

# Information Bulletin

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PST-56

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## THE PROVINCIAL SALES TAX ACT

### AIRCRAFT

This bulletin has been prepared to help you apply and collect the Provincial Sales Tax (PST). It is a general guide and not a substitute for the legislation.

*Changes to this bulletin are indicated by a (I) in the left margin.*

The contents of this bulletin are presented under the following sections:

- A. [Exempt Aircraft, Repair Parts and Labour](#)
- B. [Taxable Aircraft, Repair Parts and Labour](#)
- C. [Rented/Leased Aircraft](#)
- D. [Demonstrator Aircraft](#)
- E. [Non-Resident Aircraft](#)
- F. [Trade-in Allowances](#)
- G. [Tax Tips Line](#)
- H. [Saskatchewan eTax Services \(SETS\)](#)

#### **A. EXEMPT AIRCRAFT, REPAIR PARTS AND LABOUR**

The following aircraft are exempt from PST:

- New and used personal and business use aircraft that **are registered under the *Aeronautics Act (Canada)* for commercial purposes to transport passengers or freight for a fee.** (This applies to resident and non-resident aircraft).
- Specialized aircraft equipped with geophysical survey or exploration equipment used exclusively for mining exploration or geophysical surveys in Saskatchewan.
- Aircraft that are specially designed and licenced for farm spraying only.

The purchase of repair parts, lubricants, installation and repair labour are exempt for the aircraft noted above.

**Please refer to Information Bulletin [PST-16, Farm Implement and Farm Supply Dealers](#) for the exemption criteria related to aircraft that are specially designed and licenced for farm spraying only.**

## **B. TAXABLE AIRCRAFT, REPAIR PARTS AND LABOUR**

New and used personal and business use aircraft that **are not registered under the *Aeronautics Act (Canada)* for commercial purposes to transport passengers or freight for a fee are subject to PST.** (This applies to resident and non-resident aircraft).

The PST applies on the total selling price, including charges such as documentation charges, freight, pre-delivery, accessories, and levies imposed by the federal government including the Luxury Tax (if applicable), but not the GST. The tax must be collected on the total selling price after deducting cash discounts and trade-in allowances.

When individuals purchase used taxable 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 (see [Section D](#) - Trade-in Allowances). If the aircraft is purchased for business use, the \$300 deduction does not apply.

The customer's invoice must separate the selling price of the aircraft, the trade-in amount, and the amount of PST collected.

New and used repair parts, lubricants, installation and repair labour for these aircraft are also subject to tax. A deduction of \$300 per item is allowed in calculating tax on used parts for personal use aircraft. On sales of used parts with a trade-in (or core charge) the greater of \$300 or the trade-in may be deducted. If the parts are purchased for a business use aircraft, the \$300 deduction does not apply.

In-house repair and installation labour provided by employees are exempt from tax.

**Note:** De-icing chemicals are **taxable**.

Taxable aircraft brought into the province by individuals moving to Saskatchewan are exempt from PST as settler's effects provided the individuals owned the aircraft for at least 30 days prior to taking up residency in Saskatchewan and the aircraft is used exclusively for personal use. Otherwise, the PST applies on the depreciated value at the time the owner takes up residency in Saskatchewan. To determine depreciated value, straight-line depreciation of 1.5 per cent per month or part month to a maximum of 60 per cent is allowed from the date of purchase to the original date of entry into Saskatchewan. Depreciation applies to the original purchase price (excluding all taxes) before deduction of a trade-in.

## **C. RENTED/LEASED AIRCRAFT**

The rental or lease of aircraft, other than those eligible for an exemption identified in [Section A](#), are subject to tax on the total rental or lease charge.

### **Taxable Lease/Rental Charges and Fees (taxable aircraft only)**

- Fixed fees and time charges (includes fly time and stand-by time)
- Damage waiver fees
- Liability insurance fees
- Security deposit charges

- Accessory charges
- Accident deductible charges and loss or damage charges
- Repair parts and repair labour
- Extended warranty charges
- Down payments (see calculation below)
- Finance (interest)
- Levies imposed by the federal government including the Luxury Tax (if applicable), but not the GST

#### **Exempt Lease/Rental Charges and Fees**

- Individual or group life, health, disability, accident and sickness insurance charges
- Creditor protection insurance charges
- Fuel charges
- Personal Property Security Agreement (PPSA) fees
- Lease termination charges that are in the nature of a penalty or a settlement for terminating a lease early (termination charges that are applied to lease arrears are subject to tax)

**Note:** Aircraft rented or leased **with a pilot** is not considered a rental.

#### **D. DEMONSTRATOR AIRCRAFT**

For the first twelve months of service, a dealer is not required to pay tax on new and used aircraft held in inventory for resale and used solely for demonstration purposes. A dealer who uses the aircraft for longer than twelve months is required to pay tax on the cost of the aircraft.

#### **E. NON-RESIDENT AIRCRAFT**

Tax applies to all non-resident business-use aircraft not registered under the *Aeronautics Act* (Canada) for commercial purposes to transport passengers or freight for a fee. All repair parts including lubricants and repair labour made to taxable aircraft while in Saskatchewan are taxable.

The PST applies on 1/60 of the original cost per month or portion thereof that the aircraft operates in the province. The value of any specialized mounted equipment shall be included as part of the cost of the aircraft.

A Supreme Court ruling states that Canadian provinces have no taxing jurisdiction over airspace, unless the aircraft takes off and lands in the province. Therefore, consumption has taken place when the flight both originates and terminates within Saskatchewan relating to a specific work assignment.

## F. 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 owner-paid Saskatchewan tax on the trade-in aircraft cannot be accepted for a trade-in credit unless the owner has paid the Saskatchewan tax in full; or
- The trade-in aircraft qualified for a tax exemption under settler's effects; and,
- The trade-in is owned by the same registrant purchasing the aircraft as indicated in the commercial transaction.

Trade-ins must be valued in a manner that is consistent with industry standards. The Ministry of Finance reserves the right to establish fair market value in circumstances where the trade-in allowance is viewed as unreasonable for PST purposes.

## G. TAX TIPS LINE

When a business or individual does not comply with provincial tax legislation, businesses face unfair competition and a burden is placed on all taxpayers who do comply. It causes significant loss in the revenue available to fund services such as health, education and other important government programs.

Tax Tips Line provides an anonymous, fully confidential way for the public to report businesses or individuals who are participating in tax fraud. If you suspect that a business or individual is being dishonest with their provincial taxes or is misrepresenting their activities to reduce their taxes, you can report them using Tax Tips Line.

Please visit our website at [saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-tips-line](http://saskatchewan.ca/business/taxes-licensing-and-reporting/provincial-taxes-policies-and-bulletins/tax-tips-line) to find out more regarding types of tax fraud and the information to report, if possible.

Tax Tips Line is specifically and solely for information related to provincial tax compliance. Any unrelated inquiries or information will not be addressed by the Tax Tips Line, and should be directed to the appropriate organization.

How to Report:

- 1) Toll-free 1-833-334-8477
- 2) Write: Ministry of Finance  
Revenue Division  
PO Box 200  
REGINA SK S4P 2Z6
- 3) [Online Form Submission](#)

## H. **SASKATCHEWAN eTAX SERVICES (SETS)**

Finance has made it possible to report and remit tax electronically through a secure, fast, easy and convenient online self-service portal. Several services are currently available to businesses through SETS([sets.saskatchewan.ca](https://sets.saskatchewan.ca)):

- Register for secure, self-managed access to all your tax accounts.
- Apply for a new tax account.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.
- Submit a service request to update the mailing address or add a new business location.
- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
- View and download up-to-date tax information promptly.
- Subscribe to receive email notifications when new and revised tax publications are available.

### **FOR FURTHER INFORMATION**

Write: Ministry of Finance  
Revenue Division  
PO Box 200  
REGINA SK S4P 2Z6

Telephone: Toll Free 1-800-667-6102  
Regina 306-787-6645

Email: [sasktaxinfo@gov.sk.ca](mailto:sasktaxinfo@gov.sk.ca)

Internet: Tax bulletins, forms and information are available at [saskatchewan.ca/business-taxes](https://saskatchewan.ca/business-taxes).

To receive automatic email notifications when this or any other bulletin is revised, go to [sets.saskatchewan.ca/subscribe](https://sets.saskatchewan.ca/subscribe).

To provide feedback or suggest changes to this bulletin, please complete a [Bulletin Survey](#).

Government website: [Saskatchewan.ca](https://saskatchewan.ca)