

Imag (Service Provider) $\xrightarrow{15,000}$ Frag Ltd
 Ad agency (Mumbai)
 [Mumbai] [Manufacturing]

Sells to 22,000

Mr. C @ 30,000 (Karnataka) $\xleftarrow{\quad}$ Mr B (Wholesaler) (Karnataka)

(CSGT, SGST)
 12% of 15,000 = 1800 - Imag

12% of 22,000 = 2640 - Frag
 (IGST)

12% of 30,000 = 3600 - B
 (CGST, SGST)

Output \rightarrow Sales
 \hookrightarrow Input \rightarrow Purchases
Tax Payable

Tax on Value added

Pays $\xleftarrow{\quad}$ Mr. B $\xrightarrow{\quad}$ Collects

22,000
 (inclusive tax)
 \swarrow
 2640

3600
 $- 2640$
 \hline
 3600
 \hookrightarrow 2640
 \hline

30,000 (inclusive of tax)
 \nwarrow
 3600

8000
 \times 12%
 \hline
 960
 \hline

Soln

As we know GST is tax on value added
 when he sells the value added (Mr. B)

$$= 30,000 - 22,000 = 8000 \times (6\% + 6\%)$$

$$= 8000 \times 12\%$$

$$\boxed{\text{Output tax} = 960}$$

When paying for 22,000 = ₹ 840 (Input)
 he pays

$$\text{Tax Payable} = \text{Output tax} - \text{Input tax}$$

$$= 960 - 840$$

$$= \underline{\underline{₹ 120}}$$

$$\text{Output Tax} = 30,000 \times 12\% \text{ (6\% CGST \& 6\% SGST)}$$

$$= 3600$$

$$\text{Input tax} = 22,000 \times 12\% \text{ (IGST)}$$

$$= 2640$$

$$\text{Tax Payable} = 3600 - 2640 = 960$$