

Calculating Sales Tax



Objective

In this lesson, you will

Different Rates for Different States

States need money to provide public _____, programs, and _____ to their citizens.

They collect this money by charging, or _____, various taxes on their citizens.



A _____ tax is one type of tax that a state government levies. It is a fee charged on _____, _____, and activities. Sales-tax rates _____ from state to state, and some states do not levy a sales tax at all.

How to Calculate Sales Tax

Once you know what the sales-tax rate is in your area, you can calculate how much sales tax you need to pay.

Example: Calculate how much sales tax you need to pay on a T-shirt priced at \$14.50. We'll say that the sales-tax rate is 6.5 percent.

Step 1: Convert the sales-tax rate to a _____ number.

6.5% → _____

Step 2: _____ the price by the decimal number.

$\$14.50 \times 0.065 = \$$ _____

Result: You pay a sales tax of _____ cents on the T-shirt.

Once you know the sales-tax rate, you can calculate the total amount you need to pay for an item, including the sales tax.

Method 1	Method 2
Step 1: Convert 6.5% to a decimal.	
Step 2: _____ 0.065 with \$14.50.	Step 2: _____ 1 to 0.065.
Step 3: _____ 0.94 to \$14.50.	Step 3: _____ 1.065 with \$14.50.
Result: \$ _____	

If you are buying more than one item, how do you calculate the total cost for them?

Step 1: Add the prices of all of the items.

Step 2: Convert the sales-tax rate into a decimal number and add 1 to it.

Step 3: Multiply this sum by the total price of all of the items.

How to Calculate the Sales-tax Rate

Sue is paying a total of \$37.77 for a jacket. The price of the jacket is \$35.80. She knows how to calculate the amount of sales tax she is paying for the jacket, but she wants to know how to calculate the sales-tax rate.

Step 1: Find the _____ by subtracting the price of the jacket from the total amount paid.	$\$37.77 - \$35.80 = \$$ _____
Step 2: Divide the sales tax by the price.	$\$$ _____ \div $\$35.80 =$ _____
Step 3: Convert the quotient to a percent.	$0.055 \times 100 =$ _____
Result: The sales-tax rate on Sue's jacket is _____ %.	

Summary

What is the sales tax in your state and how does it compare to a neighboring state?