**Solution:**

Let us use the balance sheet equation to understand the impact of the sales of the week by Whole Foods grocery store.

The impact is as follows:

|  |  |  |  |
| --- | --- | --- | --- |
| Scenario | Balance Sheet Equation | | |
| Assets = | Liabilities + | Stockholders’ Equity |
| When sales are done | +$185,400  (cash) | +$5,400  (sales tax payable) | +$180,000  (revenue) |
| When taxes are paid | -$5,400  (cash) | -$5,400  (sales tax payable) |  |

The corresponding journal entries are as follows:

|  |  |  |
| --- | --- | --- |
| Cash  To Sales Tax Payable  To Revenue  (Being record of sales) | 185,400 | 5,400  180,000 |
| Sales Tax Payable  To Cash  (Being payment of taxes) | 5,400 | 5,400 |