Lesson 5: Tax, Discount and Sales Price

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| Learning Goals: |

* Students will be able to calculate the total cost of an item based on percent discount and sales tax.
* Students will be able to change a percent to a decimal and find the percent number.
* The student will be able to calculate the discount, sales price and sales tax for a dollar amount.

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| Topic: Tax, Discount and Sales Price |

**Sales Tax** – A tax paid on the purchase of goods and services and collected by the seller. In Ontario we pay 13% HST in addition to the original price. HST stands for Harmonized Sales Tax.

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| **Tax on an item** = original price of an item x 0.13 |

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| **Final price of an item =** tax + original price of item |

Stores often sell goods for a discounted price. Typically, a store will **discount** an item by a percent of the **original price**: this is the **sales price**.

To calculate sales price you must first find the discount price.

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| **Discount amount** = (Discount rate 100) cost of item |

Then to find the **sales price,** subtract the discount price from the original price.

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| **Sales price** = Original price – Discount amount |

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| Example(s): |

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| Example 1: | In a video store, a DVD that sells for $15 is marked, "10% off". What is the discount? What is the sale price of the DVD? What is the final price including tax? |  |
| Solution: | The rate is 10%. |
|  | **Discount amount** = (Discount rate 100) cost of item  (10 100 )x $15.00 = $1.50 |
|  | The sale price is calculated as follows: Original price - discount  $15.00 - $1.50 = $ 13.50  To find the final price we need to add the tax. Therefore, we must calculate the tax on the item.  **Tax on an item** = original price of an item x 0.13  Tax = $13.50 x 0.13 = $1.75  **Final price of an item =** tax + original price of the item  Final price of an item = Price of item + tax  = $ 13.50 + $ 1.75  = $ 15.26  The final price of the item is $15.26 | |
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| Example 2: | In a department store, a $40 dress is marked, "Save 25%." What is the discount? What is the sale price of the dress? What is the total price? |  |
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| Analysis: | The phrase, "Save 25%," refers to the rate. |
|  | The original price of the dress is $40. |
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| Solution: | The rate is 25%. | |
|  | **Discount amount** = (Discount rate 100) cost of item  The discount is: = (Discount rate 100)  = 25 x $40.00  = $10.00 | |
|  | The sale price is calculated as follows  **Sales price** = Original price – Discount amount  = $40.00 - $ 10.00  = $30   |  |  |  | | --- | --- | --- | |  |  |  |   The final price is calculated by adding 13% tax to the sales price.  **Tax on an item** = original price of an item x 0.13  = $30.00 x 0.13  = $3.90  Final price = Original price + tax  = $ 30.00 + $ 3.90  = $ 33.90 | |
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| Practice Questions: |

Question 1:

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| In a grocery store, a $12 case of soda is labeled, "Get a 20% discount." What is the discount? What is the sale price of the case of soda? What is the total price? |  |
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| Question 2: | In a candy store, a $5.00 jar of candy is labeled, "50% off." What is the discount? What is the sale price of the jar of candy? What is the total price? |  |

Question 3: A pizzeria has a coupon that reads, "Get  off a $9.00 cheese pizza." What is the discount? What is the sale price of the cheese pizza? What is the total price?

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| Assessment: Strand 1 Lesson 5 |

1. In a boutique, a $14 scarf is marked 20% off. What is the sales price of the scarf?
2. At Best Buy, a $125 iPod is labeled, “save 15%”. What is the sales price of the iPod? What is the total price of the iPod?
3. A $30 shirt is marked, “Get  off”. What is the sale price of the shirt?
4. In a bicycle store, a $500 bicycle is 30% off. What is the discount? What is the sales price? What is the total price?