

Money for Life

August 2004

Dear Readers,

As children prepare to return to school, many families will be purchasing clothing items. This month's newsletter includes information on shopping for clothing and the 2004 sales tax holiday.



Phyllis Zalenski
Family Resource Management Specialist
Iowa State University Extension

Managing Money for Clothing

Children outgrow their clothes very quickly because their size is always changing. Children may need larger shoes three or four times a year! You can save money on children's clothes in these ways.



- Buy garments that will serve many purposes.
- Put your money into items worn the most.
- Don't buy a lot of clothes in any one size.
- Choose styles that can be worn longer as a child is growing, such as separates to mix and match.
- Take advantage of sales only if the item is really needed.
- Avoid buying clothing that is too large. The season may be ended before your child grows into the item, and then it might be too small for next year.

Shopping for Clothing



School-age children can begin making some decisions about clothing purchases. As you shop together when they are younger, point out a few items that are acceptable to you as far as price and durability, then let your child make the final decision as to which to buy. When they are older they can begin making a few of their own selections. Of course, there may be some poor choices, but they will learn from their mistakes.

Some parts of shopping your child may not like very well. Children may get tired of shopping for clothes or shoes. Choose a time to shop when children are rested, and not distracted by wanting to be somewhere else. If you plan ahead it can be more enjoyable. Give thought to your child's preferences and real clothing needs before you go to the store.

It is always a good idea to have the child try on the clothing before you buy it. Fit varies between brands and may vary among styles within the same brand, because designers view their styles and appropriate fit differently. Each pair of shoes must be fitted individually. Be sure that children always wear socks when trying on and checking fit of shoes.

Your child may enjoy the monetary aspect of shopping—deciding how much to spend, making change, and so on. By learning to observe prices of clothing and other items, children can begin to learn about choice and establish appropriate spending habits.

Sales Tax Holiday



On August 6-7, 2004 no Iowa sales tax will be charged on clothing and footwear priced below \$100. The exemption includes any article of wearing apparel and typical footwear.

It does not include watches, watchbands, jewelry, umbrellas, handkerchiefs, sporting equipment, skis, swim fins, roller blades, skates, and any special clothing or footwear designed primarily for athletic activity or protective use and not usually considered appropriate for everyday wear.

Articles that are normally sold as a unit, such as a pair of shoes or a suit, must be sold as a unit. They cannot be separated and sold as individual items in order to obtain the exemption. For example, if a pair of shoes normally sells for \$120.00, the pair cannot be split in order to sell each shoe for \$60.00 to qualify for the exemption.

If you purchase an eligible item during the exemption period, then later exchange the item for the same item (different size, different color, etc.), no additional tax will be due even if the exchange is made after the exemption period.

If you purchase an eligible item during the exemption period, then later return the item and receive credit on the purchase of a different item, the appropriate sales tax will apply to the full sales price of the newly-purchased item.

When you return an eligible item purchased during the exemption period, the retailer will refund tax only if you present a receipt or invoice showing tax

was paid on the item, or the retailer has sufficient documentation to show that tax was paid on the specific item.

Manufacturer's coupons do not reduce the sales price of an item. Therefore, a manufacturer's coupon cannot be used to reduce the selling price of an item to less than \$100.00 in order to qualify for the exemption. For example, a jacket sells for \$105.00 and you have a \$10.00 manufacturer's coupon good for the purchase of the jacket. The manufacturer's coupon does not reduce the sales price of the jacket. Tax is due on the \$105.00 even though you only pay the retailer \$95.00 for the jacket.

Store coupons and discounts reduce the sales price of an item. Therefore, a store coupon or discount can be used to reduce the sales price of an item to less than \$100.00 in order to qualify for the exemption.



Items on layaway are eligible if you have a contract for a layaway sale with a retailer, you make the usual deposit in accordance with the retailer's layaway policy, the merchandise is separated from the retailer's inventory, final payment is made on the item, and you take delivery of the merchandise during the exemption period.

For more information about the 2004 Iowa Sales Tax Holiday, see the website:
<http://www.state.ia.us/tax/educate/holiday1.html>

Newsletter contact information:

Phyllis Zalenski
605 E. Main
Anamosa, IA 52205
319-462-2791
319-462-4572 (FAX)
zalenski@iastate.edu

IOWA STATE UNIVERSITY
University Extension

... and justice for all

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Many materials can be made available in alternative formats for ADA clients. To file a complaint of discrimination, write USDA, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964.