

# Information Bulletin

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GENERAL-1

Issued: September 2024

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**THE REVENUE AND FINANCIAL SERVICES ACT**  
**THE REVENUE COLLECTION ADMINISTRATION REGULATIONS**

**PENALTY AND INTEREST CHARGES**

This bulletin has been prepared to assist you in understanding the compliance and enforcement provisions under *The Revenue and Financial Services Act* and *The Revenue Collection Administration Regulations* for taxes owing under the following Acts:

- *The Education Property Tax Act*
- *The Environmental Management and Protection Act, 2010*
- *The Fire Safety Act*
- *The Fuel Tax and Road Use Charge Act*
- *The Insurance Premiums Tax Act*
- *The Liquor Consumption Tax Act*
- *The Motor Vehicle Insurance Premiums Tax Act*
- *The Provincial Sales Tax Act*
- *The Tobacco Tax Act, 1998*
- *The Vapour Products Tax Act*

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**A. OVERVIEW**

Provincial tax revenues are a key revenue source for funding public services and government programs. The Ministry of Finance has a mandate to ensure that provincial taxes owed are paid in a timely manner.

Businesses and individuals are required to be licensed with the Ministry of Finance to collect the applicable taxes from their customers on taxable sales and must remit the taxes collected on their tax returns by the specified due dates.

Businesses and individuals are also required to pay the applicable taxes at the time of purchasing taxable goods and services for their own use or consumption in Saskatchewan, including those goods and services used in carrying out their business activities and in providing their services. The taxes must be paid at the time of purchase when purchased from a supplier that is licensed to collect the tax, or self-assessed and paid directly to Finance on their tax returns when the supplier is not licensed to collect the tax or neglected to collect the tax. A consumer or user who is not registered is required to report and remit the applicable taxes using a casual return.

For further information regarding the registration and reporting requirements for Saskatchewan's taxes, please see the applicable tax bulletins below:

- [BC-5, Beverage Container Program - Ready to Serve Beverages](#)
- [CCT-1, Corporation Capital Tax - General Information](#)
- [Education Property Tax](#)
- [FT-1, Fuel Tax - General Information](#)
- [LCT-1, Liquor Consumption Tax - General Information](#)
- [PST-5, Provincial Sales Tax - Registration and Reporting Requirements](#)
- [VPT-1, Vapour Products Tax](#)
- [TT-1, Tobacco Tax - General Information](#)

Penalty and interest charges are utilized to promote compliance with our tax Acts, and are applied to late and outstanding tax returns and payments based on the level of a taxpayer's compliance and their willingness to comply. Detailed information regarding the penalty and interest provisions is provided in sections B through E.

**Note:** The penalty and interest provisions for Corporation Capital Tax, Education Property Tax and the International Fuel Tax Agreement (IFTA) are outlined in the specific program bulletins ([CCT-1, Corporation Capital Tax - General Information](#); [Education Property Tax](#), and [FT-5, International Fuel Tax Agreement](#)).

Detailed tax information is available online at [saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins](http://saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins).

## **B. GENERAL PENALTY PROVISIONS**

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.

As announced with Budget 2024-25, **the penalty provisions will be revised effective October 1, 2024**, to help foster a fair and competitive environment for all Saskatchewan businesses. The current and revised provisions are outlined below:

	<u>Current Provisions</u>	<u>October 1, 2024</u>
<b>Penalty Applied for Failing to File a Return by the Due Date</b>	Not applicable	A <b>new</b> penalty of \$50 applies for failing to file a return by the due date (for each return period);
<b>Penalty Applied for Failing to Pay Tax by the Due Date</b>	A penalty of 10 per cent of the tax collected or deemed to be collected by a collector, or the tax payable by a taxpayer, to a maximum of \$500, is applied to each return period.	A penalty of 10 per cent of the tax collected or deemed to be collected by a collector, or the tax payable by a taxpayer is applied to each return period ( <b>the maximum penalty of \$500 will no longer apply</b> );
<b>Penalty for Failing to Produce Books, Records or Documents, as required</b>	Not applicable	A <b>new</b> penalty of \$500 applies for each instance of failing to produce books, records or documents as required;
<b>Penalty for Failing to File in the Manner Required or Failing to Complete Any Information Required on Any Return or Form</b>	Not Applicable	A <b>new</b> penalty of \$100 applies for each instance of failing to file any return or form in the manner required, or failing to provide any information required on any return or form (for example, filing a paper return when required to file electronically or not filling out all required line items in a return).

**Note: More than one of the above penalties may be applied to the same return period, in addition to audit penalty and interest as outlined in [Section C](#) and [Section E](#).**

### **C. AUDIT PENALTY PROVISIONS**

Finance audits the records of businesses on a routine basis to ensure the tax is charged, collected, and paid as required. 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 as outlined below. Please visit the website at [saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-audits-and-penalties](https://saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-audits-and-penalties) for information regarding the audit process.

**Penalty Applied to Audit Assessments**

**In addition to the general penalty provisions outlined in [Section B](#), audit assessments are subject to the penalties described below.**  
(Note: These provisions will not be revised on October 1, 2024.)

- **Penalty rates applied to audit assessments for **tax collected, or deemed to be collected, on sales**:**
  - A penalty of 10 per cent of the amount assessed, with no maximum, is applied to audit assessments for sales of taxable goods or services where the tax should have been collected from your customers, but was not.
  - A penalty of 25 per cent of the amount assessed, with no maximum, is applied to audit assessments for tax that has been collected from your customers but not remitted.
  - A penalty of up to 100 per cent of the amount assessed, with no maximum, may be applied to audit assessments for tax collected from your customers that willfully has not been remitted.
  
- **Penalty rates applied to audit assessments for **taxes payable by taxpayers**:**
  - A penalty of 10 per cent of the amount assessed, with no maximum, is applied to audit assessments for goods or services that were taken from inventory or purchased from a supplier who did not charge the tax, where the tax should have been self-assessed but was not.

**Note:** The penalty and interest provisions for Corporation Capital Tax, Education Property Tax and the International Fuel Tax Agreement (IFTA) are outlined in the specific program bulletins ([CCT-1, Corporation Capital Tax - General Information](#); [Education Property Tax](#), and [FT-5, International Fuel Tax Agreement](#)).

**D. INTEREST PROVISIONS**

Interest at the prime interest rate plus 3 per cent is charged from the date the tax was to have been remitted. Interest rates are set every six months.

Interest generally applies on all tax assessments, late payments or underpayments of taxes collected or payable. Interest is calculated on the principal amount that was unpaid or paid late. Interest is not applied to penalty charges. In the case of an audit assessment, no further interest is applied to the assessed tax and interest if the full amount of the assessment is paid within 30 days of the assessment date.

Credit interest may be applied when an overpayment of tax has been established, as outlined below:

- Refund Applications – A refund may be requested if tax has been overpaid. Once all complete and accurate information has been received, Finance will review and verify the refund request. If approved, Finance will establish the refund amount and payment will be processed within 21 business days. The refund will be issued, provided the taxpayer has no other amount owing under another account. Credit interest is calculated when a refund is issued more than 21 days from the date the refund amount is established.
- Audit Interest – Interest is applied to tax assessed for each reporting period during the audit period. When an overpayment is discovered in a reporting period under audit, credit interest will be applied to offset interest payable on tax assessed in the preceding periods under audit.

The current and historical interest rates are available online at [saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-audits-and-penalties/interest-rates](https://saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-audits-and-penalties/interest-rates).

#### **E. PENALTY AND INTEREST WAIVERS**

When extraordinary circumstances prevent you from meeting your tax obligations, cancelling or waiving certain penalties and/or interest may be possible. To request relief of penalties and/or interest, please complete the [Penalty and Interest Waiver Application](#). Your account(s) must have all returns filed and balances paid prior to applying for a waiver and the request must be received within the tax program limitation period.

The following facts will be considered by Finance when we make our decision:

- Your compliance history;
- If you exercised a reasonable amount of due care and weren't negligent or careless; and,
- If you acted quickly to remedy any filing delay or omission of tax.

Requests to waive penalty and/or interest assessed during an audit should be directed to the auditor.

#### **F. TAXPAYER SERVICE COMMITMENTS AND STANDARDS CODE**

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](#) describes the fairness and service principles that we follow while administering Saskatchewan's taxes and related programs.

## 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](https://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](https://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](mailto:sasktaxinfo@gov.sk.ca)

Internet: Tax bulletins, forms and information are available at [saskatchewan.ca/business-taxes](http://saskatchewan.ca/business-taxes).

To receive automatic email notifications when this or any other bulletin is revised, go to [sets.saskatchewan.ca/subscribe](http://sets.saskatchewan.ca/subscribe).

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Government website: [Saskatchewan.ca](http://Saskatchewan.ca)