

Lesson 2-6 Sales Tax, Tips, and Markup

Sales Tax is a percent of the purchase price and is an amount paid in addition to the purchase price.

Tip, or **gratuity**, is a small amount of money in return for service. The amount a store increases the price of an item by is called the **markup**.

Example 1

SOC CER Find the total cost of a \$17.75 soccer ball if the sales tax is 6%.

Method 1

First, find the sales tax.

$$\begin{aligned} 6\% \text{ of } \$17.75 &= 0.06 \cdot 17.75 \\ &\approx 1.07 \end{aligned}$$

The sales tax is \$1.07.

Next, add the sales tax to the regular price.

$$1.07 + 17.75 = 18.82$$

The total cost of the soccer ball is \$18.82.

Method 2

$$100\% + 6\% = 106\% \quad \text{Add the percent of tax to 100\%.}$$

The total cost is 106% of the regular price.

$$\begin{aligned} 106\% \text{ of } \$17.75 &= 1.06 \cdot 17.75 \\ &\approx 18.82 \end{aligned}$$

Example 2

MEAL A customer wants to leave a 15% tip on a bill for \$18.50 at a restaurant.

Method 1 Add tip to regular price.

First, find the tip.

$$\begin{aligned} 15\% \text{ of } \$18.50 &= 0.15 \cdot 18.50 \\ &= 2.78 \end{aligned}$$

Next, add the tip to the bill total.

$$\$18.50 + \$2.78 = \$21.28$$

The total cost of the bill is \$21.28.

Method 2 Add the percent of tip to 100%.

$$100\% + 15\% = 115\% \quad \text{Add the percent of tip to 100\%.}$$

The total cost is 115% of the bill.

$$\begin{aligned} 115\% \text{ of } \$18.50 &= 1.15 \cdot 18.50 \\ &= 21.28 \end{aligned}$$

Exercises

Find the total cost to the nearest cent.

1. \$22.95 shirt, 6% tax

2. \$24 lunch, 15% tip

3. \$10.85 book, 4% tax

4. \$97.55 business breakfast, 18% tip

5. \$59.99 DVD box set, 6.5% tax

6. \$37.65 dinner, 15% tip

Lesson 6 Skills Practice

Sales Tax, Tips, and Markup

Find the total cost to the nearest cent.

1. \$49.95 CD player; 5% tax

2. \$69 shoes; 6% tax

3. \$37 dinner; 15% tip

4. \$2.99 socks; 5.5% markup

9. \$16 haircut; 15% tip

10. \$8.75 breakfast; 15% tip

11. \$47 tie; 4.5% markup

12. \$40.80 dinner; 17% tip

13. \$52 lunch; 20% tip

14. \$18.99 CD; 6% markup

15. \$22 haircut; 20% tip

16. \$128 catered dinners; 18% tip