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The IRS is providing publication 600 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.

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 tax 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.

**ALERT—ALERT—ALERT
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 to figure your state and local general sales tax deduction.

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.

Caution—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 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. But see *What if You Lived in More Than One Place*, 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.

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 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.

2004 Georgia Optional State Sales Tax Tables

For further information please visit the IRS

website at www.irs.gov

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Income	Exemptions						
		1	2	3	4	5	Over 5
At least	But less than						
\$0	\$20,000	247	285	310	330	345	367
20,000	30,000	328	377	410	435	455	484
30,000	40,000	382	439	477	506	529	562
40,000	50,000	429	493	535	567	593	630
50,000	60,000	471	541	587	622	651	591
60,000	70,000	509	584	634	672	703	746
70,000	80,000	545	625	678	719	752	798
80,000	90,000	578	662	718	761	796	844
90,000	100,000	609	698	757	802	838	889
100,000	120,000	651	748	808	855	894	949
120,000	140,000	707	809	876	927	969	1028
140,000	160,000	757	865	937	991	1036	1099
160,000	180,000	804	919	995	1053	1100	1166
180,000	200,000	849	970	1050	1110	1160	1230
200,000	Or more	1049	1196	1293	1367	1428	1512

State and Local General Sales Tax Deduction Worksheet

(Using the Optional State Sales Tax Tables)

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 32a.

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 tax, you cannot deduct your state and local income taxes.