

# SASKATCHEWAN PROVINCIAL SALES TAX AT 6%, EFFECTIVE JULY 1, 2017



On March 22, 2017, Saskatchewan announced that provincial sales tax (PST) of 6% will apply to all insurance premiums with some exceptions, such as reinsurance, self-insurance, annuity contracts, and insurance contracts purchased by Status Indians or Indian Bands to insure on-reserve property or activity. This change will be effective July 1, 2017.

## Important information for you and your plan members

According to the [Information Notice](#) issued by the Government of Saskatchewan,

- the sales tax “...will apply to all insurance as defined in The Saskatchewan Insurance Act...”
- guidance on the application and collection of the PST on insurance premiums is being prepared and is expected to be completed by April 30, 2017

We will continue monitoring for any new information that becomes available concerning this announcement and its impact to insurance products Sun Life offers to you and your plan members. We will provide you updates as soon as additional information and clarification becomes available.

For more information, please visit:

[www.finance.gov.sk.ca/revenue/pst/IN2017-07-PSTOnInsurancePremiums.pdf](http://www.finance.gov.sk.ca/revenue/pst/IN2017-07-PSTOnInsurancePremiums.pdf)

[Click here to view the budget.](#)

## Questions?

Please contact your Sun Life Financial Group Benefits representative.

**Life's brighter under the sun**

Group Benefits are provided by Sun Life Assurance Company of Canada, a member of the Sun Life Financial group of companies.



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.

July 21, 2017

## Saskatchewan PST update for Administrative Services Only (ASO)

The following information applies to plan sponsors with Administrative Services Only (ASO)

Based on details provided in Information Bulletin ([PST-73](#)) “Information for Vendors of Insurance Contracts” (May 31, 2017), the Saskatchewan (SK) PST applies to Administrative Services Only (ASO) during a coverage period on or after August 1, 2017.

The Information Bulletin further explains that the SK PST is payable on the due date of the payment and will be determined based on the funding status of the plan, where:

- The plan sponsor must designate in writing whether the benefits plan is intended to be a funded or an unfunded benefits plan. This designation will remain in effect until the plan sponsor provides written notice that a change in funding status has occurred.
- Sun Life, as the ASO administrator, can rely on the plan sponsor’s written election of funded or unfunded status to determine how to charge, collect and remit SK PST (Sun Life’s *Declaration of Funding Status* form).
- The Saskatchewan Finance Department will accept the agreement entered into between the plan holder and the administrator as sufficient evidence of the designation.

The SK PST is also payable on all dues, assessments, transaction fees, processing fees, policy fees, administration fees and any other consideration due for the administration or servicing with respect to the contract.

### Next steps if you are a plan sponsor with ASO

Sun Life has implemented the following immediate solutions for our plan sponsors on their ASO arrangements:

1. As an interim measure, Sun Life will make estimated SK PST payments to the province of SK on the plan sponsor’s behalf until the month the Saskatchewan 6% PST officially appears on the ASO Statements/Invoices.
2. For plan sponsors who include the Saskatchewan 6% PST with their payment, the gross payments will be applied to the ASO plan and the funds will be used to offset the initial SK PST charged to the ASO invoice.
3. Once our ASO statements/invoices reflect the SK PST, Sun Life will include a retroactive SK PST adjustment.

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4. Declaration of Funding status requirement: Since our current administration process collects declaration of funding status from ASO plan *sponsors with Ontario (ON) and/or Quebec (QC) content, we are implementing the following:*
- If you already provided this designation because you are a plan sponsor with ON and/or QC content – the current funding designation assigned to each ASO arrangement can be found on the ASO statements/invoices issued.
  - For all other plan sponsors – we will contact plan sponsors only where Sun Life has identified a signed *Funding Declaration Forms* is required as a result of the SK PST changes.

## Questions?

Contact your Sun Life Financial group benefits representative.