

Sales Tax Worksheet

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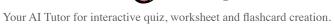
Part 1: Foundational Knowledge	
What is the primary purpose of sales tax?	
Hint: Consider the main reason governments impose sales tax.	
○ A) To increase the cost of goods	
B) To generate revenue for the government	
C) To discourage consumption	
O) To promote savings	
Which of the following items are commonly exempt from sales tax? (Select all that apply)	
Hint: Think about essential goods and services.	
A) Prescription medications	
☐ B) Luxury cars	
C) Groceries	
D) Electronics	
Explain how sales tax is calculated on a purchase. Include the formula in your response.	
Hint: Consider the total price and the tax rate.	

List two responsibilities of retailers regarding sales tax.



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Hint: Think about what retailers must do with collected sales tax.
1. Responsibility 1
2. Responsibility 2
Part 2: Comprehension
Which statement host describes the relationship between calcutax and use tax?
Which statement best describes the relationship between sales tax and use tax?
Hint: Consider how these two types of taxes interact.
A) Use tax is a replacement for sales tax.B) Use tax is applied to goods purchased out of state.
C) Use tax is only applicable to services.
O) Use tax is a higher rate than sales tax.
Why might a government choose to exempt certain goods from sales tax? (Select all that apply)
Hint: Think about the social and economic reasons for exemptions.
A) To encourage the purchase of essential goods
B) To increase overall tax revenue
C) To reduce the financial burden on low-income families
D) To promote luxury spending
Describe how sales tax rates can vary and what factors might influence these differences.
Hint: Consider geographical and economic factors.

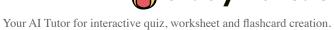




Part 3: Application and Analysis

If a state has a sales tax rate of 7% and a customer buys a \$100 item, how much sales tax will they pay?
Hint: Calculate the sales tax based on the given rate.
○ A) \$5○ B) \$7
○ C) \$10
○ D) \$12
A retailer in City A collects sales tax at a rate of 5%, while in City B, the rate is 8%. If a customer buys a \$200 item in both cities, how much more sales tax will they pay in City B? (Select all that apply)
Hint: Calculate the difference in sales tax between the two cities.
□ A) \$6
□ B) \$8
□ C) \$10
□ D) \$12
A business owner needs to calculate the total amount due for a purchase of \$500 with a sales tax rate of 6%. Show your calculations and the final amount.
Hint: Consider both the purchase price and the sales tax.
What might be the impact on consumer behavior if a state increases its sales tax rate significantly?
Hint: Consider how consumers might react to higher costs.
○ A) Increase in consumer spending
○ B) Decrease in consumer spending
○ C) No change in consumer behavior
O) Increase in luxury purchases

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Analyze the potential consequences for a business that fails to remit collected sales tax. (Select all that apply)
Hint: Think about the legal and financial implications.
A) Legal penalties
☐ B) Increased profits
C) Loss of business license
D) Audits by tax authorities
Discuss how sales tax exemptions for certain goods can affect the overall economy of a region.
Hint: Consider the broader economic implications of exemptions.
Part 4: Evaluation and Creation
Which strategy might a government use to balance the need for revenue with the economic impact of sales tax?
Hint: Think about different approaches to taxation.
○ A) Increase sales tax on all goods
B) Implement a flat sales tax rate
C) Exempt essential goods from sales tax
O) Reduce sales tax rates across the board
Evaluate the effectiveness of using sales tax as a tool for economic policy. What are some potential benefits and drawbacks? (Select all that apply)
benefits and drawbacks? (Select all that apply)
benefits and drawbacks? (Select all that apply) Hint: Consider the implications of sales tax on the economy.



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D) Simplifies tax collection for businesses	
Propose a new sales tax policy that could help stimulate economic growth in a struggling region. Justify your proposal with potential benefits and challenges.	
Hint: Think creatively about tax policy.	