

Information Bulletin

PST-39

Issued: August 1994

Revised: April 10, 2018

THE PROVINCIAL SALES TAX ACT

DIRECT AGENTS

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.

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

The contents of this bulletin are presented under the following sections:

- A. [What are Direct Agents?](#)
- B. [Purchasing Direct Agents](#)
- C. [Qualifying Direct Agents](#)
- D. [Items That Do Not Qualify as Direct](#)
- E. [Businesses Not Eligible for Manufacturers' Exemptions on Direct Agents](#)
- F. [Sales of Used Business Assets](#)
- G. [Saskatchewan eTax Services \(SETS\)](#)

A. WHAT ARE DIRECT AGENTS?

Direct agents are those materials consumed or used by a manufacturer or processor in the transformation or manufacture of a product by contact or temporary incorporation into the raw materials being manufactured or processed.

B. PURCHASING DIRECT AGENTS

Manufacturers, processors and printers are able to purchase direct agents tax free by quoting their vendor's licence number to the supplier. Please note that the activities which are not considered to be manufacturing and processing, for the purposes of this tax exemption, are outlined in section E.

C. QUALIFYING DIRECT AGENTS

Direct agents include:

- dies, jigs, moulds, forms, patterns, and stencils

- 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 stones used during the manufacturing process
- 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
- polishing compounds
- water treatment chemicals used to treat water used directly in the manufacturing process
- mould sprays
- chemicals which come in direct contact with the product being manufactured
- carbon electrodes and related casings and rings for furnaces, cottrell rods, dross rakes, furnace pokers, ladle lips, lancing pipe, roaster rabblers and tuyere punchers
- silicone release agents applied to baking pans
- cutting lubricants
- film consumed by photographers in the production of portraits or prints (photographers must perform their own photofinishing services to qualify for the exemption)
- refractory brick and materials for relining furnaces and kilns
- rolls used in forming products

Direct agents for printers include:

- typeset products
- cuts and dies
- plates
- artwork
- engravings
- photographic materials
- chemicals including developer and activator
- negatives
- film
- flats
- paste-ups
- signatures
- press blankets

For the purposes of the tax exemption on direct agents, the following definitions apply:

- **Die:** 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.
- **Jig:** A device used in accurate machining of goods in process which holds the goods firmly, and guides the working tools, or which bends the goods in process.
- **Mould:** A hollow form into which materials are placed to produce desired shapes, matrices, or cavities which shape or form goods in process.

A die, jig or mould does **not** include any machinery, equipment, apparatus, or device to which the die, jig or mould may be attached, or that is necessary to carry out the function or process of the die, jig or mould.

D. ITEMS THAT DO NOT QUALIFY AS DIRECT AGENTS

Direct agents do not include the following:

- production machinery and equipment, including repairs
- baking pans and sheets
- materials and supplies such as drill bits, grinding wheels and carbon inserts used to repair equipment, tools, and attachments
- power, air, and hand tools
- tool fixtures, tool holders, boring bars, clamps, springs, shims and set screws
- welders, including nozzles, insulators, cutting tips and cables
- laboratory supplies
- protective materials used in the storage and stacking of parts and raw materials, including corrugated paper, plastic film, parts bags, and tags
- boiler treatment chemicals
- lubricating oils, grease, and coolants, except when used as a cutting aid
- cleaners, including solvents
- consumables whose contact with the product being manufactured is only incidental and not part of the manufacturing process (e.g. bearings, seals, gaskets, etc.)

E. BUSINESSES NOT ELIGIBLE FOR MANUFACTURERS' EXEMPTIONS ON DIRECT AGENTS

Businesses are not considered to be a manufacturer or processor, for the purposes of the tax exemption on direct agents, if they perform any of the following activities:

- farming or fishing
- logging
- construction
- operating an oil or gas well, extracting petroleum or natural gas from a natural accumulation thereof or processing heavy crude oil recovered from a natural reservoir to a stage that is not beyond the crude oil stage or its equivalent
- extracting minerals from a mineral resource
- processing ore from a mineral resource to any stage that is not beyond the prime metal stage or its equivalent
- producing industrial minerals, other than Sulphur produced by processing natural gas
- producing or processing electrical energy or steam, for sale
- 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

F. 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.

For further reference please see Information Bulletin [PST-58, Used Goods](#).

G. SASKATCHEWAN eTAX SERVICES (SETS)

Finance has made it possible to report and remit tax electronically through a secure, fast, easy and convenient online self-service portal. Several services are currently available to businesses through SETS (sets.saskatchewan.ca):

- Register for secure, self-managed access to all your tax accounts.
- Apply for a new tax account.
- File and pay returns and amend previously filed returns.
- Make payments on account, including post-dated payments.
- View account balance and statement information.
- Authorize employees or accountants to file on your behalf.
- Receive notifications by email when a tax return should be filed. This replaces the paper forms usually sent in the mail.
- Submit a service request to update the mailing address or add a new business location.
- Submit a service request to receive tax information, interpretations or rulings related to your specific business activities.
- View and download up-to-date tax information promptly.
- Subscribe to receive email notifications when new and revised tax publications are available.

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: sasktaxinfo@gov.sk.ca

Internet: Tax bulletins, forms and information are available at saskatchewan.ca/business-taxes.

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

To provide feedback or suggest changes to this bulletin, please complete a [Bulletin Survey](#).

Government website: Saskatchewan.ca