Fun Tax Facts

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Sales Tax Token

In the 1930s, many states levied sales tax on merchandise to raise revenue to help recover from the Great Depression. Many of the items that were sold at that time were available for a dime or less. Thus, a sales tax levied at 2 percent, required two-tenth of a cent to be collected, which was a difficult task for a merchant due to the absence of a fractional cent denomination or coin. Thus, a system of sales tax tokens was born to facilitate payment of sales tax. These tokens were made of metal, plastic, fiber and cardboard, and the value was usually in "mills" (one/tenth of a cent). The twelve states that issued tokens were Alabama, Arizona, Colorado, Illinois, Kansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma, Utah, and Washington. Sales tax tokens were not popular and were considered a nuisance to the customer, and hence by the end of World War II, many states stopped using the tax tokens.[1]

Photo by Annette Nellen of metal and plastic sales tax tokens from her private collection.

California – Vending Machine Sales Tax

Ever wonder why a fresh fruit or fruit juice in a vending machine is more expensive than in the store? In California, the in-store sale of cold items and individual hot drinks to go are exempt from sales tax. However, the same items sold through a vending machine are generally subject to 33 percent sales tax on gross receipts from vending machine sales.[2]

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[1] Monte C. Dean, A Brief History of Sales Tax Token & Scrip Collecting; Malehorn, Merlin K. and Tim Davenport. *United States Sales Tax Tokens and Stamps: A History and Catalog*. Jade House Publications. 1993. American Tax Token Society Newsletter, American Tax Token Society (1975), https://nnp.wustl.edu/library/book/541896?page=21.

[2] Publication 118, Vending Machine Food Sales, California Department of Tax and Fee Administration, http://www.cdtfa.ca.gov/formspubs/pub118/#applying.

Finland's National Jealousy Day

People in Finland observe what some call National Jealousy Day on November 1 every year as Finland's Tax Administration publishes taxable income of all its citizens.[3] The data available only on paper reveals taxable income of Finnish taxpayers and is a good measure of income equality or inequality and transparency in the country. The day is informally called National Jealousy Day because people may not be happy to discover that their peers are paid more than them. However, this is contrary to the World Happiness Report of 2019 published by the United Nations which finds Finland the world's happiest country in the world.[4]

Gossip Tax

Uganda introduced a gossip (lugambo) tax on non-productive conversations, small talk and pointless jabber. The tax officially named as "Over-The-Top" (OTT) came into force on July 1, 2018 and applies to the users of social media apps such as Facebook, Skype, WhatsApp, Twitter, Snapchat, Instagram, and YouTube. A tax of 200 Shillings ($0.05) per day is required to be paid by internet users to access OTT services that offer voice and messaging services over the internet.[5]

[3] Kate Whiting, Finland recently published everyone's taxes on 'National Jealousy Day', World Economic Forum, November 2,2018 , https://www.weforum.org/agenda/2018/11/finland-has-just-published-everyone-s-taxes-on-national-jealousy-day/.
[4] John F. Helliwell, Richard Layard and Jeffrey D. Sachs, World Happiness Report 2019, https://worldhappiness.report/ed/2019/.
[5] Juliet Nanfuka, Uganda Blocks Access to Social Media, VPNs and Dating Sites as New Tax Takes Effect, CIPESA, July 1 2018; https://cipesa.org/2018/07/uganda-blocks-access-to-social-media-vpns-and-dating-sites-as-new-tax-takes-effect/.