

PST-61

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THE PROVINCIAL SALES TAX ACT

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INFORMATION FOR BUSINESSES PROVIDING COMMERCIAL BUILDING CLEANING SERVICES

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.

The changes to this bulletin are indicated by a (I) in the left margin.

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A. DEFINITIONS

Commercial building cleaning services means a janitorial service, a window cleaning service or a carpet cleaning service that is provided in relation to buildings or structures that are not private dwellings, such as schools, restaurants, hospitals, office buildings, hotels/motels and work camps. These services are subject to PST.

Building cleaning services provided with respect to a private dwelling, including window and carpet cleaning services, are not subject to tax. A private dwelling is a residential property that is ordinarily occupied for the purpose of a personal residence and does not regularly cater to the travelling public. Buildings such as student residences, condominiums, nursing homes and apartments are considered to function as residential property, including the hallways and other common use areas in those buildings.

Note: The application of PST does not depend on who you are billing but rather the type of property being cleaned, residential or commercial.

PST must be paid on the purchase cost of all cleaning supplies and equipment used to provide cleaning services, residential or commercial.

B. TAXABLE SERVICES

Taxable commercial building cleaning services include:

- Janitorial services (generally considered to be a package of services related to cleaning and maintaining a commercial building)
- Carpet cleaning
- Window cleaning services

Management or supervisory charges that are invoiced to a client as part of a contract for taxable commercial building cleaning services are considered to be an integral component of the services provided and are therefore subject to tax.

Businesses or self-employed persons who provide taxable commercial building cleaning services are required to be licensed as vendors and collect PST on the charges to their customer. **This includes individuals who are hired on a contract basis to clean commercial buildings such as offices and schools.**

C. EXEMPT SERVICES

The following services are not subject to tax:

- Exterminator services
- Residential cleaning services
- Cleaning services provided by a person to that person's employer in the course of employment (refer to Section D)
- Yard maintenance services including lawn care and snow removal
- Residential carpet and furniture cleaning services
- Chimney and duct cleaning (residential and commercial)
- Cleaning of buildings for federal government departments and agencies
- High pressure washing the exterior of buildings (residential and commercial)
- Cleaning services acquired for resale, providing the vendor's licence number is quoted to the supplier and recorded on the invoice
- Cleaning services provided on reserve to Indian bands or band empowered entities for non-commercial buildings such as schools and hospitals
- Toxic mold cleaning services
- Fire and flood damage cleaning services
- On-site drapery and blind cleaning services (residential and commercial)
- Construction site clean-up services (residential and commercial)

D. RETAIL SALES

A cleaning service provider is required to collect PST on the retail selling price of goods such as paper towels, toilet paper, cleaning products, etc. that are sold to their customers. PST that was paid to the supplier on the cost of those goods may be deducted from the tax collected and the net difference reported when submitting your tax return form.

E. SERVICES PROVIDED BY EMPLOYEES

Services provided by an employee in the course of employment are not subject to tax. For example, school boards are not required to pay tax on the wages of an employee for janitorial services. A person is considered to be an employee when the employer makes regular deductions from wages as required by federal Income Tax regulations.

F. PARTIAL EXEMPTIONS

When cleaning services are provided for both residential purposes and commercial purposes, only the commercial portion is subject to tax. The vendor must separate the charges for commercial use and for residential use on the customer's invoice. If the charges are not identified separately, tax must be collected on the total charge to the customer.

G. GOODS AND SERVICES FOR YOUR OWN USE

Businesses are required to pay tax on purchases of new and used equipment, supplies and taxable services purchased for use in their business operations. Tax is payable as follows:

- When purchased from a licensed supplier, the tax must be paid to the supplier at the time of purchase.
- When purchased from a supplier who did not collect the tax, or when taken from an exempt resale inventory, the tax must be self-assessed and remitted with the regular tax return. This includes goods taken for personal or business use.
- When purchased from an unlicensed supplier located outside Saskatchewan, the tax must be self-assessed and remitted with the regular tax return on the laid down cost, which includes currency exchange, transportation charges, customs and excise duties, and importation charges - but not the GST.

H. 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.

When individuals purchase used goods for personal use, other than vehicles, tax applies to the selling price of the goods less a deduction of \$300 per item. If a trade-in is involved, the purchaser is entitled to a deduction of \$300 or the value of the trade-in, whichever is greater. If the goods are for commercial use, the \$300 deduction does not apply.¹

¹ Information Bulletin PST-58, *Information on the Taxation of Used Goods*

I. TAX CREDIT FOR BAD DEBTS

Businesses may claim a credit for the tax portion of their receivables that are written off as uncollectible. The tax credit should be taken as an internal adjustment in the business's records. Records of the accounts written off and tax credits claimed must be kept for audit verification by the Revenue Division.

J. SASKATCHEWAN ELECTRONIC TAX SERVICE (SETS)

The Ministry of 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 PST 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; and,
- subscribe to an email notification service that allows the option to be notified by email that a tax return should be filed (replaces the paper forms normally received in the mail).

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: sask.tax.info@gov.sk.ca

In-Person: Ministry of Finance
Revenue Division
2350 Albert St
REGINA SK S4P 4A6

Fax: 306-787-9644

Internet: PST bulletins, forms and information are available on the Internet at:
<http://www.finance.gov.sk.ca/taxes/pst>

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