



Information Bulletin

PST-56

Issued: March, 2000

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THE PROVINCIAL SALES TAX ACT

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INFORMATION ON THE TAXATION OF AIRCRAFT

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. Personal Aircraft
- B. Business-use Aircraft
- C. Commercial Aircraft
- D. Rented/Leased Aircraft
- E. Trade-in Allowances
- F. Saskatchewan Electronic Tax Service (SETS)

A. PERSONAL AIRCRAFT

New and used aircraft purchased for personal use are subject to tax. If an aircraft is received on trade, tax is collected on the cash difference (see section E - Trade-in Allowances).

When individuals purchase used aircraft for personal use, tax applies to the selling price less a deduction of \$300. 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 aircraft is purchased for business use, the \$300 deduction does not apply.

New and used repair parts, installation and repair labour are also subject to tax. A deduction of \$300 per item is allowed in calculating tax on used parts for personal aircraft. On sales of used parts with a trade-in (or core charge) the greater of \$300 or the trade-in may be deducted.

B. BUSINESS-USE AIRCRAFT

New and used aircraft purchased by businesses are subject to tax. If an item is received on trade, the tax is collected on the cash difference (see Trade-in Allowances). This includes aircraft used for the following purposes:

- Firefighting
- Aerial mapping or photography
- Conveying a business' own employees and supplies, including executive aircraft
- Provincial government aircraft
- Flying schools

New and used repair parts, lubricants, de-icing chemicals, installation and repair labour are also subject to tax. In-house repair and installation labour provided by employees are exempt from tax.

Aircraft that are specially designed for farm spraying are exempt from tax. Repair parts, lubricants, installation and repair labour for these aircraft are also exempt from tax.

C. COMMERCIAL AIRCRAFT

Aircraft that are registered under the Aeronautics Act (Canada), for commercial purposes to transport passengers or freight for a fee, are exempt from tax. The purchase of repair parts and repair labour, for commercial aircraft are also exempt from tax.

D. RENTED/LEASED AIRCRAFT

Aircraft rented or leased for purposes other than to transport passengers or freight for a fee, are subject to tax on the rental charge. (Aircraft rented or leased with a pilot is not considered a taxable rental.)

E. TRADE-IN ALLOWANCES

When an item is received on trade, tax applies on the difference between the selling price of the goods and the value of the goods accepted in trade by the seller, provided the following conditions are met:

- The tax was previously paid in full on the trade-in.
- The trade-in is owned by the person that is acquiring the new goods.

F. 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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