



Information Bulletin

PST-65

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THE PROVINCIAL SALES TAX ACT

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INFORMATION FOR BUSINESSES PROVIDING ENGINEERING, GEOSCIENCE AND ARCHITECTURE 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 sections:

- A. General Information
- B. Taxable Services
- C. Exempt Services
- D. Calculation of Tax
- E. Goods and Services for Your Own Use
- F. Sales of Used Business Assets
- G. Tax Credit for Bad Debts
- H. Saskatchewan Electronic Tax Service (SETS)

A. GENERAL INFORMATION

The Practice of Professional Engineering and Geoscience

“Engineering and Geoscience services” means those services provided by a person conducting the “practice of professional engineering” or the “practice of professional geoscience” as defined in The Engineering and Geoscience Professions Act. These services are referred to as “engineering services” in this information bulletin.

The Practice of Architecture

“Architectural services” means those services provided by a person conducting the “practice of architecture” as defined in The Architects Act, 1996. These services are referred to as “architecture services” in this information bulletin.

Persons engaged in the practice of professional engineering, geoscience or architecture for site-specific facilities in Saskatchewan are required to collect tax on those services. This includes services related to oil, gas and potash production or mineral production facilities in Saskatchewan.

“Site-specific” refers to services intended to have a material effect on land or tangible personal property in Saskatchewan. These services generally result in drawings and specifications being provided to the client.

Sub-consultants who provide taxable services to prime consultants are not required to collect tax on their engineering or architecture services as the tax will be collected on the final billing to the client. The prime consultants acquiring the services for resale will provide their tax number to the sub-consultants in order to acquire the services tax exempt.

Engineers, geoscientists and architects who provide taxable services to a contractor or persons who are not acquiring the services for resale must collect the tax from their client.

Design/build companies, engineers, geoscientists and architects who act as the prime consultant on projects must collect tax from their client.

B. TAXABLE SERVICES

Engineering and architecture services for site-specific developments of facilities or projects located in Saskatchewan are subject to tax, whether the services are provided by an engineer, geoscientist, or an architect within the province or outside Saskatchewan.

Where services are provided in relation to facilities or projects in more than one jurisdiction, only the fees related to facilities or projects in Saskatchewan are subject to tax.

Tax applies to 30% of the services as defined by:

1. Category III in the Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS) Schedule of Fees; or
2. Phases 2, 3, 4 and 5 in The Saskatchewan Association of Architects (SAA) schedule of fees; and
3. Disbursements related to the above category/phases.

Note:

The formula of 30% of category III in the APEGS fee schedule or phases 2, 3, 4 and 5 of the SAA fee schedule, including disbursements, is intended to establish a representative portion of taxable professional fees.

Category III in the Association of Professional Engineers and Geoscientists of Saskatchewan (APEGS) Schedule of Fees includes the following:

- the preparation of preliminary sketches and working drawings and the development of specification notes;
- services related to the calling for tenders;
- assisting or advising a client regarding tender acceptance;
- services related to the development, maintenance, enhancement, expansion or decommissioning of any production or processing facility with respect to oil, natural gas, potash or other minerals; and,

- any of the above services that are provided by a person who resides in a jurisdiction other than Saskatchewan and who is licensed, registered or regulated pursuant to a statute or law of that jurisdiction that is similar to The Engineering and Geoscience Professions Act.

Phases 2, 3, 4 and 5 in the Saskatchewan Association of Architects (SAA) Fee Schedule includes the following:

- schematic design;
- design development;
- preparation of construction documents;
- any service related to bidding, negotiating or tendering for construction contracts;
- any of the above services that are provided by a person who resides in a jurisdiction other than Saskatchewan and who is licensed, registered or regulated pursuant to a statute or law of that jurisdiction that is similar to The Architects Act, 1996.

C. **EXEMPT SERVICES**

Services related to facilities or projects located outside Saskatchewan are not subject to tax.

Engineering, geoscience and architecture services that are in the nature of feasibility studies, environmental studies, general consulting or advisory services are not subject to tax.

Services provided to federal government departments or agencies are exempt from tax. Services provided to federal Crown corporations and provincial government departments, agencies and Crown corporations are taxable.

Services provided with respect to a facility or project on a reserve are exempt if purchased by a Status Indian, an Indian Band or a band-empowered entity that is engaged in a non-commercial enterprise (building schools, churches, health centres). Status Indians must present a Certificate of Indian Status identification card number issued under the Indian Act. The identification number must be recorded on the client's invoice and in the vendor's records. Services provided with respect to a commercial corporation operating on an Indian reserve are taxable.

Services related to the exploration of oil, natural gas, potash, or minerals are exempt; however, services related to the development, maintenance, and enhancement or decommissioning of these production facilities are subject to tax.

D. **CALCULATION OF TAX**

| Tax applies at a rate of 5% of 30% of the value of services identified under section B.

Example	Total Value Section B (including disbursements)	\$100,000
	Taxable Portion (30%)	\$ 30,000
	PST @ 5%	\$ 1,500

The above billing method would apply whether services are billed on an hourly, percentage, or a fixed-fee basis.

E. 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 taxable goods or services 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 your return on the laid down cost, which includes exchange, transportation charges, customs and excise duties, and importation charges, but not the GST.

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 transfer or closure of a business, the purchaser of the assets is required to self-assess and report tax.

G. 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.

H. 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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