Financial Planning

Practice Set 4.1

Q. 1. 'Pawan Medical' supplies medicines. On some medicines the rate of GST is 12%, then what is the rate of CGST and SGST?

Answer : We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

$\Rightarrow 12 = 2x$

$\Rightarrow x = 6\%$

Hence CGST, SGST = 6%

Q. 2. On certain article if rate of CGST is 9% then what is the rate of SGST? and what is the rate of GST?

Answer : We know that CGST and SGST are components of GST.

CGST is always equal to SGST.

$\therefore$ CGST = SGST = 9%

We know that GST = CGST + SGST.

$\therefore$ GST = 9% + 9% = 18%

Q. 3. 'M/s. Real Paint' sold 2 tins of lustre paint and taxable value of each tin is Rs. 2800. If the rate of GST is 28%, then find the amount of CGST and SGST charged in the tax invoice.

Answer : Given rate of GST = 28%

The taxable value of 1 tin = Rs.2800

∴ Taxable value of 2 tins = Rs.5600

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 28 = 2x

⇒ x = 14%

Hence CGST, SGST = 14%

$$\text{We know that CGST} = \frac{\text{CGST\%}}{100} \times \text{Taxable value}$$

$$\Rightarrow \text{CGST} = \frac{14}{100} \times 5600$$

= Rs.784

∵ CGST = SGST

∴ SGST = Rs.784

Q. 4. The taxable value of a wrist watch belt is Rs. 586. Rate of GST is 18%. Then what is price of the belt for the customer?

Answer : Given rate of GST = 18%

Taxable value of wrist watch belt = Rs.586

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 18 = 2x

⇒ x = 9%

Hence CGST, SGST = 9%

$$\text{We know that CGST} = \frac{\text{CGST\%}}{100} \times \text{Taxable value}$$

$$\Rightarrow \text{CGST} = \frac{9}{100} \times 586$$

= Rs.52.74

∵ CGST = SGST

∴ SGST = Rs.52.74

We know that price of a customer = Taxable value + CGST + SGST

∴ Price of belt for customer = 586 + 52.74 + 52.74

= 691.48

Q. 5. The total value (with GST) of a remote-controlled toy car is Rs. 1770. Rate of GST is 18% on toys. Find the taxable value, CGST and SGST for this toy-car.

Answer :

We know that Total Value (with GST) = Taxable Value + GST

Given total value (with GST) = Rs. 1770

Let taxable value = x

∴ 1770 = x + 18% of x

$= x + \frac{18}{100} \times x$

$= x + 0.18x$

$\Rightarrow 1770 = 1.18x$

$\Rightarrow x = \frac{1770}{1.18} = 1500$

∴ x = Taxable Value = Rs. 1500

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 18 = 2x

⇒ x = 9%

Hence CGST, SGST = 9%

We know that $CGST = \frac{CGST\%}{100} \times$ Taxable value

$\Rightarrow CGST = \frac{9}{100} \times 1500$

= Rs. 135

∵ CGST = SGST

∴ SGST = Rs. 135

Q. 6. 'Tiptop Electronics' supplied an AC of 1.5 ton to a company. Cost of the AC supplied is Rs. 51,200 (with GST). Rate of CGST on AC is 14%. Then find the following amounts as shown in the tax invoice of Tiptop Electronics.

(1) Rate of SGST
(2) Rate of GST on AC
(3) Taxable value of AC
(4) Total amount of GST
(5) Amount of CGST
(6) Amount of SGST

Answer : Given rate of CGST of AC = 14%

(1) We know that CGST and SGST are components of GST.

CGST is always equal to SGST.

∴ SGST = 14%

(2) We know that GST = CGST + SGST.

GST = 14% + 14% = 28%

(3) We know that Total Value (with GST) = Taxable Value + GST

Given total value (with GST) = Rs. 51, 200

Let taxable value = x

∴ 51200 = x + 28% of x

$$= x + \frac{28}{100} \times x$$

$$= x + 0.28x$$

$$\Rightarrow 51200 = 1.28x$$

$$\Rightarrow x = \frac{51200}{1.28} = 40000$$

∴ x = Taxable Value = Rs. 40, 000

(4) We know that total GST = GST of Taxable value

∴ GST = 28% of 40, 000

$= \frac{28}{100} \times 40000$

= Rs. 11, 200

(5) We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 11200 = 2x

⇒ x = 5600

Hence CGST = Rs. 5600

(6) ∴ SGST = Rs. 5600

Q. 7. Prasad purchased a washing-machine from 'Maharashtra Electronic Goods'. The discount of 5% was given on the printed price of Rs. 40,000. Rate of GST charged was 28%. Find the purchase price of washing machine. Also find the amount of CGST and SGST shown in the tax invoice.

Answer : Discount = 5% of 40, 000 = Rs. 2000

∴ Taxable value of washing machine = 40,000 – 2000 = Rs. 38, 000

Given, rate of GST = 28%

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 28 = 2x

⇒ x = 14%

∴ CGST, SGST = 14%

∴ CGST = 14% of 38, 000 = Rs. 5320

∴ SGST = Rs. 5320

∴ Purchase price of washing machine = 38000 + 5320 + 5320

= Rs. 48, 640

Practice Set 4.2

Q. 1 'Chetana Store' paid total GST of Rs. 1,00,500 at the time of purchase and collected GST Rs. 1,22,500 at the time of sale during 1st of July 2017 to 31st July 2017. Find the GST payable by Chetana Stores.

Answer : Output Tax (tax collected at the time of sale) = Rs. 1,22,500

Input Tax (tax paid at the time of purchase) = Rs. 1,00,500

∴ Input Tax Credit, ITC = Rs. 1, 00, 500

We know that GST Payable = Output Tax – ITC

⇒ GST Payable by Chetana stores = 1, 22, 500 – 1, 00, 500

= Rs. 22, 000

Q. 2. Nazama is a proprietor of a firm, registered under GST. She has paid GST of Rs. 12,500 on purchase and collected Rs. 14,750 on sale. What is the amount of ITC to be claimed? What is the amount of GST payable?

Answer : Output Tax (tax collected at the time of sale) = Rs. 14,750

Input Tax (tax paid at the time of purchase) = Rs. 12,500

∴ Input Tax Credit, ITC = Rs. 12, 500

We know that GST Payable = Output Tax – ITC

⇒ GST Payable = 14, 750 – 12, 500

= Rs. 2, 250

Q. 3. Amir Enterprise purchased chocolate sauce bottles and paid GST of Rs. 3800. He sold those bottles to Akbari Bros. and collected GST of Rs. 4100. Mayank Food Corner purchased these bottles from Akabari Bros and paid GST of Rs. 4500. Find the amount of GST payable at every stage of trading and hence find payable CGST and SGST.

Answer : Amir Enterprise:

Input GST = Rs.3800

Output GST = Rs. 4100

∴ GST Payable = Output Tax – ITC

= 4100 – 3800 = Rs. 300

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 300 = 2x

⇒ x = 150

∴ CGST, SGST = Rs. 150

Akbari Bros:

Input GST = Rs. 4100

Output GST = Rs. 4500

∴ GST Payable = Output Tax – ITC

= 4500 – 4100 = Rs. 400

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 400 = 2x

⇒ x = 200

∴ CGST, SGST = Rs. 200

Q. 4. Malik Gas Agency (Chandigarh Union Territory) purchased some gas cylinders for industrial use for Rs. 24,500, and sold them to the local customers for Rs. 26,500. Find the GST to be paid at the rate of 5% and hence the CGST and UTGST to be paid for this transaction. (for Union Territories there is UTGST instead of SGST.)

Answer : Input Tax = 5% of 24,500

= Rs. 1225

Output Tax = 5% of 26, 500

= Rs. 1325

We know that GST Payable = Output Tax – ITC

∴ GST Payable = 1325 – 1225

= Rs. 100

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + UTGST

Let CGST and UTGST be x.

Then GST = x + x

⇒ 100 = 2x

⇒ x = 50

∴ CGST, UTGST = Rs. 50

Q. 5. M/s Beauty Products paid 18% GST on cosmetics worth Rs. 6000 and sold to a customer for Rs. 10,000. What are the amounts of CGST and SGST shown in the tax invoice issued?

Answer : We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 18 = 2x

⇒ x = 9%

∴ CGST, SGST = 9%

CGST = 9% of 10, 000 = Rs. 900

∴ SGST = Rs. 900

Q. 6. Prepare Business to Consumer (B2C) tax invoice using given information. Write the name of the supplier, address, state, Date, invoice number, GSTIN etc. as per your choice. Supplier : M/s - - -- - Address- - - - - State - - - - - Date - - - - - - - Invoice No. - - - - - GSTIN - - - - - - - - - - - - - -

Particulars –
Rate of Mobile Battery - Rs. 200 Rate of GST 12% HSN 8507, 1 pc.
Rate of Headphone - Rs. 750 Rate of GST 18% HSN 8518, 1 pc.

Answer : Mobile Battery:

Taxable Value = Rs. 200

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 12 = 2x

⇒ x = 6%

Hence CGST, SGST = 6%

We know that $CGST = \frac{CGST\%}{100} \times \text{Taxable value}$

$\Rightarrow CGST = \frac{6}{100} \times 200$

= Rs. 12

∵ CGST = SGST

∴ SGST = Rs. 12

We know that Total Value = Taxable value + CGST + SGST

∴ Total Value = 200 + 12 + 12 = Rs. 224

Headphone:

Taxable Value = Rs. 750

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 18 = 2x

⇒ x = 9%

Hence CGST, SGST = 9%

$$\text{We know that CGST} = \frac{\text{CGST\%}}{100} \times \text{Taxable value}$$

$$\Rightarrow \text{CGST} = \frac{9}{100} \times 750$$

= Rs. 67.5

∵ CGST = SGST

∴ SGST = Rs. 67.5

We know that Total Value = Taxable value + CGST + SGST

∴ Total Value = 750 + 67.5 + 67.5 = Rs. 885

Tax Invoice
SUPPLIER: A to Z ELECTRONIC MART GSTIN:27ABCDE1234H1Z5 143, Shivaji Rasta, Mumbai 400001, Maharashtra. Invoice No. GST/01 Invoice Date: 29-April-2018

S.NO.	HSN code	Name of Product	Rate	Quantity	Taxable Amount	CGST	SGST	Total
1.	8507	Mobile Battery	Rs. 200	1 pc.	Rs.200	Rs. 12	Rs. 12	Rs. 224
2.	8518	Headphone	Rs. 750	1 pc.	Rs. 750	Rs. 67.5	Rs. 67.5	Rs. 885
					Total	Rs. 79.5	Rs. 79.5	Rs. 1109

Q. 7. Prepare Business to Business (B2B) Tax Invoice as per the details given below. name of the supplier, address, Date etc. as per your choice.

Supplier - Name, Address, State, GSTIN, Invoice No., Date
Recipient - Name, Address, State, GSTIN,
Items :
(1) Pencil boxes 100, HSN - 3924, Rate - Rs. 20, GST 12%
(2) Jigsaw Puzzles 50, HSN 9503, Rate - Rs. 100 GST 12%.

Answer :

Pencil Box:

Taxable Value = Rs. 2000

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 12 = 2x

⇒ x = 6%

Hence CGST, SGST = 6%

$$\text{We know that CGST} = \frac{\text{CGST\%}}{100} \times \text{Taxable value}$$

$$\Rightarrow \text{CGST} = \frac{6}{100} \times 2000$$

= Rs. 120

∵ CGST = SGST

∴ SGST = Rs. 120

We know that Total Value = Taxable value + CGST + SGST

∴ Total Value = 2000 + 120 + 120 = Rs. 2240

Jigsaw puzzle:

Taxable Value = Rs. 5000

We know that CGST and SGST are components of GST.

CGST is always equal to SGST

i.e. GST = CGST + SGST

Let CGST and SGST be x.

Then GST = x + x

⇒ 12 = 2x

⇒ x = 6%

Hence CGST, SGST = 6%

We know that $\text{CGST} = \frac{\text{CGST\%}}{100} \times \text{Taxable value}$

$\Rightarrow \text{CGST} = \frac{6}{100} \times 5000$

= Rs. 300

∵ CGST = SGST

∴ SGST = Rs. 300

We know that Total Value = Taxable value + CGST + SGST

∴ Total Value = 5000 + 300 + 300 = Rs. 5600

Tax Invoice
SUPPLIER: A to Z STATIONARY GSTIN:27ABCDE1234H1Z5 143, Shivaji Rasta, Mumbai 400001, Maharashtra. Invoice No. GST/02 Invoice Date: 29-April-2018 RECEIPENT: Rohan Sharma GSTIN:27AAAAA5555B1ZA Khed-Shivapur, Pune.

S.NO.	HSN code	Name of Product	Rate	Quantity	Taxable Amount	CGST	SGST	Total
1.	3924	Pencil Box	Rs. 20	100 pc.	Rs.2000	Rs. 120	Rs. 120	Rs. 2240
2.	9503	Jigsaw puzzle	Rs. 100	50 pc.	Rs. 5000	Rs. 300	Rs. 300	Rs. 5600
					Total	Rs. 420	Rs. 420	Rs. 7840

Practice Set 4.3

Q. 1. Complete the following table by writing suitable numbers and words.

Sr No.	FV	Share is at	MV
(1)	Rs. 100	Par	. . .
(2)	. . .	Premium Rs. 500	Rs. 575
(3)	Rs. 10	. . .	Rs. 5

Answer : (1) We know that if MV = FV, then the share is at par.

Here, FV = Rs. 100

∴ MV = Rs. 100

(2) We know that if MV > FV, then the share is at premium.

∴ FV = MV – Premium

⇒ FV = 575 – 500 = Rs. 75

(3) We know that FV = Rs. 10 and MV = Rs.3

⇒ FV – MV = 10 – 5 = Rs. 5

We know that if MV < FV, then the share is at discount.

∴ The given share is at discount at Rs. 5.

Q. 2. Amol purchased 50 shares of Face Value Rs. 100 when the Market value of the share was Rs. 80. Company had given 20% dividend. Find the rate of return on investment.

Answer : Given FV = Rs. 100; MV = Rs. 80; D = 20%

On investment of Rs. 80, Amol got Rs. 20.

Let rate of return be x%.

$$\therefore \frac{20}{80} = \frac{x}{100}$$

$$\Rightarrow \frac{1}{4} = \frac{x}{100}$$

$$\therefore X = \frac{1 \times 100}{4}$$

⇒ x = 25% (Rate of Return)

Q. 3. Joseph purchased following shares, Find his total investment.

Company A : 200 shares, FV = Rs. 2 Premium = Rs. 18.
Company B : 45 shares, MV = Rs. 500
Company C : 1 share, MV = Rs. 10,540.

Answer : Company A: Premium = Rs. 18

We know that if MV > FV, then the share is at premium.

∴ MV = FV + Premium

⇒ MV = 2 + 18 = Rs.20

We know that investment = number of shares × MV

∴ Investment in company A = 200 × 20

= Rs. 4000

Company B:

∴ Investment in company B = 45 × 500

= Rs. 22, 500

Company C:

∴ Investment in company C = 1 × 10, 540

= Rs. 10, 540

Joseph has invested 4000 + 22, 500 + 10, 540 = Rs. 37, 040

Q. 4. Smt. Deshpande purchased shares of FV Rs. 5 at a premium of Rs. 20. How many shares will she get for Rs. 20,000?

Answer :

We know that if MV > FV, then the share is at premium.

∴ MV = FV + Premium

⇒ MV = 5 + 20

= Rs. 25

We know that investment = number of shares × MV

Given, investment = Rs. 20, 000

$$\therefore \text{Number of shares} = \frac{\text{Investment}}{\text{MV}}$$

$$\Rightarrow \text{Number of shares} = \frac{20000}{25}$$

= 800

Q. 5. hri Shantilal has purchased 150 shares of FV Rs. 100, for MV of Rs. 120. Company has paid dividend at 7%. Find the rate of return on his investment.

Answer : Given, number of shares = 150

FV = Rs. 100

MV = Rs. 120

Dividend = 7%

We know that investment = number of shares × MV

∴ Investment = 150 × 120

= Rs. 18, 000

We know that dividend per share = $FV \times \frac{\text{dividend}}{100}$

$\therefore$ Dividend per share = $100 \times \frac{7}{100}$

= Rs. 7

$\therefore$ Total dividend received = 150×7 = Rs. 1050

We know that rate of return = $\frac{\text{Dividend income}}{\text{Investment}} \times 100$

$\therefore$ Rate of return = $\frac{1050}{18000} \times 100$

= 5.83%

Q. 6. If the face value of both the shares is same, then which investment out of the following is more profitable?

Company A : dividend 16%, MV = Rs. 80, Company B : dividend 20%, MV = Rs. 120.

Answer : Let FV = Rs. 100

Company A:

We know that dividend per share = $FV \times \frac{\text{dividend}}{100}$

$\therefore$ Dividend per share = $100 \times \frac{16}{100}$

= Rs. 16

Income on Rs. 1 = $\frac{16}{80}$ = Rs. 0.20

Company B:

We know that dividend per share = $FV \times \frac{\text{dividend}}{100}$

$\therefore$ Dividend per share = $100 \times \frac{20}{100}$

Rs. 20

Income on Rs. 1 = $\frac{20}{120}$ = Rs. 0.16

$\therefore$ Investment of company A is more profitable than company B.

Practice Set 4.4

Q. 1. Market value of a share is Rs. 200. If the brokerage rate is 0.3% then find the purchase value of the share.

Answer : Given, MV = Rs. 200

Brokerage rate = 0.3%

We know that purchase value of a share = MV + Brokerage

$\therefore$ Purchase value of a share = 200 + 0.3% of 200

$$= 200 + \frac{0.3}{100} \times 200$$

200 + 0.60

= Rs. 200.60

Q. 2. A share is sold for the market value of Rs. 1000. Brokerage is paid at the rate of 0.1%. What is the amount received after the sale?

Answer : Given, MV = Rs. 1000

Brokerage rate = 0.1%

We know that the selling price for a share = MV – Brokerage rate

∴ Selling price for a share = 1000 – 0.1% of 1000

= 1000 – 1

= 999

Q. 3. Fill in the blanks given in the contract note of sale-purchase of shares.

(B - buy S - sell)

No. of shares	MV of shares	Total value	Brokerage 0.2%	9% CGST on brokerage	9% SGST on brokerage	Total value of shares
100 B	Rs. 45					
75 S	Rs. 200					

Answer :

B-Buy:

We know that Investment (total value) = Number of shares × MV

∴ Total value = 100 × 45

= Rs. 4500

We know that brokerage = Total Value × Brokerage rate

∴ Brokerage = 4500 × 0.2%

= Rs. 9

We know that CGST on brokerage = brokerage × CGST rate

∴ CGST on brokerage = 9 × 9%

= Rs. 0.81

We know that CGST value is equal to SGST value.

∴ SGST on brokerage = Rs. 0.81

We know that total value of shares = Total Value + Brokerage + CGST on brokerage + SGST on brokerage

⇒ Total value of shares = 4500 + 9 + 0.81 + 0.81

= Rs. 4510.62

S-Sell:

Total value = 200 × 75

= Rs. 15000

Brokerage = 15000 × 0.2%

= Rs. 30

CGST on brokerage = 30 × 9%

= Rs. 2.70 = SGST on brokerage

Total value of shares = 15000 + 30 + 2.70 + 2.70

= Rs. 14964.60

No. of Shares	MV of Shares	Total Value	Brokerage 0.2%	9% CGST on brokerage	9% SGST on brokerage	Total value of shares
100 B	Rs. 45	Rs. 4500	Rs. 9	Rs. 0.81	Rs. 0.81	Rs. 4510.62
75 S	Rs. 200	Rs. 15000	Rs. 30	Rs. 2.70	Rs. 2.70	Rs. 14964.60

Q. 4. Smt. Desai sold shares of face value Rs. 100 when the market value was Rs. 50 and received Rs. 4988.20. She paid brokerage 0.2% and GST on brokerage 18%, then how many shares did she sell?

Answer :

Given, FV = Rs. 100

MV = Rs. 50

Total Value of shares = Rs. 4988.20

$$\text{Brokerage } 0.2\% = \frac{0.2}{100} \times 50 = \text{Rs. } 0.1$$

GST per share on Brokerage = 18% of 0.1 = 0.018

We know that cost of a share = MV + Brokerage + GST

∴ Cost of 1 share = 50 + 0.1 + 0.018 = Rs. 50.118

We know that total value of shares = Total Value + Brokerage + GST on brokerage

∴ 4988.20 = Total Value + 0.1 + 0.018

⇒ Total Value = 4988.20 – 0.1 – 0.018

∴ Total Value = Rs. 4988.082

We know that Investment (Total Value) = Cost × Number of shares

$$\therefore \text{Number of shares} = \frac{4988.082}{50.118} = 99.5 \approx 100$$

Q. 5. Mr. D'souza purchased 200 shares of FV Rs. 50 at a premium of Rs. 100. He received 50% dividend on the shares. After receiving the dividend he sold 100 shares at a discount of Rs. 10 and remaining shares were sold at a premium of Rs. 75. For each trade he paid the brokerage of Rs. 20. Find whether Mr. D'souza gained or incurred a loss? by how much?

Answer :

Given:

Number of shares Mr. D’souza purchased = 200

FV = Rs. 50

Premium = Rs. 100

We know that if MV > FV, then the share is at premium.

∴ MV = FV + Premium

⇒ MV = 50 + 100 = Rs. 150

Value of 200 shares = 200 × 150 = Rs 30,000

We know that dividend per share =

∴ Dividend per share =

= Rs. 25

∴ Total dividend received = 200 × 25 = Rs. 5000

100 shares sold at discount of Rs 10.

∴ Selling price of 100 shares = 100 × (50-10)

= 100 × 40

= Rs 4000

Amount received on selling 100 shares = selling price – brokerage

= 4000 – 20

= Rs 3980

Another 100 shares were sold at a premium of Rs. 75.

∴ MV = FV + Premium

⇒ MV = 50 + 75 = Rs. 125

Selling price of 100 shares = 100× 125

= Rs 12500

Amount received on selling 100 shares = selling price – brokerage

= 12500 – 20

= Rs 12480

Total amount = 5000 + 3980 + 12480

= Rs 21460

Investment = 30,000

Loss = Investment – amount on selling the shares

= 30,000 – 21460

= Rs 8560

Problem Set 4A

Q. 1 A. Write the correct alternative for each of the following.

Rate of GST on essential commodities is . . .

A. 5%
B. 12%
C. 0%
D. 18%

Answer : According to Central board of Exercise and customs the rate of GST on essential commodities is 0%

Q. 1 B. Write the correct alternative for each of the following.

The tax levied by the central government for trading within state is . . .

A. IGST
B. CGST
C. SGST
D. UTGST

Answer : The tax levied by the central government for trading is Central Goods and Services Tax.

Q. 1 C. Write the correct alternative for each of the following.

GST system was introduced in our country from . . .

A. 31st March 2017
B. 1st April 2017
C. 1st January 2017
D. 1st July 2017

Answer : GST system was introduced from 1st July 2017

Q. 1 D.Write the correct alternative for each of the following.

The rate of GST on stainless steel utensils is 18%, then the rate of State GST is . . .

A. 18%
B. 9%
C. 36%
D. 0.9%

Answer : According to Central board of Exercise and customs the rate of GST on stainless steels and utensils is 9%

Q. 1 E. Write the correct alternative for each of the following.

In the format of GSTIN there are . . . alpha-numerals.

A. 15
B. 10
C. 16
D. 9

Answer :

GSTIN has 15 alpha numerals

Q. 1 F. Write the correct alternative for each of the following.

When a registered dealer sells goods to another registered dealer under GST, then this trading is termed as . . .

A. BB
B. B2B
C. BC
D. B2C

Answer : The trading when a dealer sells goods to another registered dealer under GST is termed as B2B.

Q. 2. A dealer has given 10% discount on a showpiece of Rs. 25,000. GST of 28% was charged on the discounted price. Find the total amount shown in the tax invoice. What is the amount of CGST and SGST?

Answer : Printed price = Rs. 25,000

Rate of discount = 10%

$$\text{Discount given} = \frac{10}{100} \times 25000 = \text{Rs. } 2{,}500$$

Discounted price = (25000-2500) = Rs. 22,500

Rate of GST = 28%

$$\text{Total GST} = \frac{\text{Rate Of GST}}{100} \times \text{Discounted Price}$$

$$\Rightarrow \text{Total GST} = \frac{28}{100} \times 22500 = \text{Rs. } 6300$$

Total amount shown in the tax invoice = (22500 + 6300) = Rs. 28,800

$$\text{CGST} = \frac{\text{Total GST}}{2}$$

$$\Rightarrow \text{CGST} = \frac{6300}{2} = \text{Rs. } 3150$$

$$\text{SGST} = \frac{\text{Total GST}}{2}$$

$$\Rightarrow \text{SGST} = \frac{6300}{2} = \text{Rs. } 3150$$

Q. 3. A ready-made garment shopkeeper gives 5% discount on the dress of Rs. 1000 and charges 5% GST on the remaining amount, then what is the purchase price of the dress for the customer?

Answer : Printed price of shirt = Rs. 1000

Rate of discount = 5%

Discount given = $\frac{5}{100} \times 1000 = \text{Rs. } 50$

Discounted price = (1000-50) = Rs. 950

Rate of GST = 5%

Total GST = $\frac{\text{Rate Of GST}}{100} \times \text{Discounted Price}$

$\Rightarrow$ Total GST = $\frac{5}{100} \times 950 = \text{Rs. } 47.50$

Purchase Price = (950 + 47.5) = Rs. 997.50

Q. 4. trader from Surat, Gujarat sold cotton clothes to a trader in Rajkot, Gujarat. The taxable value of cotton clothes is Rs. 2.5 lacs. What is the amount of GST at 5% paid by the trader in Rajkot?

Answer :

Taxable Value = Rs. 2,50,000

Rate of GST = 5%

Total GST = $\frac{\text{Rate Of GST}}{100} \times \text{Taxable Value}$

$\Rightarrow$ Total amount of GST = $\frac{5}{100} \times 250000 = \text{Rs. } 12,500$

Q. 5. Smt. Malhotra purchased solar panels for the taxable value of Rs. 85,000. She sold them for Rs. 90,000. The rate of GST is 5%. Find the ITC of Smt. Malhotra. What is the amount of GST payable by her?

Answer : Purchase Price = Rs. 85,000

Rate of GST = 5%

$$\text{Input Tax(ITC)} = \frac{\text{Rate Of GST}}{100} \times \text{Purchase Price}$$

$$\Rightarrow \text{Input Tax(ITC)} = \frac{5}{100} \times 85000 = \text{Rs. } 4250$$

Selling Price = Rs. 90,000

$$\text{Output Tax} = \frac{\text{Rate Of GST}}{100} \times \text{Selling Price}$$

$$\Rightarrow \text{Output Tax} = \frac{5}{100} \times 90000 = \text{Rs. } 4500$$

Payable Tax = (Output Tax-ITC) = Rs. 250

Q. 6. A company provided Z-security services for the taxable value of Rs. 64,500. Rate of GST is 18%. Company had paid GST of Rs. 1550 for laundry services and uniforms etc. What is the amount of ITC (input Tax Credit)? Find the amount of CGST and SGST payable by the company.

Answer : Input Tax(ITC) = Rs. 1550

Selling Price = Rs. 64,500

$$\text{Output Tax} = \frac{\text{Rate Of GST}}{100} \times \text{Selling Price}$$

$$\Rightarrow \text{Output Tax} = \frac{18}{100} \times 64500 = \text{Rs. } 11610$$

Total GST Payable = (Output tax-ITC) = (11610-1550) = Rs. 10060

$$\text{CGST} = \frac{\text{Total GST}}{2}$$

$$\Rightarrow \text{CGST} = \frac{10060}{2} = \text{Rs. } 5030$$

$$\text{SGST} = \frac{\text{Total GST}}{2}$$

$$\Rightarrow \text{SGST} = \frac{10060}{2} = \text{Rs. } 5030$$

Q. 7. A dealer supplied Walky-Talky set of Rs. 84,000 (with GST) to police control room. Rate of GST is 12%. Find the amount of state and central GST charged by the dealer. Also find the taxable value of the set.

Answer : Let taxable value be x

Rate of GST = 12%

Selling price = Rs. 84,000

$$\frac{12}{100} \times x + x = 84000$$

$$\Rightarrow 1.12x = 84000$$

$$\Rightarrow x = \frac{84000}{1.12} = \text{Rs. } 75{,}000$$

Total GST charged = (84000-75000) = Rs. 9000

$$\text{CGST} = \frac{\text{Total GST}}{2}$$

$$\Rightarrow \text{CGST} = \frac{9000}{2} = \text{Rs. } 4500$$

$$\text{SGST} = \frac{\text{Total GST}}{2}$$

$$\Rightarrow \text{SGST} = \frac{9000}{2} = \text{Rs. } 4500$$

Q. 8. A wholesaler purchased electric goods for the taxable amount of Rs. 1,50,000. He sold it to the retailer for the taxable amount of Rs. 1,80,000. Retailer sold it to the customer for the taxable amount of Rs. 2,20,000. Rate of GST is 18%. Show the computation of GST in tax invoices of sales. Also find the payable CGST and payable SGST for wholesaler and retailer.

Answer : Purchase price of wholesaler = Rs. 1,50,000

Purchase price of retailer = Rs. 1,80,000

Purchase price of customer = Rs. 2,20,000

Rate of GST = 18%

Manufacturer's Tax invoice:

$$\text{Total GST} = \frac{\text{Rate of GST}}{100} \times \text{Amount at which the article was sold} = \text{Rs. } 27{,}000$$

$$\text{Amount of CGST showed in the invoice of Manufacturer} = \frac{\text{Total GST}}{2} = \text{Rs. } 13{,}500$$

$$\text{Amount of SGST showed in the invoice of Manufacturer} = \frac{\text{Total GST}}{2} = \text{Rs. } 13{,}500$$

Wholesaler's Tax invoice:

$$\text{Total GST} = \frac{\text{Rate of GST}}{100} \times \text{Amount at which the article was sold} = \text{Rs. } 32{,}400$$

(1) Amount of CGST showed in the invoice of Wholesaler $= \frac{\text{Total GST}}{2} = \text{Rs. } 16{,}200$

Amount of SGST showed in the invoice of Wholesaler $= \frac{\text{Total GST}}{2} = \text{Rs. } 16{,}200$

Retailer's Tax invoice:

Total GST $= \frac{\text{Rate of GST}}{100} \times \text{Amount at which the article was sold} = \text{Rs. } 39{,}600$

Amount of CGST showed in the invoice of Retailer $= \frac{\text{Total GST}}{2} = \text{Rs. } 19{,}800$

Amount of SGST showed in the invoice of Retailer $= \frac{\text{Total GST}}{2} = \text{Rs. } 19{,}800$

(2) CGST payable by wholesaler = (16200-13500) = Rs. 2700

SGST payable by wholesaler = (16200-13500) = Rs. 2700

CGST payable by retailer = (19800-16200) = Rs. 3600

SGST payable by retailer = (19800-16200) = Rs. 3600

Q. 9. Anna Patil (Thane, Maharashtra) supplied vacuum cleaner to a shopkeeper in Vasai(Mumbai) for the taxable value of Rs. 14,000, and GST rate of 28%. Shopkeepersold it to the customer at the same GST rate for Rs. 16,800 (taxable value) Find the following-

(1) Amount of CGST and SGST shown in the tax invoice issued by Anna Patil.
(2) Amount of CGST and SGST charged by the shopkeeper in Vasai.
(3) What is the CGST and SGST payable by shopkeeper in Vasai at the time offiling the return.

Answer : Amount at which the article was sold by Anna Patil = Rs. 14,000

Rate of GST = 28%

Amount of GST shown in the tax invoice issued by Anna Patil

$= \frac{\text{Rate of GST}}{100} \times \text{Amount at which the article was sold} = \text{Rs. } 3920$

(1) Amount of CGST showed in the invoice of Anna Patil = $\frac{\text{Total GST}}{2}$ = Rs. 1960

Amount of SGST showed in the invoice of Anna Patil = $\frac{\text{Total GST}}{2}$ = Rs. 1960

Amount at which the article was sold by the shopkeeper = Rs. 16,800

Amount of GST shown in the tax invoice issued by shopkeeper = $\frac{\text{Rate of GST}}{100} \times$ Amount at which the article was sold = Rs. 4704

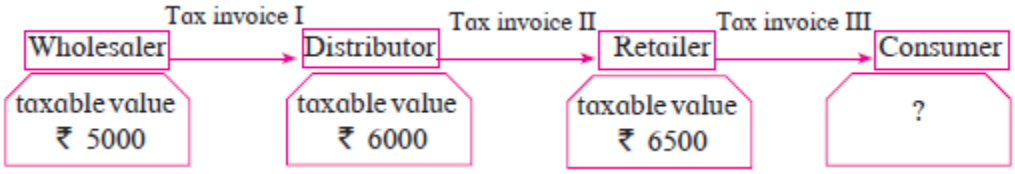
(2) Amount of CGST showed in the invoice of shopkeeper = $\frac{\text{Total GST}}{2}$ = Rs. 2352

Amount of SGST showed in the invoice of shopkeeper = $\frac{\text{Total GST}}{2}$ = Rs. 2352

(3) Amount of CGST payable by shopkeeper = (2352-1960) = Rs.392

Amount of SGST payable by shopkeeper = (2352-1960) = Rs.392

Q. 10. For the given trading chain prepare the tax invoice I, II, III. GST at the rate of 12% was charged for the article supplied.



(1) Prepare the statement of GST payable under each head by the wholesaler, distributor and retailer at the time of filing the return to the government.
(2) At the end what amount is paid by the consumer?
(3) Write which of the invoices issued are B2B and B2C?

Answer : Rate of GST = 12%

Taxable value for manufacturer = Rs. 5000

Total GST paid by manufacturer = $\frac{\text{Rate of GST}}{100} \times$ Taxable value = Rs. 600

$$\text{Total CGST paid by manufacturer} = \frac{\text{Total GST}}{2} = \text{Rs. } 300$$

$$\text{Total SGST paid by manufacturer} = \frac{\text{Total GST}}{2} = \text{Rs. } 300$$

Taxable value for distributor = Rs. 6000

$$\text{Total GST for distributor} = \frac{\text{Rate of GST}}{100} \times \text{Taxable value} = \text{Rs. } 720$$

Total GST payable = (720-600) = Rs. 120

$$\text{Total CGST paid by distributor} = \frac{\text{Total GST payable}}{2} = \text{Rs. } 60$$

$$\text{Total SGST paid by distributor} = \frac{\text{Total GST payable}}{2} = \text{Rs. } 60$$

Taxable value for distributor = Rs. 6500

$$\text{Total GST for retailer} = \frac{\text{Rate of GST}}{100} \times \text{Taxable value} = \text{Rs. } 780$$

Total GST payable for retailer = (780-720) = Rs. 60

$$\text{Total CGST paid by retailer} = \frac{\text{Total GST payable}}{2} = \text{Rs. } 30$$

$$\text{Total SGST paid by retailer} = \frac{\text{Total GST payable}}{2} = \text{Rs. } 30$$

Total Tax = (600 + 120 + 60) = Rs. 780

(1) Statement of GST :

Person	Payable CGST (Rs.)	Payable SGST (Rs.)	Payable GST (Rs.)
Manufacturer	300	300	600
Distributor	360-300 = 60	60	120
Retailer	390-360 = 30	30	60
Total Tax	390	390	780

(2) Amount paid by customer = (6500 + 780) = Rs. 7280

(3) The invoices between

• Manufacturer to Distributor:B2B

• Distributor to Retailer:B2B

• Retailer to Customer:B2C

Problem Set 4B

Q. 1 A. Write the correct alternative for the following question.

If the Face Value of a share is Rs. 100 and Market value is Rs. 75,then which of the following statements is correct?

A. The share is at premium of Rs. 175
B. The share is at discount of Rs. 25
C. The share is at premium of Rs. 25
D. The share is at discount of Rs. 75

Answer : Market value = Rs. 75

Face Value = Rs. 100

If the market value is at a lower price than the face value then the share is in a discount.

Discount = (Face value-Market value) = Rs. 25

(A) The share is at premium Rs. 175 is wrong(B) The share is at a discount of Rs. 25 is correct(C) The share is at a premium of Rs. 25 is wrong(D) The share is at discount of Rs. 75 is wrongHence, only B is correct

Q. 1 B. Write the correct alternative for the following question.

What is the amount of dividend received per share of face value Rs. 10 and dividend declared is 50%.

A. Rs. 50
B. Rs. 5
C. Rs. 500
D. Rs. 100

Answer : Rate of dividend = 50%

$$\text{Dividend} = \frac{50}{100} \times 10 = \text{Rs. } 5$$

Q. 1 C. Write the correct alternative for the following question.

The NAV of a unit in mutual fund scheme is Rs. 10.65 then find the amount required to buy 500 such units.

A. 5325
B. 5235
C. 532500
D. 53250

Answer : Net Asset Value = (N.A.V. of one unit × No. Of units) = Rs. 5325

Q. 1 D. Write the correct alternative for the following question.

Rate of GST on brokerage is . . .

A. 5%
B. 12%
C. 18%
D. 28%

Answer : Rate of GST on Brokerage is 18% according to Central board of Exercise and customs

Q. 1 E. Write the correct alternative for the following question.

To find the cost of one share at the time of buying the amount of Brokerage and GST is to be . . . the MV of share .

A. added to
B. substracted from
C. Multiplied with
D. divided by

Answer : The Brokerage and GST needs to be added to the Market Value of share at the time of buying.

Q. 2. Find the purchase price of a share of FV Rs. 100 if it is at premium of Rs. 30. The brokerage rate is 0.3%.

Answer : Face Value = Rs. 100

Premium = Rs. 30

Market value = (100 + 30) = Rs. 130

Rate of Brokerage = 0.3%

$$\text{Brokerage} = \frac{\text{Rate of Brokerage}}{100} \times \text{Market value}$$

$$\text{Brokerage} = \frac{0.3}{100} \times 130 = \text{Rs. } 0.39$$

Purchase price = (130 + 0.39) = Rs. 130.39

Q. 3. Prashant bought 50 shares of FV Rs. 100, having MV Rs. 180. Company gave 40% dividend on the shares. Find the rate of return on investment.

Answer : Face Value = Rs. 100

Market value = Rs. 180

Rate of Dividend = 40%

$$\text{Dividend} = \frac{\text{Rate of Dividend}}{100} \times \text{Face Value}$$

$$\Rightarrow \text{Dividend} = \frac{40}{100} \times 100 = \text{Rs. } 40$$

No. of shares brought = 50

Total investment = (50 × 180) = Rs. 9000

Total profit = (40 × 50) = Rs. 2000

$$\text{Rate of Return} = \frac{\text{Total Profit}}{\text{Total investment}} \times 100 = 22.2\%$$

Q. 4. Find the amount received when 300 shares of FV Rs. 100, were sold at a discount of Rs. 30.

Answer : Face Value = Rs. 100

Discount = Rs. 30

Market Value = (100-30) = Rs. 70

No. Of shares = 300

Amount Received = (70× 300) = Rs. 21,000

Q. 5. Find the number of shares received when Rs. 60,000 was invested in the shares of FV Rs. 100 and MV Rs. 120.

Answer : Market Value = Rs. 120

Amount invested = Rs. 60,000

$$\text{No. of shares received} = \frac{\text{Amount invested}}{\text{Market Value}} = 500$$

Q. 6. Smt. Mita Agrawal invested Rs. 10,200 when MV of the share is Rs. 100. She sold 60 shares when the MV was Rs. 125 and sold remaining shares when the MV was Rs. 90. She paid 0.1% brokerage for each trading. Find whether she made profit or loss? and how much?

Answer : Amount Invested = Rs. 10,200

Market value when purchased = Rs. 100

Rate of Brokerage = 0.1%

$$\text{Brokerage when purchased} = \frac{\text{Rate of Brokerage}}{100} \times \text{Market value when purchased}$$

$$\text{Brokerage when purchased} = \frac{0.1}{100} \times 100 = \text{Rs. } 0.1$$

$$\text{Brokerage when sold} = \frac{\text{Rate of Brokerage}}{100} \times \text{Market value when sold}$$

$$\text{Brokerage when sold for first 60 shares} = \frac{0.1}{100} \times 125 = \text{Rs. } 0.125$$

$$\text{Brokerage when remaining shares are sold} = \frac{0.1}{100} \times 90 = \text{Rs. } 0.09$$

$$\text{No. of shares Purchased} = \frac{\text{Amount Invested}}{\text{Market value when purchased}} = 102$$

No. of shares sold when M.V. is Rs. 125 = 60

No. of shares sold when M.V. is Rs. 90 = (102-60) = 42

Total amount returned = (60× 125) + (42× 90) = Rs. 11,280

Total brokerage paid = (0.1×102) + (0.125×60) + (0.09×42) = Rs. 21.48

Total profit = (Total amount returned- Amount Invested- Total brokerage paid) = Rs. 1058.52

Q. 7. Market value of shares and dividend declared by the two companies is given below. Face Value is same and it is Rs. 100 for both the shares. Investment in which company is more profitable?

(1) Company A - Rs. 132 , 12%
(2) Company B - Rs. 144, 16%

Answer : Face Value = Rs. 100

Market value of Company A share = Rs. 132

Rate of Dividend = 12%

$$\text{Dividend} = \frac{\text{Rate of Dividend}}{100} \times \text{Face Value}$$

$$\Rightarrow \text{Dividend of Company A share} = \frac{12}{100} \times 100 = \text{Rs. } 12$$

Market value of Company B share = Rs. 144

Rate of Dividend of Company B share = 16%

$$\text{Dividend} = \frac{\text{Rate of Dividend}}{100} \times \text{Face Value}$$

$$\Rightarrow \text{Dividend} = \frac{16}{100} \times 100 = \text{Rs. } 16$$

$$\text{Return\% of Company A} = \frac{\text{Dividend of Company A}}{\text{Market Value}} \times 100 = 9.09\%$$

$$\text{Return\% of Company B} = \frac{\text{Dividend of Company B}}{\text{Market Value}} \times 100 = 11.1\%$$

Return % of Company B is more so company B is more profitable.

Q. 8. Shri. Aditya Sanghavi invested Rs. 50,118 in shares of FV Rs. 100, when the market value is Rs. 50. Rate of brokerage is 0.2% and Rate of GST on brokerage is 18%, then How many shares were purchased for Rs. 50,118?

Answer : Amount invested = Rs. 50,118

Let number of shares be n

Total Share Price = Market Value × Number of Shares = 50 n
Now Brokerage is calculated over total share price, Brokerage = 0.2% of 50 nG.S.T is calculated over brokerage money, G.S.T = 18% of 0.2% of 50 nTherefore,

(Total Share Price + Brokerage + G.S.T) = Money Invested

$$\Rightarrow (50 + \frac{0.2}{100} \times 50 + \frac{18}{100} \times \frac{0.2}{100} \times 50)\text{n} = 50118$$

(50 n + 0.1 n + 0.018 n) = 50118

⇒ 50.118 n = 50118

⇒ n = 1000 shares

Hence, The total number of shares are 1000.

Q. 9. Shri. Batliwala sold shares of Rs. 30,350 and purchased shares of Rs. 69,650 in a day. He paid brokerage at the rate of 0.1% on sale and purchase. 18% GST was charged on brokerage. Find his total expenditure on brokerage and tax.

Answer : Selling Price = Rs. 30,350

Rate of brokerage = 0.1%

$$\text{Brokerage when sold} = \frac{\text{Rate of Brokerage}}{100} \times \text{Selling Price} = \text{Rs. } 30.35$$

Purchase price = Rs. 69,650

$$\text{Brokerage when purchased} = \frac{\text{Rate of Brokerage}}{100} \times \text{Purchasing Price} = \text{Rs. } 69.65$$

Total Brokerage = Rs.100

Rate of GST = 18%

$$\text{Total GST} = \frac{\text{Rate of GST}}{100} \times \text{Brokerage} = \text{Rs. } 18$$

Total expenditure on Brokerage and GST = (100 + 18) = Rs. 118

Q. 10. Smt. Aruna Thakkar purchased 100 shares of FV 100 when the MV is Rs. 1200. She paid brokerage at the rate of 0.3% and 18% GST on brokerage.

Find the following -
(1) Net amount paid for 100 shares.
(2) Brokerage paid on sum invested.

(3) GST paid on brokerage.
(4) Total amount paid for 100 shares.

Answer : No. of shares = 100

Market value = Rs. 1200

(1) Net amount paid = (100× 1200) = Rs. 1,20,000

Rate of Brokerage = 0.3%

$$\text{(2) Brokerage paid} = \frac{\text{Rate of Brokerage}}{100} \times \text{Sum Invested} = \text{Rs. } 360$$

Rate of GST = 18%

$$\text{(3) Total GST} = \frac{\text{Rate of GST}}{100} \times \text{Brokerage} = \text{Rs. } 64.80$$

(4) Total amount paid for 100 shares = (120000 + 360 + 64.80) = Rs. 1,20,424.80

Q. 11. Smt. Anagha Doshi purchased 22 shares of FV Rs. 100 for Market Value of Rs. 660. Find the sum invested. After taking 20% dividend, she sold all the shares when market value was Rs. 650. She paid 0.1% brokerage for each trading done. Find the percent of profit or loss in the share trading. (Write your answer to the nearest integer.)

Answer : No. of shares = 22

Face Value = Rs. 100

Market Value when purchased = Rs. 660

Market Value when sold = Rs. 650

Rate of brokerage = 0.1 %

$$\text{Brokerage paid when purchased} = \frac{\text{Rate of Brokerage}}{100} \times \text{Market value when purchased}$$

$$\text{Brokerage paid when purchased} = \frac{0.1}{100} \times 660 = \text{Rs. } 0.66$$

$$\text{Brokerage paid when sold} = \frac{\text{Rate of Brokerage}}{100} \times \text{Market value when sold}$$

$$\text{Brokerage paid when sold} = \frac{0.1}{100} \times 650 = \text{Rs. } 0.65$$

Total value of purchase = (660 + 0.66)× 22 = Rs. 14534.52

Total value of sell = (650-0.66)× 22 = Rs. 14285.48

Loss in share selling = (Total value of purchase- Total value of sell) = Rs. 249.04

Rate of Dividend = 20%

$$\text{Dividend} = \frac{\text{Rate of Dividend}}{100} \times \text{Face Value}$$

$$\Rightarrow \text{Dividend} = \frac{20}{100} \times 100 = \text{Rs. } 20$$

Total dividend = (20× 22) = Rs. 440

Overall profit in the trade = (Total dividend- Loss in share selling) = Rs. 190.96

$$\text{Profit percent} = \frac{\text{Overall profit in the trade}}{\text{Total value of purchase}} \times 100$$

$$\Rightarrow \text{Profit percent} = \frac{190.96}{14534.52} \times 100 = 1\%(\text{Rounded Off})$$