.50	
20 glass bottles (1 litre or greater) @ 49¢ per bottle	9.80	
15 plastic bottles (under 1 litre) @ 18¢ per bottle	2.70	
10 plastic bottles (1 litre or greater) @ 33¢ per bottle	<u>3.30</u>	
	\$ 64.05	
Deduct: Beer bottle deposit (50 cases sold @ \$1.20 per dozen)	\$ 60.00	
Beer can deposit/environmental charge (100 cases sold @ \$2.04 per dozen)	<u>204.00</u>	<u>\$328.05</u>
Total sales (\$7000 sales - \$328.05 total deposits/environmental charges)		\$6,671.95
Multiply by 10/115 to arrive at tax collected		\$ 580.17
Plus: Resale levy collected during the return period		<u>100.00</u>
Total		<u>\$ 680.17</u>

The above total liquor sales figure of \$6,671.95, tax of \$580.17 and the resale levy of \$100.00 must be recorded on your LCT return.

(b) Table Sales - Sales for On-Site Consumption (Restaurant, Tavern, Special Use and Manufacturer Permits)

This includes sales by Commercial Permit holders such as restaurants, brew pubs, clubs, caterers, spas, theatres, manufacturers etc.

The LCT on beer, wine and spirits must be calculated on the total selling price charged to the customer. The total selling price for consumption on a licensed premise includes charges for mixes or corkage, as well as any other fees that are charged to a customer for the right to consume alcohol on your premises, such as BYOW charges. It is not permissible to levy a separate charge for these items in order to reduce the amount of tax payable.

Refundable deposits and environmental handling charges that you have paid on the purchase of beverage containers are not to be charged to your customer on table sales.

The following illustration assists in the calculation of LCT on sales when there is no segregation made between the liquor sales and tax collected (GST and LCT):

Total liquor sales from records	\$ 4,600.00
Multiply by 10/115 to arrive at the tax collected	\$ 400.00

The above total liquor sales figure of \$4,600.00 and tax of \$400.00 must be recorded on your LCT return.

C. RESALE LEVY

A resale levy must be collected on the sale of alcohol sold to Special Occasion Permit holders that are reselling the product under open pricing for community social functions and fundraising events for non-profit groups, sports clubs, and educational groups. The resale levy is in addition to the LCT, GST and deposit and is calculated by applying the appropriate percentages as follows:

- 10 per cent for beer
- 14 per cent for wines, coolers, and ciders
- 18 per cent for spirits and liqueurs

The resale levy must be recorded in the “Resale Levy Collected” line on your LCT return.

D. PERSONAL CONSUMPTION AND PROMOTIONAL DRINKS

The LCT must be paid on the purchase cost of all liquor consumed by business owners or staff. Drinks that are given away to patrons free of charge or for promotional purposes are considered personal consumption and are also subject to tax on cost.

The tax owing is to be recorded as “Tax on Own Consumption” on the return form. Detailed records of personal consumption and promotional giveaways must be maintained for audit verification.

E. SPILLAGE AND BREAKAGE

Finance realizes that normal business operations may include a small amount of liquor spillage or breakage. In these limited instances it is considered that no consumption has occurred and consequently no tax is due on the recorded amounts. However, you are required to maintain a record of these instances to provide an account for audit verification.

F. PREPARED FOOD AND BEVERAGES

Effective April 1, 2017, meals and other prepared food and non-alcoholic beverages are subject to PST. These items are subject to PST on the same basis as the GST. Therefore, when tax applies for GST purposes, PST also applies.

For further reference, please see Information Bulletin [PST-33, Restaurants, Caterers and Other Businesses Selling Prepared Food and Beverages](#).

G. FILING YOUR TAX RETURN

You are required to submit tax monthly, quarterly, or annually depending on the amount of the taxes to be paid. The filing frequency is based on a calendar year and is established as follows:

Based on Annual Tax Remitted	
Filing Frequency	Thresholds
Monthly	Over \$12,000
Quarterly	\$4,800 to \$12,000
Annual	Under \$4,800

Note: Tax clients may choose to file returns on a more frequent basis by submitting a Service Request online through your SETS account, or by contacting our office.

How to File

There are several ways to file your LCT return. Returns can be filed completely online using Saskatchewan eTax Service (SETS), which is an online service that offers a secure, fast, and convenient way to file your LCT return. There are two ways to file using SETS:

- [File using SETS as a Registered User \(log in or sign up on the homepage\)](#)
- [File your LCT return without signing in](#)

Registering for SETS will allow you to access all your provincial tax accounts, see past transactions, view your statement of account, etc. Please review Section M for more details regarding SETS.

LCT Returns can also be filed by mail:

- Complete the LCT return form received by mail;
- Make cheque payable to the Minister of Finance; and,

- Forward completed form along with payment to:

Ministry of Finance
Revenue Division
PO Box 200
Regina SK S4P 2Z6

Or by courier to:

Ministry of Finance
4th Floor
2350 Albert Street
Regina SK S4P 2Z6

Payments due for returns can be made electronically:

- online using SETS (Interac or Electronic Funds Transfer (EFT)); or,
- through your personal or business online banking services; or,
- through wire transfer.

You may also remit your tax payment non-electronically:

- by mailing your cheque to the address above; or,
- by paying through a bank teller at your financial institution

Due Dates

The due date for Liquor Consumption Tax (LCT) returns **filed and paid** electronically has been extended to the last day of the month following the end of the reporting period.

The due date for non-electronic filing (e.g., paper filing) of returns and payments, is the 20th day of the month following the end of the reporting period.

For example, the September 2024 return due date for a business filing monthly is as follows:

- Electronic filing and payment - September 2024 return is due October 31st, 2024.
- Non-electronic filing or payment - September 2024 return is due October 20th, 2024.

Note: Returns and payments must be received in our office by the due date. Penalty and interest charges are applied to late and outstanding returns and tax payments to ensure that taxes are reported, collected, remitted, or paid, on time. A tax return must be completed for each reporting period.

Change to LCT Return Form

For the reporting period beginning September 1, 2021, and for subsequent reporting periods, the LCT Return Form has been revised to include reporting for Vapour Products Tax (VPT). Boxes I to K will be zero if you do not sell vapour products.

Please note that retailers selling vapour products are required to register as a VPT Licensed Vendor for purposes of collecting and remitting the 20% VPT. This licence is separate from the Special Licence and PST licence.

For further information regarding products subject to VPT, please refer to Information Bulletin [VPT-1, Vapour Products Tax](#).

H. **ENFORCEMENT PROVISIONS**

Finance will audit the records of businesses on a routine basis. When it is determined that tax has not been properly accounted for, the business is assessed the amount of tax owing plus penalty and interest charges. See **Tax Audits and Penalties** at saskatchewan.ca/business-taxes for further information regarding the tax audit process.

Failure to Comply

Non-compliance can result in the suspension of your Special Licence issued under *The Liquor Consumption Tax Act*. If your Special Licence is suspended, you will not be allowed to purchase beer, wine or spirits for resale and you will not be allowed to sell alcoholic beverages in your establishment.

Penalty and Interest

The Revenue and Financial Services Act and *The Revenue Collection Administration Regulations* provide for the application of penalty and interest charges to late tax returns and payments, and audit assessments. These penalties are utilized to promote compliance with our tax Acts and to ensure a fair and competitive environment for all Saskatchewan businesses. Please see Information Bulletin [GENERAL-1, Penalty and Interest Charges](#) for details.

Corporate Director's Liability

In certain circumstances, corporate directors may be held personally liable for taxes collected but not remitted by a corporation.

Directors may be held personally accountable for a corporation's tax liability when collection efforts against the corporation have failed or when a corporation becomes bankrupt or commences other liquidation proceedings. Directors may only be held liable if the corporation fails to collect or remit the tax (as opposed to taxes payable by the corporation). A director may avoid liability by demonstrating that reasonable steps were taken to ensure that the corporation remitted its tax collections.

I. **BUYING AND SELLING A BUSINESS**

When buying or selling a business, please see Information Bulletin [PST-77, Buying and Selling a Business](#). This bulletin outlines the Provincial Sales Tax (PST) obligations of the buyer and seller, including the requirement to obtain a Clearance Certificate for the bulk sale of business assets.

The seller must ensure that they have filed all returns and paid all amounts owing on their tax account(s), and request closure of the account(s) when closing a location or ceasing all operations.

Before finalizing the purchase of a business, the purchaser should obtain a copy of the Clearance Certificate issued by the Revenue Division from the seller. A Clearance Certificate confirms that all taxes collected, payable or for which the seller has become liable to account, have been paid to Finance in full. Failure to obtain a copy of this Certificate could result in the purchaser being held liable for any outstanding taxes unpaid by the seller.

J. CORRESPONDING WITH THE MINISTRY OF FINANCE

When corresponding with Finance, please quote your Special Licence (LCT) or Federal Business Number (BN). This helps to ensure that your tax account is updated correctly.

Finance will only release confidential information about your Saskatchewan tax accounts to authorized representatives. [Business Consent Form](#) must be completed to add or remove a contact from your account.

K. TAXPAYER SERVICE COMMITMENTS AND STANDARDS CODE

The Revenue Division of Finance is committed to continually strive to improve the standard of the services we provide to businesses and taxpayers, and to be accountable for the quality of the services we provide.

The [Taxpayer Service Commitments and Standards Code](#) describes the fairness and service principles that we follow while administering Saskatchewan's taxes and related programs.

L. 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](#)

M. 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 notification 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](https://saskatchewan.ca)

Attachment to LCT-1

LIQUOR CONSUMPTION TAX (LCT) AUDIT INFORMATION AND RECORD KEEPING REQUIREMENTS

Establishments registered to collect LCT are required to maintain detailed records for audit verification purposes. This guide will assist you in understanding the record keeping requirements under the provisions of *The Liquor Consumption Tax Act* and *The Revenue and Financial Services Act*. It is a general guide and not a substitute for the legislation.

LIQUOR AUDITS – WHAT TO EXPECT

All alcohol purchased with a SLGA Retail Store or Commercial Permit number is purchased tax free. The buyer is responsible for keeping records to maintain an accurate account of all the alcohol purchased, all alcohol sold or consumed, and a proper accounting of tax collected.

At the commencement of an audit, the auditor will meet with you to;

- gain an understanding of your business operations and to gather information/data to assist in the audit;
- review internal controls on inventory, method(s) of dispensing liquor etc. to ensure all sales are recorded;
- examine your records and documentation to ensure that the tax is properly being collected and remitted on your liquor sales; and,
- review all purchase information, including purchases made **without** using your SLGA Retail Store or Commercial Permit number.

The purpose of the review is to ensure the tax is properly being collected and remitted on liquor sales. With the accumulated data, actual selling prices are applied to the purchases made in the audit period. A separate review is done for off-sale and table sales. If adequate records are not available to distinguish selling prices, or to account for sales made by off-sale and table sales separately, the auditor will use estimates based on available information.

Once the total estimated value of sales is determined, the LCT tax rate is applied to arrive at an estimated amount of tax collected on these sales. This estimate is then compared to the actual amount of tax reported. In the event of a discrepancy, the auditor will look for reasonable explanations to account for the variance.

The auditor is aware that variances do occur for a variety of reasons, such as happy hour pricing, spillage, promotional drinks, use of liquor in food preparation, etc. Allowances for these variances may be given if proper documentation is available to support them. When a variance cannot be explained by these methods, it is generally assumed to be unreported sales and an assessment of tax will be raised. Therefore, it is very important and beneficial for you to maintain detailed, accurate, complete, and up to date records.

THE FOLLOWING ARE THE MINIMUM RECORDS WHICH MUST BE MAINTAINED:**ACCOUNTING RECORDS:**

- Financial statements and/or income tax returns
- Detailed general ledgers
- Chart of accounts
- Detailed sales journals
- Purchase journals

SOURCE DOCUMENTS:

- Daily till tapes or point of sale (POS) reports showing sales and tax collected, separate records if operating both off-sale and table sales
- Sales records to Special Occasion Permit holders
- Brewing production records (when applicable)
- Purchase invoices for all alcohol purchased (i.e. SLGA, retail stores, craft producers)
- Record of exempt sales to other permit holders with the purchaser's SLGA Retail Store or Commercial Permit number recorded on the invoice

OPERATIONAL RECORDS:

- Deposit slips and bank statements
- Sales price listing of all products including the date and amount of any price changes. This should include happy hour, drink specials and off-sale prices. (i.e. menus or cash register report)
- Liquor used in food preparation (when applicable)

LCT RETURN BACKUP:

- Accounting of LCT collected, separate accounting for off-sale and table sales
- Accounting of resale levy collected
- Details of tax self-assessed on promotional drinks/personal consumption
- Details of bottle deposits and environmental handling charges deducted from sales to calculate tax collections (off-sale sales only)

PROMOTIONAL RECORDS:

- Detailed unit listing/report of promotional drinks
- Record of any units taken out of inventory for personal consumption

SPILLAGE & BREAKAGE RECORDS:

- Detailed accounting of inventory units lost to breakage
- Detailed unit accounting of all spillage
- Replacement drinks – void sales

INVENTORY RECORDS:

- Physical count of units in inventory (i.e. monthly, quarterly, annually)
- Records of inventory lost to natural disasters (i.e. insurance claims)
- Police reports for inventory theft
- Records of inventory transfers/purchases from the Retail Store to the restaurant, tavern, etc.

Any other relevant documentation that may have an impact on the review of liquor sales.

Records must be maintained for at least 6 years. You must not destroy records that are less than 6 years old unless you first obtain permission from Finance.