

Information Bulletin

PST-79

Issued: September 2024

THE PROVINCIAL SALES TAX ACT

IRRIGATION

This bulletin has been prepared to assist you in understanding the application of Provincial Sales Tax (PST). It is a general guide and not a substitute for the legislation.

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A. CONTRACTORS SUPPLYING AND INSTALLING IRRIGATION EQUIPMENT

Contractors that supply and install irrigation equipment are required to be licensed for Provincial Sales Tax (PST) purposes. They may purchase resale equipment and installation materials exempt from PST by quoting their Vendor's Licence number to their suppliers. These contractors are required to pay PST on taxable equipment and services purchased or leased for their own use or for use in providing their services.

PST must be collected on the sale of irrigation equipment and the total charge for the provision of **real property** services including installation of irrigation equipment and the construction or development of irrigation facilities and infrastructure, other than sales to farmers and custom irrigators that qualify for an exemption as outlined in Sections [B](#) and [C](#).

If both taxable and exempt goods and services are provided, the charges must be segregated on the customer's invoice and tax collected on the taxable portion. If there is no segregation, the total charge is subject to PST.

Real Property Services

Taxable services to real property include construction, alteration, repair, erection, demolition, remodeling, or improvement of real property or a building or other structure on real property, or any other service in relation to real property or a building or other structure on real property. **Real Property** includes land or buildings or property that is permanently attached to land or buildings.

Detailed tax information for real property contractors is available in Information Bulletin [PST-12, Services to Real Property](#).

B. EXEMPT FARM EQUIPMENT AND SERVICES

Farmers may purchase exempt from tax certain farm implements, farm machinery, farm tools and commodities, including related repairs and installation into real property, when acquired for use directly in a primary farming activity.

Irrigation of crops and watering of farm animals are primary farming activities. Therefore, farmers are eligible for a PST exemption on equipment (including warranties, repair parts and labour), supplies and the real property services listed below, when acquired for the purpose of performing these activities:

- Labour to install exempt farm production equipment into or onto real property;
- The clearing or levelling of land, the draining of water from land or any other activity performed to allow primary farming activities to be carried out, if the expenses for those services are incurred by the farmer or primary producer for the purpose of preparing the land for one of the following uses:
 - expanding cultivated acreage to grow crops; or,
 - expanding the land available to animals for forage or grazing.
- On-farm dugout excavation for the purpose of spraying, irrigation of crops, or watering of livestock; and,
- On-farm trenching for the purpose of installing pipe for irrigation of crops or watering of livestock.

Note: “On-farm” includes agricultural land owned or leased by a farmer, for the purpose of growing crops or raising farm animals. “On-farm” does not include crown land and easements, or the protected areas in or near a water body or watercourse, that is not farmed.

Please see Information Bulletin [PST-16, Farm Implements and Supplies](#) for detailed information regarding the PST exemptions available to farmers.

For information related to irrigation development in Saskatchewan and the support available to producers, please visit [Irrigation Program | Programs for Farmers and Ranchers | Government of Saskatchewan](#) and [Irrigation | Crops and Irrigation | Government of Saskatchewan](#).

C. CUSTOM IRRIGATORS

Non-farmers providing crop irrigation services to farmers (i.e. watering crops or draining agricultural land for the purposes identified in [Section B](#)) are engaged in a primary farming activity, and may purchase exempt from tax those items which a farmer can purchase exempt without the completion of a Farm Exemption Certificate or equivalent. However, they must pay the tax on those items which require the completion of a Farm Exemption Certificate or equivalent, and may apply to the Revenue Division for a refund of the tax paid in the instances where it can be established they were acquired for use solely while engaged in a primary farming activity.

Contractors providing services to real property, such as fencing, plumbing, electrical, trenching and excavation services, are not engaged solely in performing primary farming activities. They are required to collect PST on their services, except for those services identified in [Section B](#) as exempt when provided to farmers.

D. EQUIPMENT AND SERVICES SOLD TO THE WATER SECURITY AGENCY, IRRIGATION DISTRICTS, MUNICIPALITIES AND OTHERS

The **Water Security Agency (WSA)** is a Saskatchewan Crown Corporation responsible for the management and regulation of the majority of the Saskatchewan government's core water management activities. They manage and regulate the development, construction, and operation of water treatment facilities, distribution systems, pipelines, and use of water in industry, agriculture, municipalities, and multi-user projects in the province. Please visit [Home - Water Security Agency \(wsask.ca\)](http://wsask.ca) for additional information.

The WSA is not engaged in primary farming activities and their irrigation facilities and infrastructure are typically located on crown land and easements, or the protected areas in or near a water body or watercourse, that is not farmed but may be adjacent to farmland. They are required to pay the PST on taxable goods and services they acquire at the time of purchase or lease, as outlined in [Section A](#).

Irrigation Districts are self-governing corporations established under *The Irrigation Act, 2019* to construct, operate and maintain irrigation works in a defined area for the conveyance and delivery of water for irrigation purposes. Irrigation Districts are owned by the district consumers to whom they supply water. District consumers may be farmers, individuals, businesses, municipalities, or others.

An Irrigation District's work typically includes the operation and construction of facilities and infrastructure used to access water sources (e.g. lakes and rivers) and supply it to district consumers. The facilities and infrastructure may include dykes, dams, weirs, drains, ditches, canals, pipelines, culverts, pipes, pumps, pump stations, water control works, water supply works, etc., and the land on which the irrigation works are located. Irrigation Districts do not typically own the land they service. They deliver water to the edge of land owned or leased by district consumers who are then responsible for the cost of equipment and work completed on their land.

Irrigation Districts are typically not engaged directly in primary farming activities and their facilities and infrastructure are usually located on crown land and easements, or the protected areas in or near a water body or watercourse, that is not farmed but may be adjacent to farmland. Therefore, they are required to pay the PST on taxable goods and services they acquire at the time of purchase or lease, as outlined in [Section A](#).

District consumers who qualify as farmers are eligible for the PST exemptions as outlined in [Section B](#).

Municipalities are required to pay tax on the purchase or lease of irrigation equipment, supplies and taxable services as outlined in [Section A](#). Additional tax information for municipalities is available in Information Bulletin [PST-41, Cities, Towns and Municipalities](#).

Others, including individual landowners, provincial and regional parks, golf courses, etc., that are not engaged in primary farming activities, are required to pay tax on the purchase or lease of irrigation equipment, supplies, and related taxable services. Off-reserve irrigation works owned by Indian bands, used for purposes other than a primary farming activity, are also ineligible for any PST exemptions.

E. **EXEMPT SALES**

Sales and leases of taxable goods and taxable services to the following are exempt from tax:

- Federal government departments and agencies (**Note:** federal government crown corporations and provincial government ministries, agencies and crown corporations are not exempt from paying PST)
- Other vendors for resale, providing their vendor's licence number is recorded on the sales invoice
- Residents or non-residents, providing the goods are shipped or delivered out of Saskatchewan by the vendor or third-party common carrier or the services are performed outside of Saskatchewan (or for certain services, do not relate to Saskatchewan)
- Status Indians, Indian bands or non-commercial band-empowered entities, providing the transaction meets the specific criteria and documentation requirements outlined in Information Bulletin [PST-63, Sales to First Nations Individuals and Organizations](#)

Vendors are required to retain documentation to support all exempt sales.

F. **GOODS AND SERVICES FOR YOUR OWN USE**

Businesses are required to pay tax on purchases of new and used equipment, supplies and taxable services purchased for use in their business operations. Tax is payable as follows:

- When purchased from a licensed supplier, the tax must be paid to the supplier at the time of purchase.
- When purchased from a supplier who did not collect the tax, or when taken from an exempt resale inventory, the tax must be self-assessed and remitted with the regular tax return. This includes goods taken for personal or business use.
- When purchased from an unlicensed supplier located outside Saskatchewan, the tax must be self-assessed and remitted with the regular tax return on the laid down cost, which includes currency exchange, transportation charges, customs and excise duties, and importation charges, but not the GST.

G. SALE 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.

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

H. 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](#)

I. 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