

\$967 But On Sale For 5% Off. After 1% Sales Tax, What Was The Total Cost?

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Understanding how discounts and sales taxes impact the total purchase price is essential for consumers aiming to make informed buying decisions. If you're eyeing a product originally priced at \$967 but are considering a 5% discount along with a 1% sales tax, you might wonder: What is the actual total cost you will pay? In this comprehensive guide, we will break down the calculations step-by-step to help you understand how to determine the final amount owed after applying the discount and sales tax. Whether you're a shopper, a small business owner, or simply interested in financial literacy, this article will clarify the process and provide useful insights.

Understanding the Basic Components

Before diving into the calculations, it's important to understand the key elements involved:

Original Price

- The initial listed price of the product or service before any discounts or taxes.
- In this case: \$967.

Discount Percentage

- The percentage reduction offered on the original price.
- Here: 5%.

Sales Tax Rate

- The percentage added to the purchase price by the government or local authority.
- In this scenario: 1%.

Step-by-Step Calculation Process

Let's go through the process systematically:

Step 1: Calculate the Discount Amount

The discount amount is derived by multiplying the original price by the discount percentage:

Formula:

Discount Amount = Original Price × (Discount Percentage / 100)

Calculation:

Discount Amount = \$967 × (5 / 100) = \$967 × 0.05 = \$48.35

Step 2: Determine the Discounted Price

Subtract the discount amount from the original price to find the sale price before tax:

Formula:

$$\text{Sale Price Before Tax} = \text{Original Price} - \text{Discount Amount}$$

Calculation:

$$\text{Sale Price Before Tax} = \$967 - \$48.35 = \$918.65$$

Step 3: Calculate the Sales Tax

Apply the sales tax rate to the discounted price:

Formula:

$$\text{Sales Tax} = \text{Sale Price Before Tax} \times (\text{Sales Tax Rate} / 100)$$

Calculation:

$$\text{Sales Tax} = \$918.65 \times (1 / 100) = \$918.65 \times 0.01 = \$9.19$$

Step 4: Determine the Total Cost

Add the sales tax to the discounted price to get the final amount payable:

Formula:

$$\text{Total Cost} = \text{Sale Price Before Tax} + \text{Sales Tax}$$

Calculation:

Total Cost = \$918.65 + \$9.19 = \$927.84

Summary of the Calculation

Step	Calculation	Result
Original Price	—	\$967.00
Discount (5%)	$\$967 \times 0.05$	\$48.35
Price after Discount	$\$967 - \48.35	\$918.65
Sales Tax (1%)	$\$918.65 \times 0.01$	\$9.19
Final Total Cost	$\$918.65 + \9.19	\$927.84

The total amount you will pay after applying a 5% discount and adding 1% sales tax is \$927.84.

Additional Considerations

While the above calculations provide a clear picture, here are some additional factors to consider:

1. Tax Calculation Methods

- Some regions calculate sales tax on the original price before discount.
- Others apply tax after discounts.
- In our scenario, tax is applied after the discount, which is common in many jurisdictions.

2. Rounding Rules

- Financial transactions often involve rounding to the nearest cent.
- Minor differences may occur depending on rounding policies.

3. Promotional Offers and Exceptions

- Some sales may exclude taxes or discounts.
- Always verify the specific terms of the sale.

Practical Applications and Tips

Understanding these calculations can help you:

- Budget effectively: Know exactly how much a discounted item will cost after tax.
- Compare prices: Calculate total costs across different products or stores.
- Avoid surprises: Be aware of how taxes and discounts influence final prices.
- Negotiate better deals: Use knowledge of calculations to negotiate discounts or inquire about tax inclusions.

FAQs About Calculating Final Purchase Price

Q1: Should I calculate sales tax before or after applying the discount?

A: Typically, sales tax is calculated after the discount, as shown in our example. However, always check local regulations, as some areas tax the original price.

Q2: What if the sales tax rate changes?

A: Simply replace the 1% rate in the calculation with the new rate to find the new total.

Q3: How do I calculate the total cost for multiple items with different prices and discounts?

A: Calculate each item's discounted price and sales tax separately, then sum all totals for the final amount.

Conclusion

After applying a 5% discount on a \$967 product and adding 1% sales tax, the final total cost amounts to \$927.84. This process involves calculating the discount, subtracting it from the original price, then applying the sales tax to the discounted amount. Understanding these steps allows consumers to make informed purchasing decisions, budget accurately, and avoid unexpected expenses. Remember, always verify local tax laws and promotional terms to ensure precise calculations. With this knowledge, you can confidently navigate sales, discounts, and taxes in any shopping scenario.

Frequently Asked Questions

How do I calculate the total cost of an item after a discount and sales tax?

First, subtract the discount from the original price to find the sale price, then add the sales tax to this amount to get the total cost.

What is 5% off of \$967?

5% of \$967 is \$48.35, so the sale price is $\$967 - \$48.35 = \$918.65$.

How much is the 1% sales tax on the discounted price?

The sales tax is 1% of \$918.65, which equals approximately \$9.19.

What is the total cost after applying the discount and adding sales tax?

Total cost = $\$918.65 + \$9.19 = \$927.84$.

Is it better to buy the item on sale or at full price?

Buying on sale saves you money, as the discounted price plus tax is lower than paying full price without discounts.

How do I find the final amount if the discount and tax percentages change?

Calculate the discount amount first, subtract it from the original price, then apply the new sales tax percentage to the discounted price.

Can I estimate the total cost without detailed calculations?

Yes, by approximating 5% of \$967 as about \$48.35 and 1% of the sale price as about \$9, then summing these for quick estimates.

What is the significance of understanding discounts and sales tax in shopping?

Understanding these helps you know the actual amount you'll pay, enabling better budgeting and comparison shopping decisions.

Additional Resources

Understanding the Final Price: Calculating the Cost of a \$967 Item with a 5% Discount and 1% Sales Tax

When shopping for products, especially high-value items, understanding how discounts and taxes influence the final purchase price is essential. In this article, we will delve into a specific scenario: purchasing an item priced at \$967, which is on sale for 5% off, and then applying a 1% sales tax. This comprehensive breakdown will help shoppers and consumers grasp the step-by-step process of calculating the total cost, ensuring transparency and confidence in their purchasing decisions.

The Original Price: Setting the Context

Before diving into discounts and taxes, it's important to establish the baseline—the original price of the product.

- Original Price: \$967

This amount represents the standard retail price before any discounts or taxes are applied. It serves as the starting point for our calculations.

Step 1: Applying the 5% Discount

Most sales involve discounts intended to attract buyers and reduce the effective purchase price. Here, the discount is 5%, which significantly impacts the total.

Calculating the Discount Amount

The amount of discount can be computed by multiplying the original price by the discount percentage:

$$\text{Discount} = \text{Original Price} \times \frac{\text{Discount Percentage}}{100}$$

Plugging in the values:

$$\text{Discount} = 967 \times \frac{5}{100} = 967 \times 0.05 = \$48.35$$

Determining the Sale Price After Discount

Subtract the discount from the original price to find the discounted price:

$$\text{Sale Price} = \text{Original Price} - \text{Discount}$$

$$\text{Sale Price} = 967 - 48.35 = \$918.65$$

Key Takeaway: After applying a 5% discount, the item costs \$918.65.

Step 2: Calculating the 1% Sales Tax

Sales tax adds an additional layer of cost to the purchase. Here, the tax rate is 1%, applied after discount.

Calculating Tax Amount

Apply the 1% tax rate to the discounted price:

$$\text{Sales Tax} = \text{Sale Price} \times \frac{1}{100} = 918.65 \times 0.01 = \$9.1865$$

For practical purposes, sales tax is typically rounded to the nearest cent:

$$\begin{aligned} & \text{Sales Tax} \approx \$9.19 \end{aligned}$$

Final Total Cost Calculation

Add the sales tax to the discounted price:

$$\begin{aligned} & \text{Total Cost} = \text{Sale Price} + \text{Sales Tax} \end{aligned}$$

$$\begin{aligned} & \text{Total Cost} = 918.65 + 9.19 = \$927.84 \end{aligned}$$

Key Takeaway: The total amount payable, including 1% sales tax, is \$927.84.

Step 3: Summary of the Calculation Process

Step	Calculation	Result
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Original Price	—	\$967.00
Discount (5%)	967×0.05	\$48.35
Price After Discount	$967 - 48.35$	\$918.65

| Sales Tax (1%) | 918.65×0.01 | \$9.19 |

| Final Total | $918.65 + 9.19$ | \$927.84 |

This table summarizes the entire process, making it clear how each component influences the final price.

Additional Considerations in Price Calculation

While the above calculations provide a straightforward approach, there are other factors shoppers should be aware of:

1. Rounding Rules

- Currency Rounding: Most retailers round to the nearest cent. Be aware that some regions or stores might have different rounding policies, which could slightly alter the final amount.
- Tax Rounding: Sales tax is usually rounded to two decimal places, but in rare cases, it might be truncated or rounded differently.

2. Multiple Discounts or Promotions

- Combining multiple discounts might require sequential calculations, where the second discount applies to the already discounted price.
- Some stores offer promotional codes, which may have different application rules.

3. Tax Exemptions and Variations

- Certain items or buyers (e.g., nonprofits, educational institutions) might be exempt from sales tax.
- Tax rates vary by jurisdiction; some areas might have higher or lower rates.

4. Price Transparency and Consumer Rights

- Always verify whether the advertised discount applies before taxes are added.
- Check if the store displays the final price inclusive of taxes to avoid surprises at checkout.

Practical Implications for Consumers

Understanding these calculations enables consumers to:

- Budget Accurately: Knowing the exact total cost helps in planning finances.
- Compare Prices Effectively: When evaluating different products or stores, factoring in discounts and taxes provides a clearer comparison.
- Negotiate and Inquire: If the final price exceeds expectations, consumers can inquire about additional discounts or tax exemptions.

Conclusion: Final Cost Breakdown

In summary, purchasing a \$967 item with a 5% discount and 1% sales tax results in a total cost of approximately \$927.84. This illustrates the importance of understanding each element—discounts and taxes—in price calculations. Whether you're an avid shopper, a business owner, or simply curious about how pricing works, mastering these calculations empowers you to make informed financial decisions.

Remember: Always verify the latest tax rates and discount policies, as these can vary over time and between jurisdictions. By doing so, you ensure that your calculations remain accurate and your purchasing experience remains transparent and satisfying.

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