



Information Bulletin

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THE PROVINCIAL SALES TAX ACT

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READER SURVEY

INFORMATION FOR BUSINESSES PROVIDING COMMERCIAL BUILDING CLEANING SERVICES

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax. It is a general guide and not a substitute for the legislation.

The changes to this bulletin are indicated by a (I).

The contents of this bulletin are presented under the following headings:

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- I. Saskatchewan Electronic Tax Service (SETS)

A. DEFINITIONS

Commercial building cleaning services means a janitorial service, a window cleaning service or a carpet cleaning service that is provided in relation to buildings or structures that are not private dwellings (such as schools, restaurants, hospitals, office buildings, hotels/motels and work camps).

Building cleaning services provided with respect to residential property are not subject to tax. Residential property includes buildings that are used as homes or regular places of abode for persons (such as student residences, condominiums, nursing homes and apartments), which do not regularly cater to the travelling public.

B. TAXABLE SERVICES

Taxable commercial building cleaning services include:

- Janitorial services (generally considered to be a package of services related to cleaning and maintaining a commercial building);
- Carpet cleaning;
- Window cleaning services.

C. EXEMPT SERVICES

The following services are not subject to tax:

- Exterminator services;
- Residential cleaning services;
- Cleaning services provided by a person to that person's employer in the course of employment (refer to section D);
- Boiler maintenance services;
- Yard maintenance services including lawn care and snow removal;
- Residential carpet and furniture cleaning services;
- Chimney and duct cleaning (residential and commercial);
- Cleaning of buildings owned by federal government departments and agencies;
- High pressure washing the exterior of buildings (residential and commercial);
- Cleaning services acquired for resale;
- Cleaning services provided on reserve to Indian bands or band empowered entities for non-commercial buildings such as schools and hospitals;
- Toxic mould cleaning services;
- Fire and flood damage cleaning services;
- Asbestos removal services;
- On-site drapery and blind cleaning services (residential and commercial).

D. SERVICES PROVIDED BY EMPLOYEES

Services provided by an employee in the course of employment are not subject to tax. For example, school boards are not required to pay tax on the wages of an employee for janitorial services. A person is considered to be an employee when the employer makes regular deductions from wages as required by federal Income Tax regulations.

Charges for taxable services performed under contract by a self-employed person are subject to tax. Contract services that are completed outside the terms of employment are subject to tax. Self-employed contractors must register as vendors and collect tax on the commercial building cleaning services they provide.

E. PARTIAL EXEMPTIONS

When cleaning services are provided for both residential purposes and commercial purposes, only the commercial portion is subject to tax. The vendor must separate the charges for commercial use and for residential use on the customer's invoice. If the charges are not identified separately, tax must be collected on the total charge to the customer.

F. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on purchases of equipment, services and cleaning supplies used in their businesses. If taxable goods or services are purchased from a licenced supplier, the tax must be paid to the supplier. If they are purchased from an unlicensed supplier located outside Saskatchewan, the tax must be submitted with your return on the laid down cost, which includes currency exchange, transportation charges, customs and excise duties, and importation charges, but not the GST.

G. SALES 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.

H. TAX CREDIT FOR BAD DEBTS

Businesses may claim a credit for the tax portion of their receivables that are written off as uncollectible. The tax credit should be taken as an internal adjustment in the business's records. Records of the accounts written off and tax credits claimed must be kept for audit verification by the Revenue Division.

I. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

Saskatchewan Finance has made it possible to report and remit tax electronically through the use of a standard Internet connection. The Saskatchewan Electronic Tax Service (SETS) offers a secure, fast, easy and convenient alternative to filing returns in paper format. Several E-File services are currently available through SETS.

Businesses may use SETS to file and pay returns for Provincial Sales Tax and other provincial taxes.

SETS allows businesses to:

- File and pay returns or make payments on account.
- File a return and post-date the payment to the due date.
- View account balance and statement information.
- Authorize your accountant to file on your behalf.
- Subscribe to an E-mail Notification Service that allows the option to be notified by e-mail that a tax return should be filed (replaces the paper forms normally received in the mail).

FOR FURTHER INFORMATION

Write: Saskatchewan Finance
Revenue Division
2350 Albert Street
Regina, Saskatchewan
S4P 4A6

Telephone: Toll Free 1-800-667-6102
Regina 306-787-6645

E-mail: sask.tax.info@finance.gov.sk.ca

Fax: 306-787-9644

Internet: Provincial Sales Tax bulletins, forms and information are available on the Internet at:

<http://www.gov.sk.ca/finance/revenue/pst/pst.htm>

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