



# Information Bulletin

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**PST-22**      **Issued: April, 2002**

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## **THE PROVINCIAL SALES TAX ACT**

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## **INFORMATION FOR COMMERCIAL REFRIGERATION VENDORS AND CONTRACTORS**

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 contents of this bulletin are presented under the following sections:

- A. Tangible Personal Property Sales Contracts
- B. Real Property Contracts
- C. Combined Tangible Personal Property and Real Property Contracts
- D. Retail Sales of Parts and Supplies
- E. Sales of Used Business Assets
- F. Goods and Services for Your Own Use
- G. Saskatchewan Electronic Tax Service (SETS)

### **A. TANGIBLE PERSONAL PROPERTY SALES CONTRACTS**

Stand alone refrigeration equipment, such as self-contained coolers and freezers, are considered to be tangible personal property. The tax applies as follows:

Sale:	Collect tax on the selling price of the refrigeration unit.
Installation charge:	Collect tax on the labour to install the equipment.
Servicing:	Collect tax on the parts and labour to service the equipment.
Maintenance or extended warranty contracts:	Collect tax on the selling price of the contract. Any labour, parts, or materials covered under the terms of the contract are tax exempt. Parts and labour charged to the customer and deductibles not covered under the contract are subject to tax.

## **B. REAL PROPERTY CONTRACTS**

Walk-in freezers and coolers sold on a supply and install basis are considered to be real property. The contractor does not charge tax to the customer. On supply and install contracts the contractor is considered to be the consumer of the goods. The contractor is responsible to account for tax on the cost of goods and materials used in the completion of the contract.

Supplies and installation materials: Tax applies on the cost of your supplies and materials. Labour is exempt. The customer billing should read "tax included".

Servicing and repair: Tax does not apply to any charges to service or repair the above equipment when the work is done on site. Any repair parts or materials used on site are subject to tax on the contractor's purchase cost. If the equipment is moved from the site and the repairs are completed at the shop, collect tax from your customer only on the in-shop charges for parts and labour. Labour to remove and re-install the equipment at the site is exempt from tax, providing these installation charges are segregated on the billing to the customer.

Maintenance or extended warranty contracts: Contracts for real property are exempt from tax. Any parts or materials used in providing the service are subject to tax on the contractor's purchase cost.

## **C. COMBINED TANGIBLE PERSONAL PROPERTY AND REAL PROPERTY CONTRACTS**

Equipment in this category would include refrigerated display cases, preparation tables, and similar equipment with a "remoted" compressor or condenser. Since this kind of equipment is moveable or easily detached, it is considered to be tangible personal property. However, real property would include the compressor, condenser, wiring, and lines. The portion of the contract price attributable to the tangible personal property and the portion attributable to the real property must be separately identified on the contract.

Sale and installation charges: Collect tax on the sale and installation charges of the display case, preparation table and refrigeration units.

Sale and installation of compressor: The equipment and installation materials are subject to tax on your purchase cost. Labour is exempt. The customer billing should read "tax included".

Servicing and repair:	Any repair parts or materials used are subject to tax on your purchase cost. Labour is exempt. The customer billing should read "tax included".
Maintenance or extended warranty contracts:	Contracts for this equipment are exempt from tax. Any parts or materials used in providing the service are subject to tax on your purchase cost. Labour is exempt.

#### **D. RETAIL SALES OF PARTS AND SUPPLIES**

Tax must be collected on the selling price of parts and supplies.

#### **E. 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.

#### **F. 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.

#### **G. 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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