

This Focus update outlines our current implementation plan for Group insurance policy premiums. Details of our implementation plan related to Administrative Service Only arrangements will be shared in a future communication.

Sun Life's next steps for the Saskatchewan PST on group insurance premiums

As previously communicated, Saskatchewan announced that provincial sales tax (PST) of 6% will apply to all insurance premiums with some exceptions. On May 16, 2017, Saskatchewan Finance released further guidance in the revised Information Bulletin ([IN 2017-07](#)) "Provincial Sales Tax on Insurance Premiums". For full details please refer to the bulletin, however here are the highlights:

1. The effective date is now August 1, 2017.
2. Both Individual and Group insurance premiums are subject to the SK PST, with some exemptions. In addition, certain individual policies will be grandfathered.
3. Administrative Services Only (ASO) arrangements are also subject to the SK PST.

Based on details provided in Information Bulletin ([PST-73](#)) "Information for Vendors of Insurance Contracts" (May 31, 2017), the SK PST applies on Group insurance premiums payable, and relate entirely to a coverage period on or after August 1, 2017 using the following criteria:

Employer Premiums – Employer premiums under group insurance are taxable depending on the place of employment, not on residency.

Employee Premiums – Employee premiums under group insurance are taxable depending on both the place of employment and residency. An employee must live and work in Saskatchewan for the employee premiums to be taxable.

Where the employee lives	Where the employee works	Employer premiums	Employee premiums
Saskatchewan	Saskatchewan	Taxable	Taxable
Outside Saskatchewan	Saskatchewan	Taxable	Exempt
Saskatchewan	Outside Saskatchewan	Exempt	Exempt

Exemption: Insurance policies purchased by Status Indians or Indian Bands to insure on-reserve property or activities.

Sun Life has implemented the following immediate solutions for plan sponsors on their group insurance premiums.

If you're a client who receives a billing statement from Sun Life

1. As an interim measure, Sun Life will make SK PST payments based on the estimated tax liability on your behalf, until the month the Saskatchewan 6% PST officially appears on your billing statement.
2. If you choose to include the Saskatchewan 6% PST with your payment, the following steps will occur.
 - For each payment where SK PST is included, the SK PST amount will have to be clearly identified on the remittance form sent with the payment.

Please note: In the absence of clearly identifying this payment, the amount received will be considered a payment of premium only.

3. Once our bills reflect the SK PST, Sun Life will also include a retroactive SK PST adjustment, less any SK PST amounts previously identified and paid, for premiums subject to the SK PST.

If you're a client who prepares their billing statement related to the premium payments you send to us

1. For Group insurance premiums payable and relating entirely to coverage period on or after August 1, 2017, it is expected that you will determine the amount of SK PST payable on your group premium.
 - Saskatchewan 6% PST is payable on all group insurance policy premiums, based on the criteria explained above.
2. You will be required to clearly identify on the billing statement the amount of SK PST that is included with the payment.
3. Sun Life will remit the indicated amount to Saskatchewan.

Questions?

Contact your Sun Life Financial group benefits representative.