INTRODUCTION

Provincial Sales Tax (PST) is a six per cent sales tax that applies to taxable goods and services consumed or used in Saskatchewan. It applies to goods and services purchased in the province as well as goods and services imported for consumption or use in Saskatchewan.

All resident and non-resident contractors are obligated to pay PST on any vehicles, equipment, tools, and consumables used in the province to provide their services. This is to ensure a level playing field for all contractors working in the province.

PROCEDURE

Definitions

Real Property is defined as land or buildings or property that is permanently attached to land or buildings.

Taxable Services to Real Property include construction, alteration, repair, erection, demolition, remodelling, 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.

PST Charges

Contractors are required to collect PST on the total charge to the Ministry for services, including all related charges for labour and materials. This includes, but is not limited to, mobilization, clearing and grubbing, removing and replacing topsoil, constructing temporary detours, traffic accommodations, grading, surfacing, standby, and seeding.

PST is to be shown as a separate line item on invoices and progressive estimates.

PST Exemptions

Items exempt from PST include the following:

- Liquidated Damages
- Site Occupancy
- Bonus/Penalty Time Incentives

- All pay adjustments applied to the contract. Examples include:
  - Asphalt concrete pay adjustments including field density, smoothness, severity of segregation, segregation frequency, final surface conditions, and bumps and dips
  - Culvert pay adjustments for deviation of the installed culvert from the specified alignment and grade
  - Payment adjustments for Rubber Asphalt Crack Sealant (RACS)
  - Diesel fuel adjustment
  - Repairs at the Contractor’s expense or payment in lieu of repairs
  - Work zone penalty
  - Pay adjustments for quality of asphalt materials
  - Bonus or penalties for Employment Commitments (Residents of Saskatchewan’s North, Residents of Impact Communities) as defined in the Special Provisions

Crushing Contracts

The Ministry does not pay PST on supply only crushing contracts (trapline contracts), because this material is used in the maintenance of the system and not for its improvement. However, PST may be required to be paid later based on the ultimate use of the material.

Subcontractors

Subcontractors are not required to charge PST to a general contractor if the contractor provides their PST vendor licence number. The general contractor will collect 6% PST on the total contract price. The subcontractor is required to record the contactor’s vendor license number on the invoice to show the exemptions.

Subcontractors must pay PST on the cost of tools, equipment, and consumable items (e.g., fuel, drill bits, rental equipment) used in the contract.

The Ministry will not pay compound PST on items where a contractor has already paid PST to a subcontractor. The contractor is to submit the pretax amount with PST applied to the total invoice. An example of this would be when a contractor submits a force account item for work completed by a third party in which they already paid PST. The contractor should not have paid PST to the subcontractor or supplier. Instead, the contractor should have provided their PST vendor license number to the subcontractor or supplier.

If a contractor discovers that they have paid PST in error (e.g., tax was paid on an item that was fully exempt), they may apply for a refund from the Ministry of Finance within four years.

PST Calculations

Progressive Estimate Invoices (PEIs) and Construction Contract Extension Approvals (CCEAs) will automatically calculate and add PST, so manual calculations are not needed. However, Budget Change Approvals (BCAs) do not automatically add PST, so a manual calculation is required to add PST manually prior to submitting BCAs.

Capital/Expense PST

When a project includes both capital and expense charges, PST must be charged separately when entered into eBuilder. PST for capital PIDs should be allocated to the 00.CapitalPST.00000 account code in e-Builder. PST for expense PIDs should be allocated to the same PID and expenditure as the charge is for.

Guarantee Bond

Non-resident contractors are required to submit a Guarantee Bond of 6% of the Bid to ensure obligations for PST to the Ministry of Finance are collected.

Clearance Letter

Contractors must obtain a PST Clearance Letter from the Ministry of Finance. The PST Clearance Letter is to be submitted to the Project Support Office before final payment is made. This ensures the PST has been accounted for correctly and paid.

REFERENCE

General Provision 1600
Special Provisions
The Provincial Sales Tax Act
The Provincial Sales Tax Regulations
Stockpile Addition Forms