

*The
Direct Agent Tax
Remission (1992)
Regulations*

being

Chapter R-22.01 Reg 4 (effective July 1, 1992).

NOTE:

This consolidation is not official. Amendments have been incorporated for convenience of reference and the original statutes and regulations should be consulted for all purposes of interpretation and application of the law. In order to preserve the integrity of the original statutes and regulations, errors that may have appeared are reproduced in this consolidation.

Table of Contents

- 1 Title
- 2 Interpretation
- 3 Remission
- 4 Claims
- 5 Records

CHAPTER R-22.01 REG 4
The Revenue and Financial Services Act

Title

1 These regulations may be cited as *The Direct Agent Tax Remission (1992) Regulations*.

Interpretation

2 In these regulations:

- (a) “**Act**” means *The Education and Health Tax Act*;
- (b) “**die**” means a solid or hollow form used for shaping or marking goods in process by cutting, stamping, pressing or extruding, but does not include a die set or tap set used for cutting threads or any machinery, equipment, apparatus or device to which the die may be attached, or that is necessary to carry out the function or process of the die;
- (c) “**direct agent**” means a material or substance purchased by a manufacturer or processor and consumed to the point of destruction, dissipation or uselessness in the transformation or manufacture of a product by contact or by temporary incorporation into the raw materials being manufactured or processed and includes:
 - (i) abrasives, including grinding balls, wheels and discs, polishing wheels, rotary steel brushes, steel and glass shot, steel wool, emery paper and powder, abrasive paper, sanding discs and belts, and sand used for sand blasting;
 - (ii) carbon electrodes and related casings and rings for furnaces, cottrell rods, dross rakes, furnace pokers, ladle lips, lancing pipe, roaster rabblers and tuyere punchers;
 - (iii) chemicals which come in direct contact with the product being manufactured;
 - (iv) cutting attachments for power and air tools, including drill bits, slot drills, reamers, carbide inserts, shear blades, threading jaws, cut-off blades and honing shoes and honing stones used during the manufacturing process;
 - (v) cutting lubricants;
 - (vi) dies, jigs, moulds, patterns and stencils;
 - (vii) film consumed by photographers in the production of portraits;
 - (viii) items consumed in the manufacturing of printed matter, including:
 - (A) typeset products;

- (B) cuts;
- (C) plates;
- (D) artwork;
- (E) engravings;
- (F) photographic materials;
- (G) negatives;
- (H) film;
- (I) flats;
- (J) paste-ups;
- (K) signatures;
- (L) cylinders;
- (M) separations;
- (N) press blankets;
- (ix) miscellaneous paint supplies such as filters and cans;
- (x) mould sprays;
- (xi) polishing compounds, glues and adhesives;
- (xii) protective materials, including masking tape, striping tape, kraft paper and insulating cement used during the manufacturing process;
- (xiii) refractory brick and materials for relining furnaces and kilns;
- (xiv) rolling mill rolls;
- (xv) silicone release agents applied to baking pans;
- (xvi) water treatment chemicals used to treat water used directly in the manufacturing process; but does not include:
- (xvii) baking pans and sheets;
- (xviii) boiler treatment chemicals;
- (xix) cleaners, including solvents, for cleaning machines used in the manufacturing process;
- (xx) laboratory supplies;
- (xxi) lubricating oils, grease and coolants, except when used as a cutting aid;
- (xxii) materials and supplies such as drill bits, grinding wheels and carbon inserts used to repair equipment, tools and attachments;
- (xxiii) power, air and hand tools;

(xxiv) production machinery and equipment, including repairs or additions to production machinery and equipment;

(xxv) protective materials used in the storage and stacking of parts and raw materials, including corrugated paper, plastic film, parts bags and tags;

(xxvi) tool fixtures, tool holders, boring bars, clamps, springs, shims and set screws;

(xxvii) welders, including nozzles, insulators, cutting tips and cables;

(d) **“jig”** means a device used in the accurate machining of goods in process which holds the goods firmly, and guides the working tools, or which bends the goods in process, but does not include any machinery, apparatus or device to which the jig may be attached or that is necessary to carry out the function or process of the jig;

(e) **“manufacturer or processor”** means a person within Saskatchewan who, in the normal course of his or her business, produces, processes or transforms his or her own goods, or the goods of others, but those business activities do not include:

(i) commercial fishing;

(ii) construction of buildings or other improvements to real property;

(iii) extracting minerals from a mineral resource;

(iv) farming;

(v) logging;

(vi) operating an oil or gas well, extracting petroleum or natural gas from a natural accumulation or processing heavy crude oil recovered from a natural reservoir to a stage that is not beyond the crude oil stage, the synthetic crude oil stage or their equivalents;

(vii) processing gas, if such gas is processed as part of the business of selling or distributing gas in the course of operating a public utility;

(viii) processing ore from a mineral resource to any stage that is not beyond the prime metal stage or its equivalent;

(ix) producing industrial minerals, other than sulphur produced by natural gas;

(x) producing or processing electrical energy or steam, for sale;

(f) **“mould”** means a hollow form into which materials are placed to produce desired shapes, matrices or cavities which shape or form goods in process, but does not include any machinery, equipment, apparatus or device to which the mould may be attached, or that is necessary to carry out the function or process of the mould:

(g) **“tax”** means the tax imposed by the Act;

(h) “**tax rate**” means the tax rate imposed by the Act.

11 Dec 92 cR-22.01 Reg 4 s2.

Remission

3(1) A manufacturer or processor who has paid tax or is liable to pay tax pursuant to subsection 5(5), (6), (9) or (11) of the Act on a direct agent that is purchased, received and consumed in the manufacturing or processing operation by the manufacturer or processor is eligible for a remission of tax in an amount determined in subsection (2).

(2) The amount of remission authorized pursuant to subsection (1) is equal to, in the case of a direct agent purchased, received and consumed:

- (a) between July 1, 1992 and June 30, 1993, the amount by which the tax paid or payable exceeds the amount that would be payable if the tax rate was 5%;
- (b) between July 1, 1993 and June 30, 1994, the amount by which the tax paid or payable exceeds the amount that would be payable if the tax rate was 3%;
- (c) on or after July 1, 1994, the amount equal to the tax paid by the manufacturer or processor.

11 Dec 92 cR-22.01 Reg 4 s3.

Claims

4 A manufacturer or processor who is eligible for a remission of tax pursuant to section 3 may:

- (a) deduct the amount of the remission from the tax he or she is required to report and pay pursuant to the Act and *The Revenue and Financial Services Act*; or
- (b) apply to the minister for payment of the remission if the manufacturer or processor eligible for a remission of tax has no tax to report or pay.

11 Dec 92 cR-22.01 Reg 4 s4.

Records

5 A manufacturer or processor shall repay a remission of tax authorized by these regulations where the manufacturer or processor fails to maintain records satisfactory to the minister to account for each remission claimed by the manufacturer or processor.

11 Dec 92 cR-22.01 Reg 4 s5.