

THE RETAIL SALES TAX ACT:

PERSONAL SERVICES

Effective December 1, 2021, RST will no longer apply on personal services, with the exception of tanning services. RST will continue to apply to tanning services via ultraviolet light emitting devices.

This bulletin outlines the changes and provides information on registration, reporting requirements and tax on purchases as they relate to vendors of these services.

SECTION 1: NON-TAXABLE AND TAXABLE SERVICES:

Effective December 1, 2021, the following personal services are non-taxable and taxable:

Non-taxable Services

Hair services, including haircuts (including shaving services and beard/moustache trimming) hairstyling, conditioning, perms, wash and sets, blow-drying, up-dos, colouring, and highlights. Hair extensions, weaving, eyelash extensions, brow and lash tints and treatments, hair augmentation services and hair removal services.

Skin care and aesthetician services including nail services, facials, laser skin treatments, make-up services, skin exfoliation, body polishes, microdermabrasion, scrubs, wraps and peels.

Body modification services including ear and body piercing, permanent and temporary tattoos, tattoo removal, scarification and body branding.

Spa services including scalp treatments, hydrotherapy, foot detox, mud baths and wraps, sauna and steam bath services, aromatherapy, bathing, Vichy showers and teeth whitening.

Cosmetic injection procedures.

Massage therapy, acupuncture, physiotherapy, reflexology, ear candling and chiropractic treatments.

Children's face painting and children's temporary tattoos.

Taxable Services

Tanning services via ultraviolet light emitting devices.

SECTION 2: PURCHASES BY PERSONAL SERVICE PROVIDERS:

Goods for Resale

Goods purchased for resale to customers for their own use (ex. shampoo, skin care products) and non-returnable packaging (ex: shopping bags) can be purchased exempt of RST. In order to receive the exemption, service providers must provide their Manitoba seven-digit RST number to their supplier, who must record it on the sales invoice.

Goods and Services for Business Use

Businesses are required to pay RST on all purchases of equipment, supplies and taxable services acquired for their own use in operating their business. Examples are service equipment (ex. salon beds and furniture, styling stations, wash units, hair dryers, carts, trolleys, laser equipment, tanning beds); cutting and shaving tools (ex: clippers, trimmers, shears, scissors); accessories (ex. towels, basins, brushes, makeup applicators, gloves, capes); office equipment, signs, brochures, forms and other stationery, computer software, promotional items, uniforms, building cleaning supplies, accounting services and equipment repair services.

Taxable supplies and materials consumed in providing a personal service include:

Hair service supplies such as colouring caps, conditioner, shampoo, cotton coil, end paper, foil, hair colouring products, hi-lighting caps, perm solution, petroleum jelly, razor and clipper blades.

Pedicure, manicure & hair removal supplies such as applicators, depilatory wax, bits for electric nail files, epilating rolls and strips, gel, nail polish and top coat, nail tips, exfoliating gloves, emery boards, electrolysis needles, pumice stone, sugaring paste/products, sanding bands, toe separators.

Spa supplies such as body wrap products, cleansers, exfoliation materials, masks, moisturizer, mud, peels and toners.

Tattoo supplies such as bactine, ink, masking tape/transpore tape, petroleum jelly, rubbing alcohol, saran wrap/tatu-derm, skin makers, stencil paper, stencil stuff and similar products, surgical soap and tattoo needles.

Suppliers should be notified that RST should be charged on purchases of these goods made on or after December 1, 2021.

Registered vendors are not permitted to use their Manitoba seven-digit RST number to purchase taxable goods or services for their own use exempt from RST.

SECTION 3: GIFT CARDS, GRATUITIES AND SALES OF TAXABLE GOODS:

Gift cards that are sold that have a specific dollar value and are not for a specific service are treated like cash on redemption. RST is not applicable when the gift certificate/card is purchased. Instead, RST is collected on the total value of the taxable goods or services that are sold when the certificate/card is redeemed.

Gratuities that are shown separately on the bill, or paid separately by the customer, are not regarded to be part of the selling price of the service, and are not taxable.

Many businesses that sell the above services also sell taxable goods to their clients such as food and beverages, shampoo, nail polish, grooming appliances, and cleansing products. These products are subject to RST when sold to the final consumer. The sales of these goods must be segregated on the invoice and businesses must collect and remit the tax on sales of these taxable goods. See Bulletin No. 030 – Summary of Taxable and Exempt Goods and Services for more information.

Section 4 - REGISTRATION REQUIREMENTS AND OTHER INFORMATION

Businesses providing taxable tanning services and/or selling taxable goods are required to register for RST purposes and can apply online at Manitoba.ca/TAXcess. Applications for registration are also available on our web-site or by contacting the Manitoba Finance office listed at the end of this bulletin.

Vendors are encouraged to use Manitoba Finance's online service - TAXcess at manitoba.ca/TAXcess. TAXcess provides a simple, secure way to apply for, and to file, pay and view your Manitoba Finance tax accounts. Further information on filing returns is available in Bulletin No. 004 – Information for Vendors.

Small businesses, with annual taxable sales of goods and services under \$10,000, are not required to register and collect RST, provided that they purchase all taxable goods and services used in their business from vendors that collect Manitoba RST. (Businesses that use out of province suppliers will generally not be eligible for this exception and must register to collect the tax).

Eligible businesses that project that their annual taxable sales will be under the threshold can choose not to register and collect RST. These businesses are required to:

- pay RST to their suppliers on all taxable goods and services purchased for their own use;
- pay RST on all taxable goods and services purchased for resale, and
- keep records of their sales.

Business whose annual taxable sales are expected to fall below the \$10,000 threshold may elect to cancel their registration. On cancellation, 7% RST must be calculated and remitted on the purchase price of inventory held for resale, if any.

Unregistered businesses under the \$10,000 threshold will be required to register and collect RST after their annual sales exceed \$10,000.

Please refer to RST Information Notice - Registration Requirement Eliminated for Small Business for more information.

Record Keeping

All businesses are required to keep and maintain adequate records and to make them available for audit or inspection purposes. For more information, please refer to Information Bulletin No. 016 - Record Keeping and Retention Requirements.

Sale of a Business or Part of a Business

Manitoba Finance must be notified every time a business or part of a business is sold. The seller must apply for a clearance certificate that certifies that all applicable taxes have been paid and they must supply a copy of the certificate to the purchaser.

The purchaser of the business or part-business is required to pay RST on the purchase price of the acquired taxable assets. Assets that are subject to RST include the following:

- Tools and equipment,
- Furniture,
- Shelving,
- Office equipment.

For more information on selling a business, please refer to The Tax Administration and Miscellaneous Taxes Act and Information Bulletin No. TAMTA 002 Bulk Sales – Buying and Selling Business Assets.

FURTHER INFORMATION:

This bulletin is intended to serve as a guideline and is not all-inclusive. For the specific wording of the law, please refer to The Retail Sales Tax Act and Regulations. Further information may be obtained from:

Winnipeg Office

Manitoba Finance
Room 101, 401 York Avenue
Winnipeg, Manitoba R3C 0P8
Telephone: 204-945-5603
Manitoba Toll-Free: 1-800-782-0318
Fax: 204-945-0896
E-mail: MBTax@gov.mb.ca
Web Site: <https://www.manitoba.ca/finance/taxation/>

Westman Regional Office

Manitoba Finance
314, 340-9th Street
Brandon, Manitoba R7A 6C2
Fax: 204-726-6763

ONLINE SERVICES:

Our Web site [here](#) provides tax forms and publications about taxes administered by Manitoba Finance and a link to Manitoba's laws and regulations. Forms and publications can also be obtained by contacting Manitoba Finance.

TAXcess, our online service [here](#) provides a simple, secure way to apply for and to file, pay and view your Manitoba tax accounts.