Lesson | Understanding and Calculating Sales Tax

Explore the concept of sales tax— and why where you live affects the cost of things you buy.

**Objective**

Students will calculate percentages to figure out sales tax, and compare shopping costs based on different tax rates.

**Standards**

Common Core Math
6.RP.A.3C Find a percent of a quantity; solve problems involving finding the whole, given a part and the percent.

**Time**

40 minutes

**Materials**

- Figure Out the Sales Tax! activity sheet
- Scholastic Study Jams video about percents and sales tax: bit.ly/2OPRjIN
- Number cubes
- Sample receipt image, such as at bit.ly/37nop9x
- Calculators (optional)

1 **Tell** the story of three cousins, Pam, Cam, and Sam, who all bought the same video game for the same price: $25. But they paid three different total amounts because of where they live. Ask: *How could this be?* Activate prior knowledge by having students recall sales receipts they’ve seen. Have they ever bought an item and found there was an extra cost?

2 **Introduce** the concept of sales tax by showing a sample receipt. Point out the subtotal and tax lines, and explain that sales tax is a percentage of the price that is added to the original cost. Each state decides how much sales tax to charge on certain items; states use the money to pay for public services like roads and schools. Some states also have city or other local sales taxes added to the state sales tax.

3 **Demonstrate** how to calculate sales tax from different states on the game:

- Pam: Maine sales tax is 5.5%, which adds $1.38 for a total price of $26.38.
  - **Step 1:** $25 × 0.055 = $1.375.
  - **Step 2:** $25 + $1.375 = $26.38 rounded.
- Cam: Indiana sales tax is 7%, which adds $1.75 for a total price of $26.75.
- Sam: New Orleans, Louisiana, has state taxes and local taxes that add up to a sales tax percentage of 9.45%, which adds $2.36 for a total price of $27.36.

4 **Show** Scholastic Study Jams video on calculating percents and sales tax.

5 **Have** students complete the Figure Out the Sales Tax! activity sheet. Then discuss to reinforce concepts. Ask: *For every dollar, sales tax adds ___ cents in our city, so what amount is added for every 10 dollars?* (Remember, if sales tax is 5%, that means $0.05 for every dollar.) When we know the tax amount paid (say, $21), how can we use proportional reasoning to find the original cost?

6 **Assess** with an exit slip. Tell students: *The clerk at a small store calculated my receipt by hand. I bought items for $1, $5, and $4. The sales tax is 5%. The clerk charged me $15.* Have students write a sentence on whether this “feels right” using mental math, and how the clerk should fix the error. (Answer: Sales tax on $10 is $0.50, but the clerk made a place-value error and added $5 to the subtotal. The correct total is $10.50.)

**Extensions**

Students can build their knowledge of common financial literacy terms with our digital flashcards, which include definitions and examples. Available in study mode and quiz mode at scholastic.com/regions/cashcards.

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Figure Out the Sales Tax!

Find the sales tax on different items—then learn a quick mental math strategy for calculating percentages.

**Roll a number cube** and write the number in the sales tax percentage column. Roll the number cube again until you have filled the column. Use a calculator to find how much sales tax will be added, and the total cost.

<table>
<thead>
<tr>
<th>Item</th>
<th>Item Cost</th>
<th>Sales Tax %</th>
<th>Sales Tax Amount</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Video game</td>
<td>$39.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set of markers</td>
<td>$11.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Skateboard</td>
<td>$55.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Set of books</td>
<td>$44.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Take it further.** Write your answers on the lines below.

1. What is the amount of a 1% sales tax on the video game that costs $39.00? ________________________
2. What is 1% of the $11.00 markers? ________________________
3. What pattern do you observe? ________________________

**TIPS**

- **Use mental math** to quickly find 1% of a number: Move the decimal point two spaces to the left, which is equivalent to dividing the number by 100. Once you have 1%, you can double it to find 2%, etc.
- **To double-check** that you’re moving the decimal in the correct direction, remember that you want to end up with a number that is smaller than the original number, since 1% is just a small amount of the whole.

4. **Final challenge:** Now that you can find a 1% and 2% sales tax, how can you use mental math to find 3%, 4%, 5%, and 6% tax?