Financial Literacy:

# How to calculate sales tax:

In BC you spend a total of 12% on sales tax.

* That means for every $1.00 you spend, you need to add another 12 ¢ for sales tax.
* So, a $1.00 initial purchase becomes $1.12.

To calculate the **amount spent in tax** on a purchase you multiply your original cost by 0.12

* This is because 12% is equal to 0.12 in decimal form.

Let’s try

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| Example: |
| You spend $5 on a bracelet. How much will you need to spend in tax?    $5 x0.12 |
| You spend $12.50 on a pizza. How much will you need to spend in tax? |

# How to find the total cost (tax included).

**Option 1:**

Calculate sales tax then add it to your original purchase.

* Review adding decimal notes

**Option 2:**

Calculate sales tax into original cost.

* rather than multiplying the cost by 0.12, you multiply it by 1.12
* this accounts for the 100% cost of the product plus the %12 cost of the tax

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| Example: |
| 1. Joey spends $14 on food at the restaurant. How much will he spend in total (tax included). |
| 1. Suzzy spends $25.50 on a movie. How much does she spend with tax included? |