How much does it REALLY cost?

The day is finally here! You have saved three months' worth of allowance, last month's birthday money, and the money you've earned mowing your neighbor's lawn every Saturday. It's now time to go shopping for the video camera you've been saving up to buy. The clerk at the counter says it only costs $149… but, how much does it really cost?

Whenever you make a purchase in the United States, you pay sales tax in addition to the listed price of the item. Sales tax is calculated by multiplying the price by the tax rate. To calculate the true cost of your new camcorder, you need to calculate the sales tax.

The tax rate varies according to the type of item you are buying and which state you're in, but imagine the tax rate for electronics in your state is 8.2 percent. Your camcorder will cost you $149 plus 8.2 percent of $149.

To find the sales tax amount, multiply the price by the sales tax. Divide the answer by 100 to find the total sales tax, and round the answer up to the nearest cent. Add this amount to the price, and now you have total amount you will pay for the camcorder.

Step 1: Multiply listed price by 8.2.

$149 x 8.2 = $1,221.8

Step 2: Divide by 100.

$1,221.8 ÷ 100 = $12.218

Step 3: Round to nearest cent.

$12.218 ⇨ $12.22

Step 4: Add the answer to the listed price.

$12.22 + $149 = $161.22

Calculate the actual costs for the following items at a tax rate of 8.2 percent. Show your work.

Board Game _____

Video Game _____

Cell Phone _____

Baseball Cap _____

Movie _____

Now try calculating the total cost of items at different tax rates:

1. An art set has a price tag of $14.99 at a tax rate of 6.25%. What is the total cost of the art set?

2. The price of a baseball bat is $39.99. At a 7% tax rate, how much does the bat cost?

3. A necklace is priced at $25.99. At a tax rate of 9.5%, what is the total cost of the necklace?

4. You are buying a pair of inline skates for $135.50 and a helmet for $55.00. If the store charges a tax rate of 8.25%, what will be the total cost of the skates and the helmet?