

Sales Tax in CE data

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Outline

- Sales Tax Edit Overview
- Sales Tax Rate file
- Sales Tax – Diary survey
- Sales Tax – Interview survey

Sales Tax Edit Overview

- Purpose: Apply Sales Tax to cost fields that we collect.
- Questionnaire sections that we apply Sales tax are:
 - ▶ Appliances and household equipment
 - ▶ Household Item repairs, service contracts and furniture repairs
 - ▶ Household furnishings
 - ▶ Clothing items
 - ▶ Owned vehicles
 - ▶ Vehicle operating expenses

Sales Tax Rate Files

- Separate files: One for Diary and one for Interview
- Updated annually
- Organized by State and item
- Sales tax rate
 - ▶ Based on the State
 - ▶ Based on the particular item

Sales Tax Rate Resource Sites

- Sales Tax Rates – Resource Sites:
- Federation of Tax Administrators – <http://www.taxadmin.org/fta/link/>
- The Sales Tax Clearinghouse – <http://thestc.com/STRates.stm> ;
- State Department of Taxation & Revenue (via e-mail or telephone) ;
- http://taxfoundation.org/article/state-and-local-sales-tax-rates-2014#_ftn1
- http://www.taxrates.com/state-rates/?CampaignID=70140000000VMsD&_kk=state%20sales%20taxes%202014&gclid=CNX6tNnSn70CFY1xOgodfSsA9w

Sales tax – Diary Survey

- Respondents are instructed NOT to include sales tax for expenditures.
 - ▶ One exception: Food Away from Home
- For each expenditure, we match the item and the State in which the CU resides

Sales Tax – Diary Survey

Food Away from Home

- Assigning Sales Tax Rate
 - ▶ The sales tax rate for the particular item is identified
 - Based on the item and the state
 - ▶ The tax rate is assigned to the item
 - ▶ However, sales tax amount is not added to the cost
 - (Diary instructions already tells respondent to include sales tax in cost reported)

Sales Tax – Diary Survey

All Other Diary Sections

- Appropriate sales tax rate is determined
- Rate is applied to each expenditure cost
$$\text{sales tax rate} * \text{cost} = \text{sales tax}$$
- Sales tax amount is added to the expenditure item
$$\text{sales tax} + \text{cost} = \text{total cost}$$

Sales Tax – Interview Survey

- In certain sections, the respondent is asked whether the stated expenditure includes sales tax
- Sales tax is added (when necessary) to particular items:
 - ▶ Household appliances and equipment
 - ▶ Household item repairs and service contracts
 - ▶ Household furnishings
 - ▶ Clothing, clothing services, watches, jewelry
 - ▶ Owned vehicles
 - ▶ Vehicle maintenance and repair

Sales Tax – Interview Survey

- Applied only to specific items
- Firstly, appropriate sales tax rate is determined
- Rate is then applied to the expenditure cost
$$\text{tax rate} * \text{cost} = \text{sales tax}$$
- Sales tax amount is finally added to the expenditure item
$$\text{sales tax} + \text{cost} = \text{total cost}$$

Both Surveys

- Additional details:
 - ▶ The total cost is rounded to two decimal places
 - ▶ Output is reviewed by an analyst to ensure that taxes are not applied twice

Contact Information

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