

Information Bulletin

IPT -1

Issued: February 2024

INSURANCE PREMIUMS TAX ACT

GENERAL INFORMATION

This bulletin outlines the Insurance Premiums Tax rates, reporting requirements, and refund requirements under *The Insurance Premiums Tax Act*, *The Fire Safety Act*, and *The Motor Vehicle Insurance Premiums Tax Act*. It is a general guide and not a substitute for the legislation.

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A. GENERAL

Insurance companies who conduct business in Saskatchewan are subject to the Insurance Premiums Tax (IPT), the Motor Vehicle Insurance Premiums Tax and the Fire Safety Tax. The total of these three taxes comprises Insurance Premiums Tax, as reported on the return.

Insurance Premiums Tax

The Insurance Premiums Tax Act levies a tax of 3% on the gross premiums of life, accident, sickness, and hail insurance. Individual life, accident and sickness insurance policies in force prior to April 1, 2000, are taxed at a rate of 2% until such time as the individual policy no longer exists. A rate of 4% of gross premiums is taxed on property and all other insurance transacted in Saskatchewan.

Marine and reinsurance is exempt from the Insurance Premiums Tax.

Motor Vehicle Insurance Premiums Tax

The Motor Vehicle Insurance Premiums Tax Act levies a tax of 1% on gross motor vehicle insurance premiums.

The Fire Safety Tax

The Fire Safety Act levies a tax of 1% on gross premiums written relating to fire insurance.

B. CALCULATING THE INSURANCE PREMIUMS TAX

For the purpose of calculating Insurance Premiums Tax, 'gross premiums' means gross premiums receivable during the taxation year ending December 31st, less:

- Exempt premiums;
- Taxable premiums returned to policy holders; and,
- The value of dividends paid or credited to policyholders.

The 'gross premiums receivable during the taxation year' are generally considered to be the premiums written at the time a particular contract of insurance is formed.

Note: Direct premiums written for property insurance that do not include fire insurance should be reported as "other insurance" on the Insurance Premiums Tax return to avoid the Fire Safety Tax.

C. FILING YOUR RETURN

You are required to submit a return no later than March 15th of each calendar year.

How to File

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

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 I for more details regarding SETS.

Insurance Premiums Tax returns can also be filed by mail:

- Complete the [Insurance Premiums Tax return](#) form;
- 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 2A6

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.

D. PROVINCIAL SALES TAX REGISTRATION REQUIREMENTS

Businesses that sell insurance contracts to consumers in Saskatchewan or in respect of properties located in Saskatchewan must become licensed as a vendor under *The Provincial Sales Tax Act* (PST), to collect and remit PST on insurance premiums. PST registration is not required if the insurance company sells in Saskatchewan solely through agents or brokers that are registered and collecting the PST on their behalf.

Further information is available in [Information Bulletin PST-73, Vendors of Insurance Contracts](#).

E. LICENSING AUTHORIZATION

Insurance companies and insurance businesses in Saskatchewan are regulated pursuant to *The Insurance Act* by the Financial and Consumer Affairs Authority of Saskatchewan (FCAA). A license from the FCAA is required to carry on business as an insurer in Saskatchewan.

Under certain circumstances, individuals or entities may purchase insurance from an insurer that is not licensed in Saskatchewan. In those circumstances, the purchaser of the insurance must pay a 10% tax to the Superintendent of Insurance pursuant to section 6-2 (1)(c)(ii) of *The Insurance Act*.

Further information is available at fcaa.gov.sk.ca.

F. 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, as outlined below.

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.

Penalties for Failing to Remit Tax

Penalty and interest charges are applied to taxes that are not remitted by the due date. These charges are necessary to ensure that taxes are collected and remitted on time.

Penalty Applied to Late Returns

A penalty of 10 per cent of the tax payable to a maximum of \$500, is applied to each return period.

Note: Insurance Premiums Tax, Fire Safety Tax, and Motor Vehicle Insurance Premiums Tax are reported on the same return form, however, where an insurance company reports more than one tax, penalty applies to each tax separately, as applicable.

Penalty Applied to Audit Assessments

The following penalties apply to audit assessments:

Tax on Premiums

A penalty of 10 per cent of the amount assessed is applied to audit assessments.

Interest Charges

Interest at the prime interest rate plus 3 per cent is charged from the date the tax was to have been remitted.

G. CORRESPONDING WITH THE MINISTRY OF FINANCE

When corresponding with Finance, please quote your Insurance Premiums Tax account number or Federal Business Number (BN). This helps to ensure that your tax account is updated correctly.

H. TAXPAYER SERVICE COMMITMENTS AND STANDARDS CODE

The Revenue Division of Finance is committed to continually striving 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.

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 www.sets.saskatchewan.ca/subscribe.

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Government website: Saskatchewan.ca