

## **TAX RATE DECREASE - FAQ's**

- 1. Q – I'm unable to immediately reprogram my cash register to apply the PST at 5%. What should I do until I can have my register adjusted?**

**A -** The new 5% tax rate must be applied to all sales made on or after October 28, 2006. Please calculate the tax manually at 5% until you are able to have your register adjusted. A 5% Tax Rate Schedule is available on the Sask Finance website ([www.gov.sk.ca/finance/revenue/news.htm](http://www.gov.sk.ca/finance/revenue/news.htm)) or we can fax or e-mail the schedule to you.

- 2. Q – Will the government reimburse me for the expense of reprogramming my cash register?**

**A –** No, the government is unable to reimburse businesses for expenses related to the tax rate reduction. Licensed vendors will continue to receive the usual PST commissions for collecting the tax.

- 3. Q – Why didn't the Government allow some lead time before the tax change became effective (like the Federal Government did when the GST Rate was lowered last July)?**

**A –** The Government of Saskatchewan historically does not allow substantial lead time before a PST rate change becomes effective. Allowing lead time influences the timing of purchase decisions and that can be disruptive for many businesses.

- 4. Q – I have to process refunds and my system only handles one tax rate. What do I do if someone returns goods that were purchased before October 28<sup>th</sup> (7% tax rate) and my system calculates the refund at the 5% rate?**

**A –** Your customer must receive a full refund of the amount of PST they paid on the purchase. Please manually calculate the refund at 7%.

- 5. Q – I bought an item after October 27, 2006 and was charged 7% PST. How do I get a refund of the 2% that I overpaid?**

**A –** Please return to the vendor who sold the item to you and point out that an incorrect amount of PST was charged. Most vendors should be able to provide a refund immediately and make an adjustment to their PST records. If the vendor is unwilling or unable to provide a refund, a written claim may be mailed to the Revenue Division requesting a refund. However, claims of this nature will take some time to be processed. Your patience is appreciated.

**6. Q – I am a licensed PST vendor and I wasn't aware of the PST rate reduction. I have been incorrectly collecting PST at 7%. What should I do?**

**A –** If the PST amounts are significant and you can determine how much each customer has overpaid, you may contact your customers and provide them with a 2% PST refund. If you can't tell how much tax individual customers have overpaid, or the amounts are insignificant, you are legally required to remit the tax you incorrectly collected to the Revenue Division with your regular vendor's return.

If a customer realizes that they have overpaid PST on a sale you've made and asks for a 2% refund, you should provide the requested refund and adjust your PST records accordingly.