

NOTIFICATION REGARDING REAL PROPERTY SERVICE TRANSITION RULES

Effective April 1, 2017, PST was applied to services to real property. Taxable services include construction, alteration, repair, erection, demolition, remodeling, improvement, or any other service in relation to real property or a building or other structure on real property.

Amendments to *The Provincial Sales Tax Act* in 2017 included transition rules to address the application of PST in situations where a contract was already in place or work was ongoing at the time of the tax changes. The transition rules and associated criteria are outlined in Information Notices [IN 2017-02, Provincial Sales Tax – Services to Real Property](#) and [IN 2017-17, Land Development and Residential and Commercial Construction Application of PST and Transition Rules](#).

Operating, Maintenance and Rehabilitation Contracts

The transition rules provided under *The Provincial Sales Tax Act* do not include a contract or portion of a contract that provides for any or all of the operation, maintenance and rehabilitation of any improvement that commences or continues after the substantial completion of the improvement. As such, contractors who enter into these operation, maintenance and/or rehabilitation contracts are required to follow the PST legislation in effect as of April 1, 2017. For further reference please see Information Bulletin [PST-12, Information for Businesses Providing Services to Real Property](#).

Subcontractors Working Under “Old PST Rules” Projects

As noted in Information Notice IN 2017-17, for phases of land developments or commercial projects, or homes built for resale that qualify under the PST rules in effect prior to April 1, 2017, all subsequent work that is supplied to that project or phase will fall under the old PST rules.

Therefore, when a contract qualifies under the transition rules as an “old PST rules” contract, subcontractors will not collect PST on the total value of the contract but are required to pay PST on any materials used in the completion of the contract and must bill the developer, builder or general contractor a “PST included” invoice. Please note that all contractors are required to pay PST on consumables, equipment and tools used in contracts under both the old and new legislation.

FOR FURTHER INFORMATION

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Internet: Tax bulletins, forms and information are available at www.sets.saskatchewan.ca/taxinfo.

To receive automatic email notification when this or any other bulletin is revised, go to www.sets.saskatchewan.ca/subscribe.

Government website: Saskatchewan.ca.