

Percy Paid \$24. 10 For A Basketball. The Price Of The Basketball Was \$22. 99. What Was The Sales Tax

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When it comes to shopping for sports equipment, understanding how sales tax impacts the final price is essential. In this scenario, Percy purchased a basketball with a listed price of \$22.99 and paid a total of \$24.10. The difference between the purchase price and total amount paid reveals the amount of sales tax added during the transaction. This article explores how to determine the sales tax percentage, the importance of sales tax in retail transactions, and how to approach similar calculations in everyday shopping.

Understanding the Components of the Purchase

Before diving into the calculations, it's important to understand the basic components involved in this purchase:

1. Listed Price of the Basketball

- The original retail price is \$22.99.
- This is the price set by the retailer before any taxes or additional fees.

2. Total Amount Paid

- Percy paid a total of \$24.10.
- This amount includes the listed price plus any applicable sales tax.

3. Sales Tax

- The additional amount added to the purchase price as tax.
- Calculated as a percentage of the listed price.

Calculating the Sales Tax Amount

To find the sales tax Percy paid, subtract the listed price from the total amount paid:

Sales Tax = Total Paid - Listed Price

Applying the values from the scenario:

$$\text{Sales Tax} = \$24.10 - \$22.99 = \$1.11$$

Percy paid \$1.11 in sales tax for the basketball.

Determining the Sales Tax Rate

Knowing the sales tax amount and the original price allows us to find the sales tax rate as a percentage.

Step-by-Step Calculation:

1. Set Up the Formula

$$\text{Sales Tax Rate (\%)} = (\text{Sales Tax} / \text{Listed Price}) \times 100$$

2. Input the Values

$$\text{Sales Tax Rate} = (\$1.11 / \$22.99) \times 100$$

3. Perform the Division

$$\$1.11 \div \$22.99 \approx 0.0483$$

4. Convert to Percentage

$$0.0483 \times 100 \approx 4.83\%$$

Conclusion: The sales tax rate applied to the basketball was approximately 4.83%.

Why Is Knowing the Sales Tax Rate Important?

Understanding the sales tax rate is useful for several reasons:

- Budgeting: Helps consumers estimate total costs before shopping.
- Tax Compliance: Assists retailers in ensuring they are collecting the correct amount of tax.
- Price Comparisons: Allows consumers to compare total costs across different stores or regions, especially since sales tax rates can vary.

Variations in Sales Tax Rates

Sales tax rates are not uniform across all regions. They can differ based on:

- State and local government regulations
- Specific city or county taxes
- Special district taxes for transportation, education, or other services

For example:

- Some states have no sales tax at all.
- Others might have rates exceeding 9%, especially in urban areas.

It's important to verify the applicable tax rate in your specific location.

How Retailers Apply Sales Tax

Sales tax is typically calculated as a percentage of the purchase price. Retailers are responsible for:

- Calculating the tax based on the current rate
- Adding it to the listed price at checkout
- Remitting collected taxes to the relevant government authorities

In some regions, sales tax is included in the listed price (known as "tax-inclusive pricing"), but in Percy's scenario, the listed price was exclusive of tax, as evidenced by the total being higher than the listed price.

Understanding Tax-Inclusive vs. Tax-Exclusive Pricing

- Tax-Exclusive Pricing: The listed price does not include sales tax; it is added at checkout.
- Tax-Inclusive Pricing: The listed price already includes sales tax; the total paid reflects this.

In Percy's case, since the total was higher than the listed price, it indicates a tax-exclusive pricing model.

Practical Examples and Applications

Let's explore some practical scenarios related to sales tax calculations:

Example 1: A Different Purchase Price

Suppose Percy bought a different item priced at \$30, and the total paid was \$32.40. What was the sales tax rate?

- Sales Tax = $\$32.40 - \$30 = \$2.40$

- Sales Tax Rate = $(\$2.40 / \$30) \times 100 = 8\%$

Percy paid an 8% sales tax in this example.

Example 2: Estimating Total Cost for a Budget

If you know the sales tax rate in your area, you can estimate the total cost of an item:

- Item Price: \$50
- Sales Tax Rate: 7%

Total Cost = Item Price + (Item Price $\times$ Sales Tax Rate)

Total Cost = $\$50 + (\$50 \times 0.07) = \$50 + \$3.50 = \$53.50$

Knowing this helps in planning your purchases and avoiding surprises at checkout.

Implications of Sales Tax in Consumer Spending

Sales tax can significantly influence purchasing decisions, especially for higher-priced items or bulk shopping. Consumers often:

- Compare prices across regions with different tax rates
- Consider tax implications when making large purchases
- Factor in sales tax when budgeting for sports equipment, electronics, and furniture

Retailers and policymakers also consider sales tax as a vital revenue source for funding public services, infrastructure, and community programs.

Conclusion

Percy paid \$24.10 for a basketball that was priced at \$22.99, and the sales tax he paid was approximately \$1.11. By calculating this difference, we determined that the sales tax rate applied was about 4.83%. Understanding how to compute sales tax and recognize its impact on the final price is essential for consumers to make informed purchasing decisions, budget effectively, and understand regional tax variations.

Whether shopping for sports gear, electronics, or clothing, knowing the sales tax rate helps you anticipate total costs and compare prices accurately across different stores and regions. Always check local sales tax rates and remember that they can vary substantially depending on where you shop.

By mastering these calculations, you become a smarter shopper and a more informed participant in the retail economy.

Frequently Asked Questions

How do you calculate the sales tax on a basketball that costs \$22.99 if Percy paid \$24.10 total?

Subtract the original price (\$22.99) from the total paid (\$24.10) to find the sales tax: $\$24.10 - \$22.99 = \$1.11$. So, the sales tax was \$1.11.

What is the sales tax rate applied to the basketball that costs \$22.99 if the total paid was \$24.10?

The sales tax rate is calculated as $(\text{sales tax} / \text{original price}) \times 100$: $(\$1.11 / \$22.99) \times 100 \approx 4.83\%$. Therefore, the sales tax rate is approximately 4.83%.

If the sales tax on a \$22.99 basketball is \$1.11, how much would the sales tax be if the price increased to \$25?

Assuming the same tax rate of approximately 4.83%, the new sales tax would be $\$25 \times 0.0483 \approx \1.21 .

Why is it important to know the sales tax amount when purchasing an item like a basketball?

Knowing the sales tax amount helps you understand the total cost of an item, ensures accurate budgeting, and helps verify that the correct tax rate has been applied during purchase.

Can you verify the sales tax percentage based on Percy's payment of \$24.10 for a basketball costing \$22.99?

Yes. The sales tax is $\$24.10 - \$22.99 = \$1.11$. The sales tax percentage is $(\$1.11 / \$22.99) \times 100 \approx 4.83\%$. So, the sales tax rate is approximately 4.83%.

Additional Resources

Understanding the Sales Tax Calculation in Percy's Purchase of a Basketball

When it comes to everyday transactions, especially retail purchases, understanding the components that contribute to the final price can often be confusing. Percy's recent purchase of a basketball offers a perfect case study to explore how sales tax is calculated and why it matters. In this detailed review, we will analyze the problem step-by-step, delve into the nuances of sales tax, and clarify the reasoning behind the total amount Percy paid.

Introduction to the Transaction

Percy paid \$24.10 for a basketball that was priced at \$22.99. The core question is: What was the sales tax? To answer this, we must first understand the basic components of the purchase:

1. Base price of the item — the original listed price.
2. Sales tax — an additional percentage-based fee levied by the government.
3. Total amount paid — the sum of the base price plus sales tax.

Breaking Down the Components of the Purchase

The Base Price

- The basketball's listed price is \$22.99.
- This is the amount before any taxes are added.

The Total Paid

- Percy paid \$24.10 in total.
- This amount includes both the base price and the sales tax.

The Difference: Sales Tax

- The difference between the total paid and the base price gives us the sales tax:

Sales Tax = Total Paid - Base Price

- Substituting the values:

Sales Tax = \$24.10 - \$22.99 = \$1.11

This initial calculation suggests that the sales tax added \$1.11 to the purchase.

Calculating the Sales Tax Rate

Knowing the sales tax amount, we can now determine the tax rate applied to the purchase. The formula for sales tax rate is:

$$\text{Sales Tax Rate} = \frac{\text{Sales Tax}}{\text{Base Price}} \times 100$$

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Applying the numbers:

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$$\text{Sales Tax Rate} = \frac{1.11}{22.99} \times 100$$

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Calculating:

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$$\frac{1.11}{22.99} \approx 0.0483$$

\]

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$$0.0483 \times 100 \approx 4.83\%$$

\]

Interpretation

- The sales tax rate applied to the basketball was approximately 4.83%.

Contextualizing the Sales Tax Rate

Typical Sales Tax Rates

- Sales tax rates vary widely across different states, counties, and cities.
- In the United States, the average combined state and local sales tax rate ranges from about 4% to over 10%.
- A rate of approximately 4.83% falls within a common range, suggesting Percy's purchase was likely made in a jurisdiction with a moderate sales tax rate.

Variability in Sales Tax Application

- Some regions have statewide sales tax only.
- Others add local or municipal sales taxes on top of the state rate.
- Certain items are exempt from sales tax or taxed at different rates, but in this case, the basketball was taxed at the standard rate.

Understanding the Calculation in Depth

Why Round the Sales Tax?

- Retailers often round sales tax amounts to the nearest cent, which can slightly affect the total.
- The calculation above results in a precise \$1.11 in sales tax, aligning with typical rounding practices.

Confirming the Calculation

- To verify, we can re-calculate the total:

$$\backslash\text{Total} = \text{Base Price} + \text{Sales Tax} = 22.99 + 1.11 = 24.10$$

- The total matches the amount Percy paid, confirming our calculations.

Implications for Shoppers and Retailers

For Shoppers

- Understanding how sales tax is calculated helps in budgeting and comparison shopping.
- Recognizing that taxes are a percentage of the item price allows consumers to estimate total costs before purchase.

For Retailers

- Accurate calculation of sales tax is crucial for compliance.
- Many use point-of-sale systems that automatically compute taxes based on location-specific rates.

Additional Factors to Consider

Sales Tax Exemptions and Variations

- Certain items (like groceries or clothing in some states) may be exempt from sales tax.
- Some jurisdictions have reduced rates or special taxes for specific goods or services.

Impact of Purchase Location

- The sales tax rate applied in Percy's case depends heavily on where the purchase was made.
- Understanding local tax laws ensures transparency and compliance.

Online vs. In-Store Purchases

- Online purchases may have different tax implications depending on state laws and whether the retailer has a physical presence in the buyer's location.

Conclusion: Final Summary of the Calculation

To wrap up:

- Base price of the basketball: \$22.99
- Total amount paid: \$24.10
- Sales tax paid: \$1.11
- Sales tax rate: approximately 4.83%

This example demonstrates how a simple subtraction can uncover the sales tax component of a purchase. It underscores the importance of understanding local tax laws and encourages consumers to be informed about how taxes influence the final price of goods. Whether you're buying sports equipment, clothing, or electronics, knowing how to calculate and interpret sales tax enhances your financial literacy and purchasing confidence.

In summary, Percy paid \$1.11 in sales tax for his basketball, which was approximately 4.83% of the item's listed price. This breakdown clarifies not only the specific calculation but also provides insights into how sales tax functions generally within retail transactions.

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