



Information Bulletin

Originated: June, 2000

No. PST-63

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READER SURVEY

RE: **THE PROVINCIAL SALES TAX ACT**

INFORMATION FOR BUSINESSES PROVIDING ARCHITECTURAL 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 rate of tax remains at 6%. The tax applies before the addition of GST.

Effective July 1, 2000, the Provincial Sales Tax will be expanded to include architectural services.

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, but does not include those services when provided by a person to that person’s employer in the course of employment.

Persons engaged in the practice of architecture on projects in Saskatchewan are required to collect the tax on taxable services provided to their clients.

The tax on architectural services applies to all charges or fees for services included in the practice of architecture unless specifically exempted.

Taxable services include:

- Schematic design;
- Design development;
- Construction document preparation, bidding or negotiating;
- Construction contract administration; and
- Post-construction services.

SERVICES RELATING TO SASKATCHEWAN

Services related to facilities or projects located in Saskatchewan are taxable, whether the services are provided by an architect within the province or outside Saskatchewan. Services related to facilities or projects located outside Saskatchewan are exempt.

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 taxable.

EXEMPT SERVICES

Services provided by an architect or architectural firm that are outside of the definition of “the practice of architecture” are not subject to tax. In order to qualify for an exemption, the charges for these services must be itemized separately on the client’s invoice.

Exempt services include:

- Pre-design work;
- Project management (where a person is engaged as a general contractor and is not providing taxable architectural services as part of the project management); and
- Serving as an expert witness at a judicial proceeding.

If you are providing project management services as described above, please refer to Information Bulletin PST-12 pertaining to General Contractors.

DISBURSEMENTS

Disbursements invoiced to the customer on a cost-recovery basis are not subject to tax when itemized separately from architectural services provided to the client.

Non-taxable disbursements include charges for:

- Facsimile transmission, telephone, and courier services;
- Printing or photocopying of blueprints and documents;
- Transportation, lodging and meals; and
- Regulatory approvals, permits, insurance and similar charges;

An architect may purchase a taxable service without paying tax if the service is for resale to a client as part of the architect’s fee for service. The architect must provide their vendor’s licence number at the time of purchase in order to acquire a taxable service for resale without paying the tax. Alternatively, an architect who acquires a taxable service may pay tax on the service and bill that amount to their client as a disbursement.

Charges or fees for services provided by support staff or other overhead costs are considered to form part of an architectural service and are not exempt even if charged separately on the client’s invoice.

SALES TO GOVERNMENT DEPARTMENTS

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

SALES TO STATUS INDIANS

Architectural 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 to a commercial corporation operating on an Indian reserve are taxable.

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 is required to self-assess and report tax on those assets.

TRANSITIONAL RULES

Services completed before July 1, 2000 are exempt, even if paid for after July 1, 2000.

Services performed on or after July 1, 2000 are subject to tax. When services are provided with respect to a period that spans July 1, 2000, the customer's invoice should be segregated into two parts, with the fees for services provided before July 1, 2000 being exempt and the fees for services provided after July 1, 2000 being subject to tax.

Written contracts entered into before March 30, 2000, for services to be provided on or after July 1, 2000, are exempt, provided the contract is for a fixed amount and a specified period of time.

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.

REGISTRATION TO COLLECT TAX

If your business is now required to collect the Provincial Sales Tax because of these changes, and you are not registered, please call the Revenue Division of Saskatchewan Finance at the number shown below.

SMALL TRADER'S EXEMPTION

Businesses are not required to become licenced to collect Provincial Sales Tax if annual sales are less than \$10,000. The tax must be paid directly to the supplier on the purchase of all supplies. If taxable services are purchased tax exempt from a small trader, the purchaser is required to self-assess and report the tax.

For Further Information

<u>Write:</u>	Saskatchewan Finance Revenue Division 2350 Albert Street Regina, Saskatchewan S4P 4A6	<u>Telephone:</u>	Toll Free 1-800-667-6102 Regina (306) 787-6645
		<u>Fax:</u>	(306) 787-9644

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