



TaxNewsFlash

Canada

Saskatchewan — Prepare for New PST Changes

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Businesses may be affected by new provincial sales tax (PST) changes in Saskatchewan, some of which apply as of April 1, 2022. Saskatchewan announced several PST amendments, including as part of its 2022 provincial budget, to subject certain admission and entertainment charges, and credit rating agency services, to PST, while qualifying audiobooks and certain farm equipment and services are PST-exempt. As a result of these changes, businesses that provide these types of goods and services may have to meet new PST registration and compliance obligations. Saskatchewan has released guidance on these PST changes, including transitional rules in some cases.

Background

Saskatchewan announced new tax measures in its 2022 budget on March 23, 2022, including that PST will apply on admission and entertainment charges effective October 1, 2022 and that qualifying audiobooks are PST-exempt effective April 1, 2022. Alongside the budget, Saskatchewan also released guidance in which it noted that new PST exemptions will apply to qualifying farm equipment and certain services and that the PST will apply to credit rating agency services, effective April 1, 2022. For details, see *TaxNewsFlash-Canada* 2022-16, "[Highlights of the 2022 Saskatchewan Budget](#)".

PST on admission and entertainment charges

Many businesses in the entertainment and sports industries, including businesses that organize cultural and sporting events, will be required to start collecting PST on admission

and entertainment charges effective October 1, 2022. Saskatchewan advises that the PST will apply to various types of entertainment and sports activities including, among others:

- Sporting events
- Concerts
- Museums
- Fairs
- Gym memberships
- Golf memberships.

A limited number of activities will be exempt from this change, including school athletic events, amateur theatre productions, and recreational programs, where specific conditions are met.

KPMG observations

Affected businesses should review the transitional rules for transactions that straddle the October 1, 2022 effective date. In general, Saskatchewan notes that PST will not apply to payments for taxable admission or entertainment charges made, or that become payable, prior to October 1, 2022, even if the event occurs after September 2022.

PST exemption on audiobooks

Qualifying audiobook sales are PST-exempt as of April 1, 2022. To qualify for this exemption, the audiobook must be an audio recording of exempt reading materials, which may include books, magazines, periodicals and newspapers that meet certain conditions related to advertising content and the purpose of the material. This new PST exemption does not extend to computer software or electronic devices required to listen to the qualifying audiobooks.

PST on credit rating agency services

Credit rating agency services that provide and distribute credit ratings are subject to PST effective April 1, 2022. This measure applies to services that:

- Relate to a physical location, transaction, activity or contemplated transaction or activity in Saskatchewan, and
- Are provided to a person who resides, ordinarily resides or carries on business in Saskatchewan at the time the service is provided.

Under the related transitional rules, the PST will apply generally to payments for taxable services that are made or become payable on or after April 1, 2022, even if an agreement is entered into before that date.

PST exemption on farm equipment and services

Certain farm equipment and services are PST-exempt, effective April 1, 2022. This exemption applies to the following real property services provided to a farmer or primary producer:

- On-farm dugout excavation for the purpose of spraying, irrigation of crops or watering of livestock
- On-farm trenching for the purpose of installing pipe for irrigation of crops or watering of livestock
- On-farm trenching for the purpose of electrifying grain bins.

In related guidance, Saskatchewan explains that if taxable and exempt services are provided together, businesses must separate the charges and collect PST on the taxable services to ensure any PST-exempt service charges remain exempt.

In addition, the following farm production equipment are PST-exempt as of April 1, 2022 when used directly in a primary farming activity:

- Prefabricated windbreaker panels for use in the protection and handling of livestock (but not lumber, metal, plastic, glass or other components purchased separately by a farmer for the purpose of construction or repair of these panels)
- Insulators for electrified livestock fences.

Saskatchewan's guidance also provides additional details on the meaning of a "primary farming activity".

We can help

Your KPMG adviser can help you assess the effect of these PST changes and point out ways to realize any tax savings. We can also keep you abreast of the progress of these proposals as they make their way into law.

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