



TaxNewsFlash

Canada

E-Marketplaces — Saskatchewan Clarifies PST Obligations

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Certain e-marketplaces and sellers should review Saskatchewan's new sales tax guidance. The province recently released updated administrative guidelines for provincial sales tax (PST) that clarify the responsibilities of both the marketplace facilitators and marketplace sellers for taxable sales made through an electronic platform. Among other details, Saskatchewan advises that marketplace facilitators are required to register and collect Saskatchewan's PST on all taxable sales made through their platforms since January 1, 2020. However, some marketplace sellers may be relieved of their collection and remittance obligations where they meet certain requirements, under this new administrative guideline.

Background

Saskatchewan enacted PST measures for marketplace facilitators effective January 1, 2020. The province updated various administrative publications relating to these PST measures in late November 2020. Generally, under the PST rules, a marketplace facilitator is defined as a person that makes a marketplace available to a marketplace seller to make a retail sale, and that, directly or indirectly, collects the payment related to that taxable sale. Marketplace facilitators and operators of online accommodation platforms are required to register as "vendors" under the PST rules and collect PST on sales made through their platforms.

Saskatchewan initially announced its intentions to enact these PST registration requirements as part of its 2020 Budget Estimates delivered on March 18, 2020, and again as part of its provincial budget on June 15, 2020 (see *TaxNewsFlash-Canada*

2020-17, "[Highlights of Saskatchewan's 2020-21 Budget Estimates and COVID-19 Relief](#)" and *TaxNewsFlash-Canada* 2020-56, "[Highlights of Saskatchewan's 2020 Budget](#)".)

Marketplace facilitators defined as “vendors”

Marketplace facilitators are considered "vendors" under the PST rules if they collect, directly or indirectly, the payments from consumers or users and remit these payments to a "marketplace seller", regardless of whether the e-commerce platform carries on business in Saskatchewan.

It appears that Saskatchewan has updated its guidance to address the situation where both the marketplace facilitators and the original vendor are required to collect tax on the same supply under the PST legislation.

Saskatchewan notes that the marketplace facilitator is obligated to collect and “remit PST on all taxable sales made through their platforms” (even though the legislation technically defines the facilitator as a “vendor” but does not deem the facilitator to have actually made the sale). In addition, the province advises in this updated guidance that marketplace sellers are relieved of collecting the PST on taxable sales made to consumers in Saskatchewan through platforms of marketplace facilitators, where the sellers ensure that:

- The marketplace facilitators are properly licensed for PST purposes, and
- The marketplace facilitators are collecting and remitting the PST on these taxable sales.

Note that marketplace sellers are still required to obtain a PST license themselves, and collect and remit the PST on all other taxable sales they make, including sales made on a platform where the marketplace facilitator is not licensed for PST purposes.

Saskatchewan’s updated administrative guidance also clarifies the tax status of certain additional fees that marketplace facilitators charge to marketplace sellers, or that are charged to customers.

KPMG observations

Saskatchewan’s updated guidelines are not reflected in the current PST legislation. As a result, marketplace sellers may want to request a comfort letter from Saskatchewan to confirm their PST obligations for taxable sales made through the platforms of marketplace facilitators that are licensed for PST purposes.

Reminder of expanded list of “taxable services”

As a reminder, Saskatchewan has expanded the legislative definition of “taxable services” to include electronic distribution services that are delivered, streamed or accessed through an electronic distribution platform (e.g., website, internet, portal or gateway). As such, businesses that provide such services (e.g., online video games, television shows, and computer services) generally qualify as a vendor under the Saskatchewan PST rules and should be required to collect and remit PST on such taxable services.

KPMG observations

While Saskatchewan’s updated administrative publications resolve some ambiguity on who must collect and remit PST on taxable made through e-commerce platforms, at least from an administrative point of view, some uncertainty remains for non-commercial goods imported into Saskatchewan from outside Canada. Currently, the Canada Border Services Agency (CBSA) collects the PST on non-commercial goods imported into Canada, under an agreement with Saskatchewan. The updated administrative guidelines do not address cases where PST may be collected twice on a particular taxable sale: once by the marketplace facilitator and once by the CBSA.

We can help

Your KPMG adviser can help you assess the effect of the guidelines on your business and provide guidance on how this development might affect you going forward. For more details, contact your KPMG adviser.

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