



## News Release

Media Relations Office

Washington, D.C.

Media Contact: 202.622.4000

[www.irs.gov/newsroom](http://www.irs.gov/newsroom)

Public Contact: 800.829.1040

**IRS Updates Sales Tax Table Publication**

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WASHINGTON — The Internal Revenue Service announced today that it has updated the optional sales tax tables in Publication 600 for Arkansas, California and Virginia.

The optional sales tax tables were updated to reflect sales tax changes made by the three states during 2004; the original tables were based on the states' sales tax rates as of January 1, 2004.

The IRS made the update before any of the tables were mailed to taxpayers in Arkansas, California or Virginia. The IRS has updated the tables on IRS.gov., and next week the IRS will mail the updated Publication 600 to taxpayers in the three affected states.

The impact of the table change is relatively small. The sales tax figures were adjusted by a small amount. In addition, these states have income taxes, so most taxpayers residing in these states will not use the sales tax tables but will claim a state income tax deduction instead.

The American Jobs Creation Act of 2004 authorized the sales tax deduction as an option for those who itemize deductions, letting them choose between deductions for state and local income or sales taxes. Taxpayers will indicate by a checkbox on line 5 of Schedule A which type of tax they're claiming. The law provides this choice for Tax Years 2004 and 2005 only.

The tables give taxpayers a sales tax deduction amount as an alternative to saving their receipts throughout the year and tabulating the amount actually paid. Taxpayers use their income level and number of exemptions to find the sales tax amount for their state. The table instructions explain how to add an amount for local sales taxes if appropriate.

Taxpayers also may add to the table amount any sales taxes paid on:

- A motor vehicle, but only up to the amount of tax paid at the general sales tax rate; and
- An aircraft, boat, home (including mobile or prefabricated), or home building materials, if the tax rate is the same as the general sales tax rate.

While this deduction will mainly benefit taxpayers with a state or local sales tax but no income tax – in Alaska, Florida, Nevada, South Dakota, Texas, Washington and Wyoming – it may give a larger deduction to any taxpayer who paid more in sales taxes than income taxes. For example, a person may have bought a new car, boosting the sales tax total, or claimed tax credits, lowering the state income tax paid.

Taxpayers may download the updated Pub. 600 from [IRS.gov](http://IRS.gov). A printed version is being mailed and can be ordered by calling (toll-free) 1-800-TAX-FORM (1-800-829-3676).