

## **Additional Questions from Webinar**

### **Can you give more examples of what is considered travel to work?**

Commuting to work is not considered business travel as the tax code is designed to be fair and employees are not allowed to deduct this type of expense. For example if you live ten minutes outside of the city and your business is based inside of the city driving to and from work would not be considered business travel. On the other hand if your business was based from your home and you were driving to clients this would be considered business travel.

### **If an employee drives a company vehicle from home to work each day... does this need to be claimed by them?**

The responsibility is with the employer to ensure that this taxable benefit is included on their T4. See details on operating benefit and standby charge calculations on CRA online.

### **For a cleaning business do we charge GST for residential cleaning?**

Regardless of the cleaning being residential or commercial a business that has registered for GST or has exceeded the \$30,000 gross revenue threshold needs to be charging GST. For Saskatchewan PST purposes, commercial and industrial cleaning is PST taxable. The supplier would be required to obtain a PST vendor license and begin collecting PST.

### **I own a vending machine business and I am still a bit confused about where GST is applied. When I buy the wholesale goods, is GST charged on that? And then when I sell the product and total my sales, do I need to account for GST on the sales as well? When I buy goods from Wholesale Club, they don't seem to charge any taxes, which furthers the confusion.**

It depends on the type of items that you are purchasing from Wholesale club whether or not you will be charged GST. Basic groceries such as milk, bread, and vegetables for example are not subject to GST. Regardless of if GST is paid on purchases if you are registered for GST or have exceeded the \$30,000 gross revenue threshold you need to be collecting GST. Sales through vending machines are subject to GST when sold by a person registered for GST purposes. As a vending machine sale has a predetermined cost the GST would need to be embedded in the sale.

### **If we wholesale physical products to retailers in other provinces do we have to register for a PST number in those provinces? Do we still register if the product is digital?**

Where the purchaser is acquiring goods for further resale, the seller is required to obtain the purchaser's PST licence number to record on the invoice to relieve the seller from the obligation to collect PST. Being required to hold a PST licence number from a PST province depends on if the seller is considered to be carrying on business in that province. If they do not have a physical presence in the

province, they may still be carrying on business but depends on the facts. Both BC and MB may require the seller to be licensed in the province if they are actively soliciting and targeting customers in the particular province. Digital products (e.g. software, licences, music downloads, etc.) may be taxable in some provinces but not others. Whether PST must be collected on the digital goods depends on both the supply made and whether the supplier is required to collect the PST.

### **What are some examples of GST and PST exempt businesses?**

It really depends on the nature of the business, each situation can vary depending on a variety of factors. There can be large penalties for failure to collect and file. If you have concerns you should speak to a professional about the specifics of your business.

### **Should a small business be charging PST on handmade goods?**

Yes, a business needs to be collecting PST on goods unless they are specifically PST exempt. Generally, the sale of new or used goods is a taxable supply. Unless the good is exempted, it will be taxable otherwise.

### **Do I have to pay PST for products that I buy from other provinces and or abroad?**

Yes you are required to self-assess on purchases from out of province or country if they are taxable goods or services that are being used or consumed in your business. If goods or services are acquired out of province for resupply, PST is not payable on the purchase but is likely collectible on the subsequent sale.

### **When I sell my product to other provinces online, do I need to charge PST-for Saskatchewan- or charge PST-for the province the customers live- or both (PST for Saskatchewan and for the province the customers live)?**

PST is a destination based tax. The province where the goods will be delivered or picked up must be considered. If the seller is licenced or required to be licenced in another PST province (e.g.; MB or BC), they would not collect the Saskatchewan PST providing the goods are exported from Saskatchewan by the seller. However, they would collect MB or BC PST if the goods are taxable in that province.

If the seller is not required to collect another province's PST, the purchaser may have the obligation to self-assess and report the PST.

GST/HST must be considered as well. The province where the goods will be delivered or made available determines the rate of the GST/HST that applies. For example, if the seller sold goods to a customer in BC but the goods were shipped to Ontario, the 13% GST/HST applies. If the seller sold goods to a customer in Nova Scotia but the customer made arrangements to pick up the goods in Saskatchewan, the 5% GST/HST applies.