

Calculating the Tax Due

General Information

The City's tax rate is 1.8%. The combined City, County and State tax rate is 8.1%.

You may choose to charge the tax separately or you may include tax in your price. If you include tax in your price (no separate charge for tax), you may back out ("factor out") the tax in order to compute the amount of tax included in your gross sales. The factored tax rates are found in the Combined Tax Rates chart. **Factoring tax should only be used when tax is not separately charged.** If more City tax was collected than was due the excess tax collected must be remitted to the City.

There are two acceptable ways to calculate your tax deduction.

When tax is separately charged and collected.

In this example a retailer sells an item for \$650 plus tax at the current tax rate of 8.1%. Since the tax is separately charged and collected from the customer, the retailer may deduct the taxes collected from the gross sale when reporting and paying taxes:

Retail price	\$650.00
Tax collected (8.1%)	<u>52.65</u>
Gross receipts	\$702.65

Gross receipts	\$702.65
less tax collected deduction	<u>52.65</u>
Taxable revenue	\$650.00
City tax at 1.8%	11.70
State and County tax at 6.3%	40.95

Tax Deduction Calculator

To be used when tax has been separately charged at 8.1%

Gross receipts:	
Tax Collected: Deduction Code "F"	
Taxable Revenue:	
City tax at 1.8%:	

When tax is not separately charged and collected (factoring tax).

In this example a retailer sells an item for \$650 which includes tax. This means the retailer included the tax as part of the \$650 sale but chose not to show the tax collected as a separate amount on the sales receipt. Since the retailer did not separately charge and collect tax from the customer but included it as part of the sales price, the retailer is allowed to "factor" the tax collected out of the gross sales to determine taxable revenue:

Gross receipts	\$650.00
Factored Tax "retail" (7.493%)	48.70

Gross receipts	\$650.00
less tax factored deduction	<u>48.70</u>
Taxable revenue	\$601.30
City tax at 1.8%	10.82
State and County tax at 6.3%	37.88

Factoring Tax Calculator

Factoring tax should only be used when tax has not been separately charged.

Gross receipts:	
Factored Tax (7.493%): Deduction Code "F"	
Taxable Revenue:	
City tax at 1.8%:	