The University of Chicago
Graduate School of Business
36106 Tools for Business Analysis
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Hawaii GET Tax

The state of Hawaii has a General Excise Tax (GET) of 4% on retail sale of, goods, sale of services, contracting, commissions, rent, interest, and other activities. See `http://www.tfhawaii.org/taxes/get.html`. The effect of this tax is quite predictable. Merchants markup their goods so that after paying the GET they get the revenue that they originally wanted. Please do the following.

- Create an Excel worksheet, hawaiiget, that has five cells. Two cells will be constants, i.e. numbers, and three will have references to other cells. The five cells are

  1. The GET tax rate of .04 – a constant cell
  2. The desired price of the item – a constant cell
  3. The actual price of the item – a function of other cells
  4. The dollar amount equal to the markup – a function of other cells
  5. The percentage markup of the item – a function of other cells

- Give each cell an easily understood name suggestive of what the cell represents

- Solve this problem for the Kalakaua Local Motion surf shop. They wish to sell 72 inch surf boards for $450. What price should they ask for the surfboards so that they end up with $450 after paying the GET?

- What is the percentage markup on the surf board?

Important: there should only be two constants in your worksheet, the price of the board and the GET tax rate of .04.