



# Information Bulletin

Originated: June, 2000

No. PST-67

RE: **THE PROVINCIAL SALES TAX ACT**

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**READER SURVEY**

## **INFORMATION FOR BUSINESSES PROVIDING ADVERTISING 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.

### **TAXABLE SALES**

- Charges for agency fees, project or account management fees, design fees, production supervision, creative development, and camera-ready assembly in the preparation and printing of advertising products (business cards, advertising brochures).
- Charges for the preparation of advertising in the media, such as newspapers, magazines, periodicals, television, radio and billboards.
- Charges for copy writing and scripts used in advertisements.
- Charges for creating logos, negatives, design, layout and other preprint materials.
- Advertising inserts, including inserts incorporated into newspapers.
- Sales of the following advertising items (tax applies to the total charge to the customer):
  - photographs
  - business cards
  - audio visual packages
  - multimedia presentations supplied by video cassette, CD-ROM, tape, diskette or e-mail
  - pamphlets
  - advertising inserts
  - advertising brochures
  - other advertising material
- Charges for the preparation of commercial web pages.
- Charges for audio visual advertising products, including charges for recording and mixing.

### **EXEMPT SALES**

Businesses are not required to collect tax on the following sales:

- Charges for the placement of advertising in the media, such as newspapers, magazines, periodicals, television, radio, billboards and the Internet.

- Sales of exempt reading materials, such as books which contain no advertising, magazines and periodicals (exempt sales include history books, newsletters, prize books and programs - see PST-9 for more information regarding exempt reading materials).
- Goods sold to other vendors for resale (the purchaser's vendor's license number must be retained for possible audit verification of exempt sales).
- Goods sold to non-residents when the goods are shipped out of province by the vendor or by common carrier (evidence of shipment must be retained).
- Goods sold to federal government departments or agencies (goods sold to provincial government departments, agencies and Crown Corporations, and sales to federal Crown corporations are subject to tax).
- Goods sold to a Status Indian, Indian Band or a band empowered entity, providing the advertising materials are delivered to a reserve by the retailer, and upon presentation of a Certificate of Indian Status identification card issued under the Indian Act.

## **PURCHASES OF MATERIALS**

### (a) **TAXABLE**

Businesses are required to pay the tax on goods and services purchased for their own use, whether they are taken from stock or purchased from a supplier who did not charge the tax. Goods and services in this category include equipment and repairs to equipment, computer software, computer tapes, office supplies, accounting services, legal services and photographs.

### (b) **EXEMPT**

Businesses are not required to pay the tax on purchases of the following items:

- All materials that are attached to or that become incorporated into the end product which is sold to a customer, such as paper and ink.
- Purchases of logos, negatives, design, layout and other preprint materials, provided the preprint materials are being purchased to create taxable or exempt products, and your vendor's license number is provided to your suppliers.
- Direct agents, such as preprint materials. Direct agents are those materials consumed or used by a manufacturer or processor in the transformation or manufacture of a product by contact or temporary incorporation into the raw materials being manufactured or processed. See Bulletin No. PST-39 for further information on direct agents.
- Photo engraving, lithography and photographic materials, including make up sheets, negatives and plates purchased from trade service organizations, and used to create taxable or exempt products would also be considered direct agents. A vendor's license number should be provided to your suppliers.

Businesses that also do commercial printing should refer to Information Bulletin No. PST-20 (Information for Printers) which is available upon request.

### **SALES OF USED BUSINESS ASSETS**

Businesses are required to collect the 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.

### **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.

### **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: 306-787-6653

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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