



# Information Bulletin

PST-29 Issued: May, 1988

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## THE PROVINCIAL SALES TAX ACT

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### INFORMATION FOR AUTOBODY SHOPS

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 sections:

- A. Repair Parts and Labour
- B. Used Personal Goods
- C. Remanufactured or Reconditioned Articles
- D. Paint Materials
- E. Shop Supplies
- F. Sublet Repairs
- G. Used Vehicles
- H. Exempt Sales
- I. Sales of Used Business Assets
- J. Goods and Services for Your Own Use
- K. Saskatchewan Electronic Tax Service (SETS)

#### **A. REPAIR PARTS AND LABOUR**

An autobody shop is required to collect the tax on all new and used parts installed on motor vehicles. All repair labour is subject to tax, including painting, undercoating, rustproofing, wheel alignment, wheel balancing, frame straightening, body repair, and body rebuilding.

Mandatory safety inspections (SGI) are exempt.

#### **B. USED PERSONAL GOODS**

When individuals purchase used goods (other than vehicles) for personal use, tax applies to the selling price of the goods less a deduction of \$300 per item. This deduction applies whether the goods are purchased from a business or privately. If a trade-in is involved, the purchaser is entitled to the \$300 deduction or the value of the trade-in, whichever is greater. If the goods are purchased for commercial use, the \$300 deduction does not apply.

### **C. REMANUFACTURED OR RECONDITIONED ARTICLES**

Remanufactured items, such as motors, transmissions, alternators, starters, brake shoes, fuel pumps, and water pumps purchased on an exchange basis are subject to tax on the exchange price. In situations where a core is subsequently returned the tax may be refunded.

If a customer's article is repaired and no exchange takes place, tax must be collected on the repair parts and repair labour.

### **D. PAINT MATERIALS**

An autobody shop that charges a fixed percentage of the total labour charge to cover paint materials must collect the tax on this amount providing it is shown on the customer's sales invoice. The autobody shop is not required to remit the tax on the purchase cost of these paint materials. Paint materials include the following:

- Compound
- Glass cleaner
- Hardener
- Kleen sol
- Litho wipers
- Masking paper
- Masking tape
- Metal prep
- Paint
- Paint remover
- Paint strainers
- Primer/undercoat
- Putty
- Reducer
- Retarder
- Rust proofing
- Sanding disc
- Sealers
- Silicone
- Tac rags
- Thinner
- Wax
- Wet and dry sandpaper
- Other such items that may be used in daily painting operations

### **E. SHOP SUPPLIES**

An autobody shop that charges a fixed percentage of the total labour charge to cover shop supplies must collect the tax on this amount providing it is shown on the customer's sales invoice. The autobody shop is not required to remit the tax on the purchase cost of these shop supplies. Shop supplies include the following:

- Abrasive stones and discs
- Acid core solder and bits
- Adhesive sealant
- Bearing grease
- Bench lubricant
- Brass rods
- Carburetor solvent
- Chassis grease
- Choke cleaner
- Door ease
- Electric rods
- Electrical tape
- Fibreglass
- Gasket material
- Gasket sealer compound
- Glue
- Lubriplate paste
- Mechanical wire
- Minor hardware (nuts, bolts, washers)
- Parts cleaning solvent
- Permatex compound
- Protective material
- Resin
- Sandpaper
- Solder
- Steel rods
- Steel wool
- Upholstery cleaner
- Window weld
- Wiping rags

**F. SUBLET REPAIRS**

Repairs sublet to other shops may be purchased exempt from tax by quoting your vendor's licence number to your supplier. Tax must be collected on repair parts and labour charges invoiced to your customer.

**G. USED VEHICLES**

Tax must be collected on the full selling price of all used vehicles less any trade-in allowance.

An autobody shop is not required to pay tax on parts used to repair vehicles which are in inventory for resale purposes.

**H. EXEMPT SALES**

- Goods and labour services sold for resale to other vendors (the purchaser's Provincial Sales Tax licence number must be recorded on the sales invoice)
- Repairs to rental vehicles (the purchaser's Provincial Sales Tax licence number must be recorded on the sales invoice)
- Sales to non-residents where the goods are shipped out-of-province by the vendor (evidence of shipment must be retained) **but not** sales to non-residents which are taken at the time of purchase (including vehicle repairs)
- Sales to Indians upon presentation of a Certificate of Indian Status identification card issued under the Indian Act, providing the goods are delivered to a reserve, or the services are provided to an Indian on a reserve (the complete 10 digit number must be recorded on the sales invoice)
- Sales to federal government departments and agencies (sales to federal Crown corporations are taxable)

**I. 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.

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

Businesses are required to pay tax on purchases of equipment, services, and supplies used in their business. If they are purchased from a licensed 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 the return on the laid down cost, which includes exchange, transportation charges, customs and excise duties, and importation charges, but not the GST.

Autobody shops that repair farm implements and farm machinery should refer to Information Bulletin PST-16 (Farm Implement and Farm Supply Dealers). Also, autobody shops that sell motor vehicles should refer to Information Bulletin PST-18 (Motor Dealers and Leasing Companies).

**K. 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. 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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