

Grade 9

WEEK 11

Lesson # 2

Topic: Consumer Arithmetic

Sub-Topic: Sales Tax

Objectives:

Students will:

- ✓ Understand terms used in everyday shopping life;
- ✓ Calculate sales tax with little difficulty;

Content:

What is Sales Tax?

One way that governments raise money is through **sales tax**. A sales tax is a fee that is added to the price of an item. When you buy an item that is taxed, you pay the cost of the item plus the sales tax. For example, if you bought a video game that costs \$20, and there is \$1.20 tax on the video game, you would have to pay \$21.20 (\$20.00 + \$1.20) to buy it. The store selling the game keeps the \$20 and the \$1.20 tax goes to the government. Governments use sale taxes to pay for roads, schools, emergency, and other services for citizens.

CALCULATING SALES TAX			
COST OF ITEM	X	SALES TAX RATE IN DECIMAL FORM	= SALES TAX TO BE PAID

CALCULATING FINAL COST OF AN ITEM			
COST OF ITEM	+	SALES TAX TO BE PAID	= TOTAL COST OF ITEM

Example 1: The price of a new car is \$29,990. If the sales tax rate is 6.5%, then how much sales tax is being charged? What is the total cost for the car including tax?

Solution: $(\$29990) \times (6.5 / 100) = \1949.35 .

Answer: The sales tax is \$1949.35 and the total cost is $\$29,990.00 + \$1949.35 = \$31,939.35$.

Reference:

<https://www.investopedia.com/terms/s/salestax.asp>

Exercise:

== Exercise 5i ==

1. A DVD game player is priced at \$2 800 plus value added tax (VAT) at 15%. How many dollars does the DVD game player actually cost the customer?
2. A man buys a television set, at a price exclusive of sales tax, for \$2 124. If sales tax of 12% is charged, how much money does the man pay?

3. An airline ticket to New York is priced at \$1 232.10 inclusive of 11% sales tax. What amount would the airline ticket cost exclusive of sales tax?
4. A refrigerator is priced at \$3 800 plus value added tax (VAT) at 15%. What amount does the refrigerator actually cost the customer?
5. A computer is priced at \$5 800 plus value added tax (VAT) at 15%. What amount does the computer actually cost the customer?
6. The customs duty on imported vehicles is 30% of the price paid by the importer.
 - (a) Calculate the customs duty on a car for which the price paid by the importer is \$8 500.
 - (b) Calculate the price paid by the importer for a bus for which the amount paid, including customs duty, is \$15 600.
7. An airline ticket to Miami is priced at \$994.75 inclusive of 15% sales tax. What amount would the airline ticket cost exclusive of sales tax?
8. A stove is priced at \$1 495 inclusive of 15% VAT. What amount is the price exclusive of VAT?
9. A woman bought a stove for \$1 035 exclusive of VAT. If VAT of 15% is charged, what amount did she actually pay for the stove?
10. A

Solution:

Exercise 5i

- | | |
|-----------------|---------------|
| 1. \$3 220 | 2. \$2 378.88 |
| 3. \$1 110 | 4. \$4 370 |
| 5. \$6 670 | |
| 6. (a) \$2 550 | (b) \$12 000 |
| 7. \$865 | 8. \$1 300 |
| 9. \$1 190.25 | 10. \$41 328 |
| 11. (a) \$1 000 | (b) \$55 800 |