

**Solution:**

The effect on balance sheet at the time of billing is given by:

<b>Assets</b>	<b>= Liabilities</b>	<b>+ Stockholders' Equity</b>
+\$185,400 (Increase in cash)	+\$5,400 (Increase in Income Tax Payable)	+\$180,000 (Increase in Sales)

The effect on balance sheet at the time of payment of sales tax is given by:

<b>Assets</b>	<b>= Liabilities</b>	<b>+ Stockholders' Equity</b>
-\$5,400 (Decrease in cash)	-\$5,400 (Decrease in Income Tax Payable)	

The journal entries are as follows:

JOURNAL ENTRIES FOR SALES (in \$)		
Name: Whole Foods Grocery		
Particulars	Debit	Credit
Cash	185,400	
To Income Tax Payable		5,400
To Sales		180,000
Income Tax Payable	5,400	
To Cash		5,400