# Breakeven Formula

1. [Sales volume](http://www.businessdictionary.com/definition/sales-volume.html) (number of [units](http://www.businessdictionary.com/definition/unit.html)) [required](http://www.businessdictionary.com/definition/required.html) for [breakeven](http://www.businessdictionary.com/definition/breakeven.html): [fixed costs](http://www.businessdictionary.com/definition/fixed-cost.html) / [contribution](http://www.businessdictionary.com/definition/contribution.html) [per](http://www.investorwords.com/5714/per.html) unit.

2. [Sales revenue](http://www.businessdictionary.com/definition/sales-revenue.html) ([dollar](http://www.investorwords.com/7129/dollar.html) [amount](http://www.investorwords.com/205/amount.html)) required for breakeven: fixed costs x [price](http://www.businessdictionary.com/definition/price.html) per unit ÷ contribution per unit.

**The breakeven formula**

The point in business where the sales equal the expenses. There is no profit and no loss.

Formula:  
Break-Even Point ($) = Fixed Costs ÷ Gross Margin Percentage

Equation that helps determine [Break-Even Sales](http://www.answers.com/topic/break-even-sales).

Let: *p* = unit [selling](http://www.answers.com/topic/break-even-equation) price

v = unit variable [cost](http://www.answers.com/topic/break-even-equation)

FC = total fixed cost

x = [sales](http://www.answers.com/topic/break-even-equation) in units

Then, the break-even equation can be set up as follows:

px = *vx* + *FC*

For example, assume that *p* = $25, *v* = $10, *FC* = $15,000. The equation is:

$25*x* = $10*x* + $15,000

$25*x* - $10*x* = $15,000

$15*x* = $15,000

x = 1000 units

Therefore, break-even sales are 1000 units. Break-even sales expressed in dollars are $25,000 (1000 units x $25).