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Optional State Sales Tax Tables

For use in preparing
2004 Returns



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Purpose

We are providing this publication so you can figure your deduction for state and local general sales taxes using the Optional State Sales Tax Tables. A general sales tax is a sales tax imposed at one rate with respect to the retail sale of a broad range of classes of items. In addition, certain selective sales taxes (sales taxes imposed at a different rate on certain selected items) are deductible as general sales taxes, as explained below.

Introduction

New for 2004, you can elect to deduct state and local general sales taxes instead of state and local income taxes as an itemized deduction on Schedule A (Form 1040). You cannot deduct both. Generally, to figure your state and local general sales tax deduction, you can use either your actual expenses or the Optional State Sales Tax Tables contained in this publication.

Actual expenses. Generally, you can deduct the actual state and local general sales taxes (including compensating use taxes) you paid in 2004 only if the tax rate was the same as the general sales tax rate. Do not include sales taxes paid on items used in your trade or business.

Rate less than general rate. Sales taxes on food, clothing, medical supplies, and motor vehicles are deductible as a general sales tax even if the tax rate was less than the general sales tax rate.

Rate more than general rate. Sales taxes on motor vehicles also are deductible as a general sales tax if the tax rate was more than the general sales tax rate, but the tax is deductible only up to the amount of tax that would have been imposed at the general sales tax rate. Motor vehicles include:

- Cars,
- Motorcycles,
- Motor homes,
- Recreational vehicles,
- Sport utility vehicles,
- Trucks,
- Vans, and
- Off-road vehicles.

Also include any state and local general sales taxes paid for a leased motor vehicle.



You must keep your actual receipts showing general sales taxes paid to use this method.

Optional State Sales Tax Tables. Instead of using your actual expenses, you can use the Optional State Sales Tax Tables on pages 3 through 5 to figure your state and local general sales tax deduction. You may also be able to add the following items to the table amount.

- Local general sales taxes if your locality imposes a general sales tax.
- State and local general sales taxes paid on certain specified items.

How To Use the Optional State Sales Tax Tables

To figure your state and local general sales tax deduction using the Optional State Sales Tax Tables, follow Steps 1 through 5 and complete the worksheet below.



If your filing status is married filing separately, both you and your spouse elect to deduct sales taxes, **and** your spouse elects to use the Optional State Sales Tax Tables, you also must use the tables to figure your state and local general sales tax deduction.

Step 1. Find the state where you lived in 2004 in the Optional State Sales Tax Tables shown on pages 3 through 5. But see *What If You Lived in More Than One Place*, on page 3, if applicable.

Step 2. Read down the “At least – But less than” columns for your state and find the line that includes your 2004 total available income. Total available income is the amount shown on your Form 1040, line 37, plus any nontaxable items, such as the following.

- Tax-exempt interest.
- Veterans’ benefits.
- Nontaxable combat pay.
- Workers’ compensation.
- Nontaxable part of social security and railroad retirement benefits.
- Nontaxable part of IRA, pension, or annuity distributions. Do not include rollovers.

- Public assistance payments.

Note. If your filing status is married filing separately, use your own total available income. Follow the above instructions, beginning with the amount shown on your Form 1040, line 37.

Step 3. Go to the column that includes the total number of exemptions you claimed on your Form 1040, line 6d. Enter the amount from that column on line 1 of the worksheet below.

Step 4. If your locality imposes a general sales tax, complete lines 2a through 2d of the worksheet below. Otherwise, skip lines 2a through 2c of the worksheet, enter -0- on line 2d, and go to line 3. If your local general sales tax rate changed during 2004, use a prorated amount, based on the number of days each rate was in effect, to figure the amount to enter on line 2a.



During 2004, the general sales tax rate for Arkansas, California, and Virginia increased. If you were a resident of one of these states, enter the applicable general sales tax rate as a decimal on line 2b of the worksheet below: Arkansas, 5.9% (.059); California, 6.1% (.061); Virginia, 3.7% (.037).

Example. State A imposes a 6.5% (.065) general sales tax. City B in State A imposes an additional 0.5% (.005) general sales tax. To figure your local general sales taxes, enter .005 (the local general sales tax rate) on line 2a of the worksheet below. Enter .065 (the state general sales tax rate) on line 2b. Divide the amount on line 2a (.005) by the amount on line 2b (.065) and enter the result (.077) on line 2c. If the amount on line 1 of the worksheet is \$1,000, multiply this amount by the amount on line 2c (.077) and enter the result, \$77, on line 2d.

Step 5. Enter on line 3 of the worksheet below any state and local general sales taxes paid on the following specified items.

- A motor vehicle (including a car, motorcycle, motor home, recreational vehicle, sport utility vehicle, truck, van, and off-road vehicle). Also include any state and local general sales taxes paid for a leased motor vehicle. If the state sales tax rate on these items is higher than the general sales tax rate, only include

State and Local General Sales Tax Deduction Worksheet

(Using the Optional State Sales Tax Tables)

(Keep for Your Records)

1. State general sales taxes. See Step 1 through Step 3 above	1. _____
2a. Local general sales tax rate. If zero, skip lines 2a through 2c, enter -0- on line 2d, and go to line 3	2a. _____
2b. State general sales tax rate	2b. _____
2c. Divide line 2a by line 2b. Enter the result as a decimal (rounded to at least three places)	2c. _____
2d. Local general sales taxes. Multiply line 1 by line 2c	2d. _____
3. General sales taxes paid on specified items, if any. See Step 5 above	3. _____
4. Deduction for general sales taxes. Add lines 1, 2d, and 3. Enter the result here and on Schedule A (Form 1040), line 5, and be sure to check box b on that line	4. _____
Note. If you elect to deduct general sales taxes, you cannot deduct your state and local income taxes.	

the amount of tax you would have paid at the general sales tax rate.

- An aircraft, boat, home (including mobile and prefabricated), or home building materials, if the tax rate was the same as the general sales tax rate.

Do not include sales taxes paid on items used in your trade or business.

What If You Lived in More Than One Place?

If you lived in more than one state during 2004, multiply the table amount for each state you lived in by a fraction. The numerator of the fraction is the number of days you lived in

the state and the denominator is the total number of days in the year (366).

Also prorate any local general sales taxes based on the number of days you resided in the locality for which you are determining the local sales tax deduction.

Example. You lived in State A from January 1 through August 31, 2004 (244 days), and in State B from September 1 through December 31, 2004 (122 days). The table amount for State A is \$500. The table amount for State B is \$400. You would figure your state general sales tax (line 1 of the worksheet on page 2) as follows.

$$\begin{aligned} \text{State A: } & \$500 \times \frac{244}{366} = \$333 \\ \text{State B: } & \$400 \times \frac{122}{366} = \underline{\$133} \\ \text{Total} & \qquad \qquad \qquad \$466 \end{aligned}$$

2004 Optional State Sales Tax Tables

Alaska residents only. If you paid any local sales taxes, you must use your actual expenses to figure your deduction.

Income		Exemptions						Exemptions						Exemptions						Exemptions											
At least	But less than	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5	1	2	3	4	5	Over 5
		Alabama																													
\$0	\$20,000	288	344	381	410	434	468	332	374	402	422	439	463	430	510	564	605	640	688	363	416	451	477	499	529	430	510	564	605	640	688
20,000	30,000	366	434	481	517	547	590	430	485	520	547	568	598	542	641	708	760	803	863	469	537	581	615	643	681	542	641	708	760	803	863
30,000	40,000	416	494	547	587	621	669	496	558	599	629	654	688	616	727	802	860	908	976	540	617	668	706	738	782	616	727	802	860	908	976
40,000	50,000	460	545	602	647	684	736	552	621	666	699	727	765	678	800	882	945	998	1072	600	685	741	784	819	867	678	800	882	945	998	1072
50,000	60,000	498	590	652	700	740	796	603	678	726	763	792	833	734	864	952	1021	1077	1157	654	747	807	854	892	944	734	864	952	1021	1077	1157
60,000	70,000	532	630	695	747	789	849	648	728	780	819	851	895	783	922	1015	1088	1148	1232	702	801	866	916	956	1012	783	922	1015	1088	1148	1232
70,000	80,000	565	667	737	791	835	898	690	776	831	872	906	952	829	976	1074	1150	1214	1302	748	853	922	974	1017	1077	829	976	1074	1150	1214	1302
80,000	90,000	593	701	773	830	877	942	728	818	876	920	955	1004	871	1023	1126	1206	1272	1365	789	899	971	1027	1072	1134	871	1023	1126	1206	1272	1365
90,000	100,000	621	733	809	868	916	985	765	859	920	965	1003	1054	910	1070	1177	1260	1328	1425	828	944	1019	1077	1124	1189	910	1070	1177	1260	1328	1425
100,000	120,000	657	775	855	917	968	1040	814	913	977	1026	1065	1119	962	1130	1242	1330	1402	1503	880	1002	1082	1143	1193	1262	962	1130	1242	1330	1402	1503
120,000	140,000	706	832	916	982	1037	1114	878	985	1054	1106	1148	1206	1031	1210	1330	1422	1499	1607	949	1080	1166	1232	1285	1359	1031	1210	1330	1422	1499	1607
140,000	160,000	749	881	971	1040	1098	1179	935	1048	1122	1177	1222	1283	1093	1280	1407	1504	1585	1699	1010	1149	1240	1310	1366	1445	1093	1280	1407	1504	1585	1699
160,000	180,000	789	928	1022	1095	1155	1240	990	1109	1186	1244	1292	1357	1151	1347	1479	1582	1667	1785	1069	1215	1311	1384	1444	1526	1151	1347	1479	1582	1667	1785
180,000	200,000	827	972	1070	1146	1209	1298	1041	1166	1247	1308	1357	1425	1205	1410	1548	1654	1743	1866	1123	1277	1377	1454	1516	1602	1205	1410	1548	1654	1743	1866
200,000 or more		995	1166	1281	1371	1445	1549	1267	1417	1514	1587	1647	1728	1443	1684	1846	1971	2074	2220	1365	1549	1669	1761	1835	1939	1443	1684	1846	1971	2074	2220
Arizona																															
Arkansas																															
California																															
Colorado																															
Connecticut																															
District of Columbia																															
Florida																															
Georgia																															
Hawaii																															
Idaho																															
Illinois																															

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