



Information Bulletin

PST-53

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THE PROVINCIAL SALES TAX ACT

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INFORMATION FOR LAUNDERERS AND DRY CLEANERS

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. Laundry and Dry Cleaning Services
- B. Exempt Services and Lost or Damaged Goods
- C. Alterations and Repairs
- D. Dry Cleaning Sales Agents
- E. Packaging Materials
- F. Sales of Used Business Assets
- G. Goods and Services for Your Own Use
- H. Saskatchewan Electronic Tax Service (SETS)

A. LAUNDRY AND DRY CLEANING SERVICES

Laundry and dry cleaning services are subject to Provincial Sales Tax. Businesses that provide these services must collect tax on the charges for cleaning and laundering clothing, bedding, drapes, blinds, rugs and similar items.

Businesses that purchase these services for resale may purchase the services tax exempt by quoting their Provincial Sales Tax licence number to their suppliers.

B. EXEMPT SERVICES AND LOST OR DAMAGED GOODS

Businesses that provide self-serve coin-operated laundry services are not required to collect tax.

Launderers and dry cleaners who replace lost or damaged goods for their customers are responsible for tax on the cost of the replacement goods.

C. ALTERATIONS AND REPAIRS

Businesses that provide these services must collect tax on the total charge to their customers for alteration charges, such as mending, hemming, zipper replacement and sewing. You may purchase the repair materials tax exempt by providing your vendor's licence number to the supplier.

Alterations or repairs to children's clothing are not subject to tax.

Businesses that purchase alterations and repair services for resale may purchase the services tax exempt by providing their Provincial Sales Tax licence number to their supplier.

D. DRY CLEANING SALES AGENTS

Dry cleaners who establish agents throughout an area for pick-up and drop-off of items for cleaning may account for tax using one of two methods:

- If the agent sells the services as an independent firm, the agent must collect the tax. The agent can purchase the dry cleaning services tax exempt by providing the dry cleaner with their Provincial Sales Tax licence number.
- If the agent sells the services on behalf of the dry cleaner, the dry cleaner must collect and remit the tax.

E. PACKAGING MATERIALS

All purchases of containers, labels, hangers, plastic covers, pins, tags and similar supplies provided to the customer with laundry and dry cleaning services are exempt from tax. You may purchase these materials tax exempt by providing your Provincial Sales Tax licence number to the supplier.

F. 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.

G. 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.

Goods and services on which the tax must be paid include:

- Equipment, tools, furnishings, repair parts, repair labour and stationery.
- Cleaning supplies, including chemicals, soaps and solvents.

H. **SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)**

Saskatchewan Finance has made it possible for collectors 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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