4   **Financial Planning**

Let's discuss.

Teacher : Dear students, in our country which tax system is in practice for business ?

Ayush : GST system is in practice.

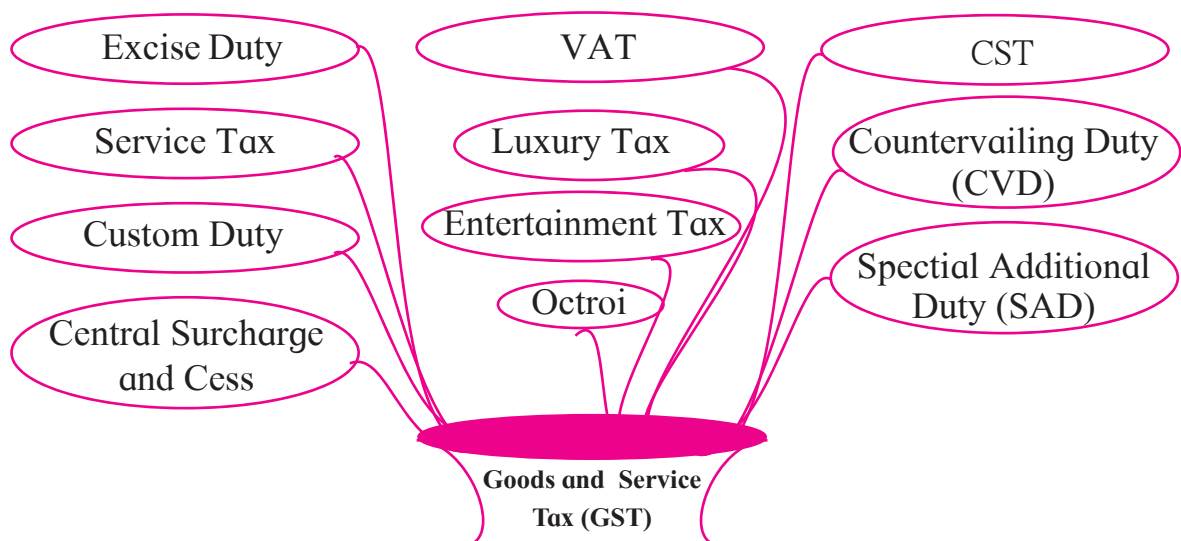Teacher : Very good ! What do you know about GST ?

Ayan : **GST** stands for **G**oods and **S**ervice **T**ax.

Aisha : Yes, the whole country follows the same tax levy system.

Teacher : Correct, before GST every state had variety of taxes levied at different stages of trading. Observe the picture given below and tell which taxes existed before GST and are now subsumed in GST ?

Shafik : Taxes that existed before were Excise Duty, Custom Duty, VAT, Entertainment tax, Central sales tax, Service tax, Octroi etc.

Teacher : All these taxes are subsumed under GST, that is why GST is One nation, One tax, One market. GST is in effect from 1st of July 2017.

Excise Duty

Service Tax

Custom Duty

Central Surcharge and Cess

VAT

Luxury Tax

Entertainment Tax

Octroi

CST

Countervailing Duty (CVD)

Spectial Additional Duty (SAD)

Goods and Service Tax (GST)

Tax Invoice

Tax Invoice of goods purchase (Sample)										

SUPPLIER : A to Z SWEET MART   GSTIN : 27ABCDE1234H1Z5
143, Shivaji Rasta, Mumbai : 400001, Maharashtra.
Mo No. 92636 92111 e-mail - atoz@gmail.com

Invoice No. GST/110   **Invoice Date**: 31-Jul-2017

S. No.	HSN code	Name of Product	Rate	Quantity	Taxable Amount	CGST		SGST		Total ₹
						Rate	Tax	Rate	Tax	
1	210690	Pedhe	₹ 400 per kg.	500 gm.	200.00	2.5%	5.00	2.5%	5.00	210.00
2	210691	Chocolate	₹ 80	1 Bar	80.00	14%	11.20	14%	11.20	102.40
3	2105	Ice-cream	₹ 200 per pack	1 pack (500 gm.)	200.00	9%	18.00	9%	18.00	236.00
4	1905	Bread	₹ 35	1 pack	35.00	0%	0.00	0%	0.00	35.00
5	210690	Butter	₹ 500 per kg.	250 gm	125.00	6%	7.50	6%	7.50	140.00
					Total Rupees		41.70		41.70	723.40

Ved :   In the invoice we see some new words, please explain them.

Teacher : CGST and SGST are two components of GST. CGST is **C**entral **G**oods and **S**ervice **T**ax which is to be paid to the central government. Whereas SGST is **S**tate **G**oods and **S**ervice **T**ax which is to be paid to the state government.

Ria :   What is in the right most corner with a long queue of numbers and alphabets?

Teacher : It is GSTIN, dealer's indentification number. (**GSTIN**- **G**oods and **S**ervice **T**ax **I**dentification **N**umber). GSTIN is mandatory for the dealer whose annual turn over in previous financial year exceeds rupees 20 lacs. You know that PAN has 10 alpha-numerals, similarly GSTIN has 15 alpha-numerals. It includes 10 digit PAN of the dealer.

e.g. : 27 A B C D E 1 2 3 4 H 1 Z 5

10 digit PAN of the firm

1 represents one registration

Uniform for all (By default)

Check sum digit (confirms the validity of GSTIN when entered on GST portal)

2 digits for state code

Note : Here 27 is the state code of Maharashtra. From 27, one can understand that a person or a firm is registered in Maharashtra.

Jennie : There is a word HSN code in the tax invoice.

Teacher : All Goods are classified by giving numerical code called HSN code. It is to be quoted in the tax invoice. Full form of **HSN** is **H**armonized **S**ystem of **N**omenclature.

Joseph : As usual there is name of the shop, address, state, date, invoice number, mobile number and e-mail ID also in the tax invoice.

Teacher : Now we will see how the GST is charged for each product (Goods) in the bill. Observe the given bill and fill in the boxes with the appropriate number. Price of 1 kg of Pedhe is ₹ 400, therefore cost of 500 gm. of Pedhe is ₹ 200.

✦ CGST at the rate of 2.5% is ₹ ☐ and SGST at the rate of ☐ % is ₹ 5.00.

✦ It means that the rate of GST on Pedhe is 2.5+2.5=5% and hence the total GST is ₹10.

✦ The rate of GST on chocolate is ☐ % and hence the total GST is ₹ ☐

✦ Rate of GST on Ice-cream is ☐ %, hence the total cost of ice-cream is ₹ ☐

✦ On butter CGST rate is ☐ % and SGST rate is also ☐ %. So GST rate on butter is ☐ %.

Aditya : Rate of GST on bread is 0 %. The rate of CGST and SGST is same for each product.

Ninad : Rates of GST are different for diferent products such as 0%, 5%, 12%, 18% and 28%.

Teacher : These rates are fixed and prescribed by the government.
Now let us observe the tax invoice of services provided. Fill in the blanks with the help of given information.

Tax invoice of services provided (Sample)								
Food Junction, Khed-Shivapur, Pune Invoice No. 58								
Mo. No. 7588580000 email - ahar.khed@yahoo.com								
GSTIN : 27 AAAAA5555B1ZA Invoice Date 25-Dec-2017								
SAC	Food items	Qty	Rate (in ₹)	Taxable amount	CGST		SGST	
9961	Coffee	1	20	20.00	2.5%	. . .	2.5%	. . .
9963	Masala Tea	1	10	10.00	. . . .	. . .	2.5%	. . .
9962	Masala Dosa	2	60	. . . .	2.5%	. . .	. . .	. . .
			Total	. . .		. . .	. . .	. . .
Grand Total = ₹ --------								

Teacher : Compare both, Goods and Service Tax invoices and find the difference in codes.

Patrick : In the tax invoice for Goods, there is HSN code while in service invoice there is SAC.

Teacher : Services are also classified and special code numbers are given. These are called SAC or **S**ervice **A**ccounting **C**ode.

Sr. No.	Types	Rate of GST	Goods and services items list
I	Zero rated	0%	**Goods** - Essential Commodities like food grains, fruits, vegetables, milk, salt, earthen pots etc. **Services** - Charitable trust activities, transport of water, use of roads and bridges, public library, agriculture related services, Education and Health care services etc.
II	Low rated	5%	**Goods**- Commonly used items- LPG cylinder, Tea, coffee, oil, Honey, Frozen vegetables, spices, sweets etc. **Services** - Railway transport services, bus transport services, taxi services, Air transport (economy class), Hotels providing food and beverages etc.
III	Standard rated (I slab)	12%	**Goods**- Consumer goods: Butter, Ghee, Dry fruits, Jam, Jelly, Sauces, Pickles. Mobile phone etc. **Services** - Printing job work, Guest house, Services related to construction business.
IV	Standard rated (II slab)	18% (Most of the Goods and services are included)	**Goods** - Marble, Granite, Perfumes, Metal items, Computer, Printer, Monitor, CCTV etc. **Services** - Courier services, Outdoor catering, Circus, Drama, Cinema, Exhibitions, Currency exchange, Broker Services in share trading etc.
V	Highly rated	28%	**Goods -** Luxury items, Motor Cycles and spare parts, Luxury cars, Pan-masala, Vacuum cleaner, Dish washer, AC, Washing machine, Fridge, Tobacco products, Aerated water etc. **Services** - Five star Hotel accommodation Amusement parks, Water parks, Theme parks, Casino, Race course, IPL games, Air transport (business class) etc.
Reference : www.cbec.gov.in (Central Board of Excise & Customs) Besides these rates, find on which goods are the GST rates levied between 0 and 5 ?			

Note : – The rates and types of GST are as prescribed by the government at the time of writing this chapter. GST rates are subject to change. Electricity, petrol, diesel etc are not under purview of GST.

Activity I : Make a list of ten things you need in your daily life. Find the GST rates with the help of GST rate chart given here, News papers or books, internet, or the bills of purchases. Verify these rates with the list prepared by your friends.

Goods	Rate of GST	Goods	Rate of GST
1. Sketch book	- - - - -	6. - - - --	- - - - -
2. Compass-box	- - - - -	7.- - - - -	- - - - -
3. - - - - -	- - - - -	8. - - - - -	- - - - -
4. - - - - -	- - - - -	9. - - - - -	- - - - -
5. - - - - -	- - - - -	10. - - - - -	- - - - -

Activity II : Make a list of ten services and their GST rates as per actvity I. (e.g. Railway and ST bus booking services etc.) You can also collect service bills and complete the given information

Services	Rate of GST	Services	Rate of GST
1.Railway booking	- - - - -	6. - - - --	- - - - -
2.Courier Services	- - - - -	7.- - - - -	- - - - -
3.- - - --	- - - - -	8. - - - - -	- - - - -
4.- - - - -	- - - - -	9. - - - - -	- - - - -
5.- - - - -	- - - - -	10. - - - - -	- - - - -

Activity III : Complete the given table by writing remaining SAC and HSN codes with rates and add some more items in the list.

Services	SAC	GST rate	Goods	HSN	GST rate
Railway transport services	996511	--	Dulux paint	3208	28%
Airways services (economy)	996411	--	Ball bearing	84821011	28%
Currency exchange services	997157	--	Speedometer	8714	28%
Brokerage services	997152	--	Potatoes	0701	0%
Taxi services	996423	--	--	--	--
Five-star Hotel services	9963	--	--	--	--
--	--	--	--	--	--

Activity IV : Prepare a chart of Goods and Services as in activity III with codes and GST rates. Stick or draw the pictures of Goods and services to enhance your activity.

Note : Rates on goods and services, SAC and HSN codes are only for information, no need to remember them.

Project : Collect various Goods and Service tax invoices. Study these invoices with reference to GST and discuss with your classmates.

<div align="center">ΔΔΔ **Solved Examples** ΔΔΔ</div>

Ex. (1) Arati Gas Agency supplied LPG cylinder to the consumer for taxable value of ₹ 545. GST charged is 5%. What is the amount of CGST and SGST in the tax invoice ? What is the total amount paid by the consumer ? Find the amount of GST to be paid by Arati Gas Agency.

Solution : Rate of GST = 5% ∴ Rate of CGST 2.5%, and Rate of SGST = 2.5%.

$$CGST = \frac{2.5}{100} \times 545 = 13.625 = ₹\ 13.63$$

∴ SGST = CGST = ₹ 13.63

Amount paid by the consumer = Taxable value + CGST + SGST

= 545 + 13.63 + 13.63

= 572.26

Arati Gas Agency has to pay CGST = ₹ 13.63. and SGST = ₹ 13.63

∴ Total GST to be paid = 13.63 × 2 = ₹ 27.26.

Ex. (2) Courier service agent charged total ₹ 590 to courier a parcel from Nashik to Nagpur. In the tax invoice taxable value is ₹ 500 on which CGST is ₹ 45 and SGST is ₹ 45. Find the rate of GST charged for this service.

Solution : Total GST = CGST + SGST = 45 + 45 = ₹ 90.

$$Rate\ of\ GST = \frac{90}{500} \times 100 = 18\%$$

∴ Rate of GST charged by agent is 18%.

Ex. (3) Shreekar bought a Laptop with 10% discount on printed price. The printed price of that Laptop was ₹ 50,000. 18% GST was charged on discounted price. Find the amount of CGST and SGST. What amount did Shreekar pay ?

Solution : Discount = 10% of 50,000 = ₹ 5,000

∴ Taxable value of Laptop = 50,000 - 5,000 = ₹ 45,000.

∴ Rate of GST = 18% (Given)   ∴ Rate of CGST = 9%

∴ CGST =   9% of 45,000 = $\frac{9}{100} \times 45000 = ₹\ 4050.$

∴ SGST = ₹ 4050.

∴ Amount paid = 45000 + 4050 + 4050 = ₹ 53,100.

Ans. Shreekar paid ₹ 53,100 for the Laptop.

Note : Value of Goods on which GST is levied is called taxable value. Total value or Invoice value is the value with GST. If not mentioned take the selling prices as taxable price. Remember that in tax invoice CGST amount is always equal to SGST amount.

Practice Set 4.1

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

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

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

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

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

6. 'Tiptop Electronics' supplied an AC of 1.5 ton to a company. Cost of the AC supplied is ₹ 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

7. Prasad purchased a washing-machine from 'Maharashtra Electronic Goods'. The discount of 5% was given on the printed price of ₹ 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.

Let's learn.

GST in trading chain
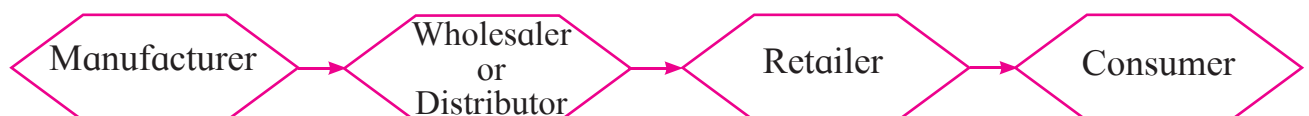

Trading Chain (within state)

Let's learn through an example how GST is charged and paid to the government at every stage of trading.

Illustration : Suppose manufacturer of a watch has sold one watch for

₹ 200. (including profit) to the wholsaler. Wholesaler sold that watch for ₹ 300 to the retailer. Retailer sold it to the customer for ₹ 400. Rate of GST charged at every stage is 12%. Then how each trader pays GST and takes his input tax credit (ITC) at every stage of transaction is shown in the following flow-chart. Observe and study it.

Explanation :

Here three financial transactions took place till the watch from manufacturer reaches to the customer. How the taxes are charged, collected and paid to the central government and state government at each stage is shown below. The statement of taxes paid is given in the table thereafter.
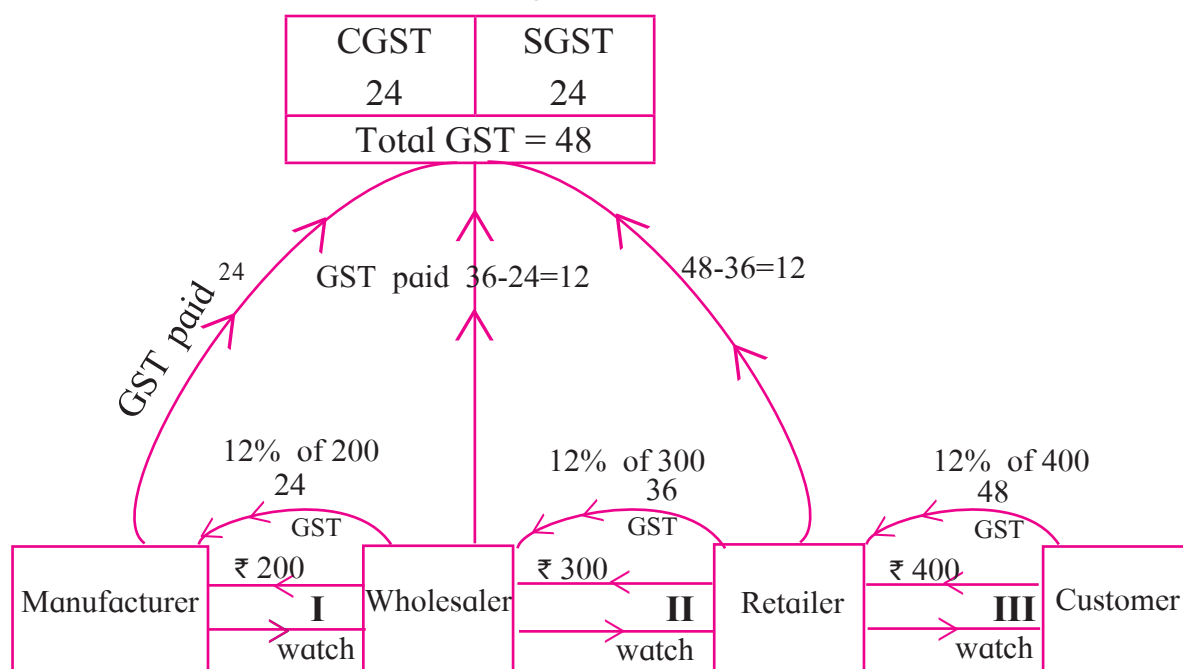
Here all the three financial transactions took place in one state. Therefore three tax invoices were generated as follows. Each tax invoice shows the brief computation of GST.

GST in Tax Invoice I		
Price of watch = ₹ 200		
CGST 6%	=	₹ 12
SGST 6%	=	₹ 12
Total	=	₹ 224

Tax invoice of manufacturer
B2B

GST in Tax Invoice II		
Price of watch = ₹ 300		
CGST 6%	=	₹ 18
SGST 6%	=	₹ 18
Total	=	₹ 336

Tax invoice of wholsaler
B2B

GST in Tax Invoice III		
Price of watch = ₹ 400		
CGST 6%	=	₹ 24
SGST 6%	=	₹ 24
Total	=	₹ 448

Tax invoice of relailer
B2C

- Trading between GSTIN holders is known as Business to Business, in short B2B. Trading between GSTIN holder and consumer is known as Business to Consumer, in short B2C. This is the last link in the trading chain.

Bifurcation of taxes paid to the government by the traders at each stage.

	CGST		SGST		Total GST paid
By the manufacturer	₹ 12	+	₹ 12	=	₹ 24
By the wholesaler	₹ 6	+	₹ 6	=	₹ 12
By the retailer	₹ 6	+	₹ 6	=	₹ 12
	₹ 24	+	₹ 24	=	₹ 48

Note : Observe that at every stage, a trader has paid GST after subtracting the tax he paid at the time of purchase from the tax he collected at the time of sale.

At the end the customer paid ₹ 448 for the watch. So the total tax paid by the traders was indirectly paid by the customer. So GST is a type of indirect tax. In this case, the wholesaler and retailer used their input tax as credit and got back all the GST paid by them.

What is Input Tax Credit ? (ITC)

GST is levied and collected at every stage of trading from manufacturer to consumer. When trader pays GST at the time of purchase, it is called **'Input tax'** and he collects GST at the time of sale which is called **'Output tax'.** At the time of paying GST to the government a trader deducts the input tax from the output tax and pays the remaining tax. This deduction of input tax is called **Input Tax Credit**.

GST payable = Output tax − ITC

In short, while paying taxes to the government each trader in the trading chain subtracts the tax paid at the time of purchase from the tax collected at the time of sale and pays the remaining tax.

Ex. (1) Mr. Rohit is a retailer. He paid GST of ₹ 6500 at the time of purchase. He collected GST of ₹ 8000 at the time of sale. (i) Find his input tax and out put tax. (ii) What is his Input tax credit ? (iii) Find his payable GST. (iv) Hence find the payable CGST and payable SGST.

Solution : Mr. Rohit's payable GST means, GST to be paid to the government by Mr. Rohit.

(i) Output tax (tax collected at the time of sale) = ₹ 8000.

(ii) Input tax (tax paid at the time of purchase) = ₹ 6500

∴ ITC = ₹ 6500.

(iii) GST payable = Output tax - ITC

= ₹ 8000 - ₹ 6500 = ₹1500

(iv) ∴ payable CGST = $\dfrac{1500}{2}$ = ₹ 750 and payable SGST = ₹ 750.

Ex. (2) M/s. Jay Chemicals purchased a liquid soap having taxable value ₹ 8000 and sold it to the consumers for the taxable value ₹ 10,000. Rate of GST is 18%. Find the CGST and SGST payable by M/s. Jay Chemicals.

Solution :

Input Tax = 18% of 8000

$= \dfrac{18}{100} \times 8000 = ₹\ 1440.$

Output Tax = 18% of 10,000

$= \dfrac{18}{100} \times 10000 = ₹\ 1800$

∴ GST payable = Output tax - ITC

= 1800 - 1440

= ₹ 360

∴ payable CGST = ₹ 180 and payable SGST = ₹ 180 by M/s. Jay Chemicals

Ex. (3) M/s. Jay Chemicals purchased a liquid soap for ₹ 8000 (with GST) and sold it to the consumers for ₹ 10,000 (with GST). Rate of GST is 18%. Find the amount of CGST and SGST to be paid by Jay Chemicals

Solution : Note that here the prices are including GST.

Total value (value with GST) = Taxable value + GST

If the taxable value of liquid soap is ₹ 100, then the total value is ₹ 118.

The ratio of $\dfrac{\text{Total value}}{\text{Taxable Value}}$ is constant as the rate of GST is same.

i) For total value of ₹ 118, the taxable value is ₹ 100 and for total value of ₹ 8000, let the taxable value be ₹ x .

$$\therefore \frac{x}{8000} = \frac{100}{118}$$

$$\therefore x = \frac{8000}{118} \times 100 = ₹\, 6779.66$$

$\therefore$ GST paid at the time of purchase = 8000 - 6779.66

Input tax = ₹ 1220.34 $\qquad \therefore$ ITC = ₹ 1220.34 . . . . . (I)

ii) For total value of ₹ 10,000 let the taxable value be ₹ y.

$$\therefore \frac{y}{10000} = \frac{100}{118}$$

$$\therefore y = \frac{10,00,000}{118} = ₹\, 8474.58 \, .$$

$\therefore$ Output tax (tax collected) = 10000.00 - 8474.58

$$= ₹1525.42. \, . \, . \, . \, . \,(II)$$

$\therefore$ GST payable = Output tax - Input tax = 1525.42 - 1220.34

$$= ₹\, 305.08.$$

$\therefore$ payable CGST = payable SGST = 305.08 ÷ 2 = ₹152.54

Ans. : Jay Chemicals has to pay ₹ 152.54 CGST and ₹152.54 SGST.

Note : Observe Ex. 2 and Ex. 3 carefully. Both the types of 'Tax Invoices' are commonly used. While purchasing goods, ask the shopkeeper whether the printed price includes GST.
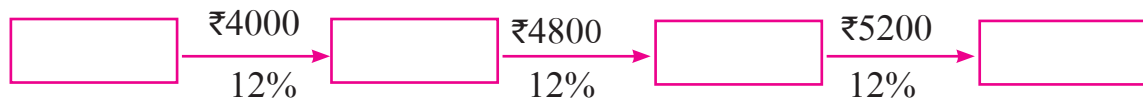

ICT Tools or Links.

Ex. (4) Suppose a manufacturer sold a cycle for a taxable value of ₹ 4000 to the wholesaler. Wholesaler sold it to the retailer for ₹ 4800 (taxable value). Retailer sold it to a customer for ₹ 5200 (taxable value). Rate of GST is 12%. Complete the following activity to find the payable CGST and SGST at each stage of trading.

Solution : Trading chain

Output tax of manufacturer = 12% of 4000 = $\boxed{\ldots \times \dfrac{\cdots}{\cdots}}$ = [   ]

GST payable by manufacturer = ₹480

Output tax of wholesaler = 12% of 4800 = ₹ 576

∴ GST payable by wholesaler = Output tax - Input tax

$$= \boxed{576} - \boxed{480}$$

$$= \boxed{₹\ 96}$$

Output tax of retailer = 12% of 5200 = [   ]

∴ GST payable by Retailer = Output tax of retailer - ITC of retailer

$$= \boxed{} - \boxed{}$$

$$= \boxed{}$$

Statement of GST payable at each stage of trading

Individual	GST payable	CGST payable	SGST payable
Manufacturer	₹ 480	₹ 240	₹
Wholesaler	₹ 96	₹	₹
Retailer	₹	₹	₹
Total	₹	₹	₹

- Suppose in the month of July the output tax of a trader is equal to the input tax, then what is his payable GST?

- Suppose in the month of July output tax of a trader is less than the input tax then how to compute his GST?

Practice Set 4.2

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

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

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

4. Malik Gas Agency (Chandigarh Union Territory) purchased some gas cylinders for industrial use for ₹ 24,500, and sold them to the local customers for ₹ 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.)

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

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 - ₹ 200 Rate of GST 12% HSN 8507, 1 pc.

   Rate of Headphone - ₹ 750 Rate of GST 18% HSN 8518, 1 pc.

(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 - ₹ 20,   GST 12%

         (2) Jigsaw Puzzles 50, HSN 9503,   Rate - ₹ 100   GST 12%.

For More Information

Composition Scheme

The person whose annual turn over in the previous financial year is less than 1.5 crore can opt for composition scheme under GST rules. GST rates applicable to composition dealers are as follows.

GST rates for composition Scheme

| Sr. No.	Supplier	GST rate	(CGST + SGST)
1.	Restaurants	5%	2.5% + 2.5%
2.	Manufacturers & traders	1%	0.5% + 0.5%

Some rules for composition dealers

- Composition dealers cannot collect tax from the customers, hence they can not issue tax invoice. They have to give '**bill of supply**'.

- Composition dealers should file the return quarterly (i.e. every 3 months.)

- Composition dealers cannot sell goods outside the state (Inter-state sale is not allowed) But they can purchase goods from other states.

- Composition dealers cannot avail the benefits of ITC.

- On the signboard of the shop, he should mention 'Composition taxable person'.

- On the Bill of supply it is mandatory to print 'Composition taxable person not eligible to collect tax on supplies' in bold letters.

Features of GST

- Many Indirect Taxes are subsumed **under GST.**

- No dispute between Goods and Services.

- Statewise Registration for traders.

- **GSTIN holder needs to keep all the records and should pay GST** in time.

- Transparency in transactions.

- This tax system is simple and easy to understand .

- Removal of cascading effect of taxes hence the prices are controlled

- Increase in Quality of Goods and Services as they are globally competetive.

- Boost to 'Make in India' project.

- Technology driven tax system leads to speedy decisions.

- Goods and Service Tax system is a Dual model, as equal amount of tax is levied by Central and State governments.

Types of taxes under GST
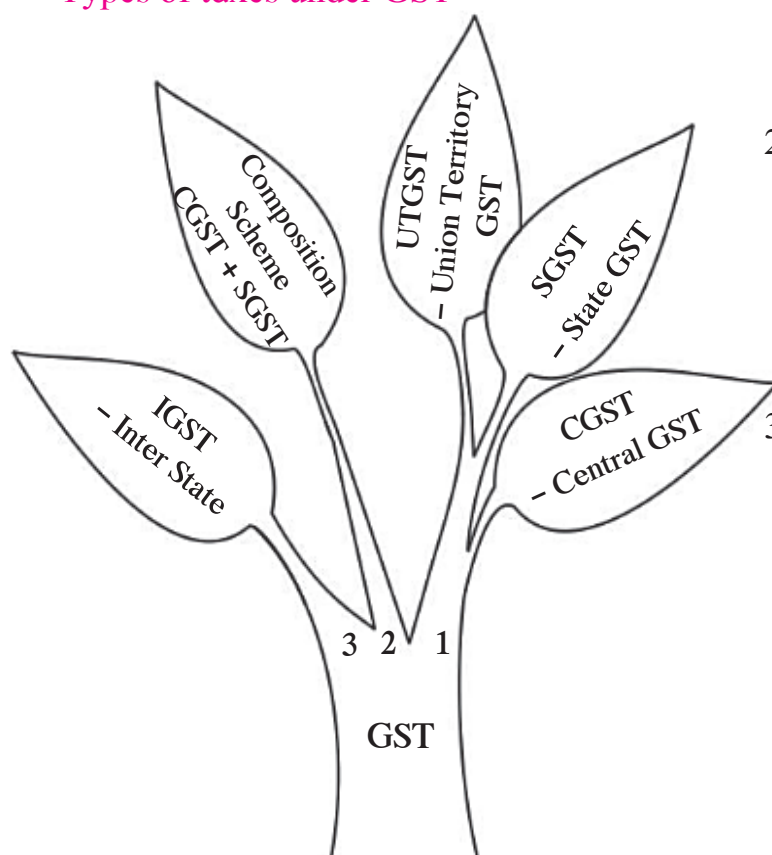
1. CGST-SGST (UTGST): Tax levied for trading within state (Intra state).

2. Composition Scheme : For those GSTIN holders whose annual turnover is between 20 lacs to 1.5 crore. They pay CGST and SGST with special rates.

3. IGST : Tax levied by central government for Inter state trading.

For More Information

IGST- Integrated GST (for Inter state trade)

When trading of goods and services takes place between two or more states, the GST is levied only by the Central Government, and it is termed as IGST, hence the total amount is paid to the Central Government.

Suppose if a trader buys goods from another state and sells them in his state, then let us see how he can avail of the ITC, which he has paid as IGST at the time of purchase.

For example : Trader 'M' (of Maharashtra) purchased scooter parts for ₹ 20,000 from trader 'P' (of Punjab) and paid tax of ₹ 5600 as IGST (GST rate 28%) to the trader 'P'.

Trader 'M' sold these parts to local consumers for ₹ 25,000 and collected ₹ 7000 GST at the rate of 28%, bifurcated as CGST ₹ 3500 + SGST ₹ 3500

At the time of paying taxes to the Government, see, how to take ITC of ₹ 5600.

Note : For taking credit of IGST first preference to be given to pay the liability of IGST then CGST and remaining amount can be utilised to pay SGST. Here there is no IGST during the sale for trader 'M', so first the credit is used for CGST and then for SGST.

CGST payable = 3500 – 3500 = 0 ₹

So out of ₹ 5600 credit of ₹ 3500 is utilised for CGST and the remaining amount 5600 - 3500 = 2100 is the credit available for SGST

∴ **SGST payable = 3500 - 2100 = 1400 ₹**

Trader 'M' has to pay ₹ 1400 as SGST.

Note that, trader 'M' got full credit of ₹ 5600. (so that ITC is completely utilised)

- -

Rule for availing ITC

ITC paid at the time of purchase   Tax collected (output liabilities)

Firstly ₹ (0)   → utilised for IGST

While taking credit of IGST *Secondly* (₹ 3500) → utilised for CGST

(₹ 5600)   *At the end* (₹ 2100) → utilised for SGST

Hence payable SGST is ₹ 1400
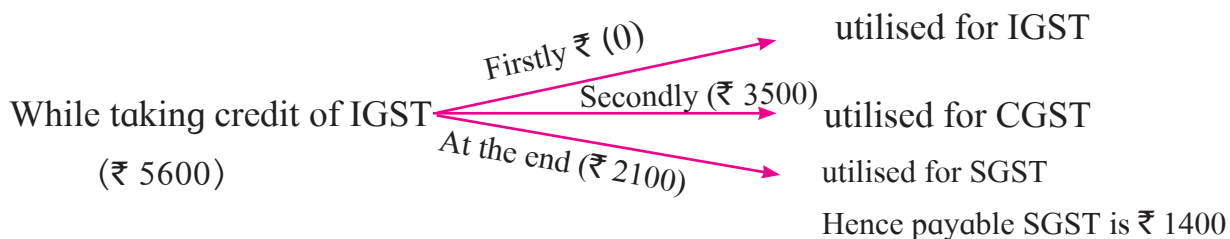
In the previous class we have learnt the importance of savings and investments, which you might have started practising whenever possible. We develop good habits to maintain physical health, in the same way we should develop a habit of saving and investing regularly to maintain financial health. There are many different ways of investments. So deep study and experience both are essential.

Let's discuss.

Shweta is working in a company. From this month her salary increased by 5% and in the next month she will also get bonus. She is thinking of investing this increment. Her friend Neha is working in the office of a financial advisor, so she can advise Shweta in this matter. Neha told, 'It is important to have diversification in one's investments. e.g. you should think of investing in life insurance, health insurance, owning a house, FD's and recurring account in the bank etc...' Shweta said, 'I have

Ways of Investments	
Mutual Funds	Shares
Debentures	Inssurance
Bonds	Provident Fund
Fixed Deposit	Immovable Property
Recurring Deposit	Jewellary

Piggy bank
Savings

insurance and FD in the bank. Even Provident Fund is deducted regularly from my salary. What are the other ways?' Neha answered, ''Investing in shares, Mutual Funds (MF), Debentures, Bonds etc is more popular these days. Inclination of people towards SIP is also increasing. Well I think, you are getting salary increment every month, so **S**ystematic **I**nvestment **P**lan (SIP) is suitable for you.''
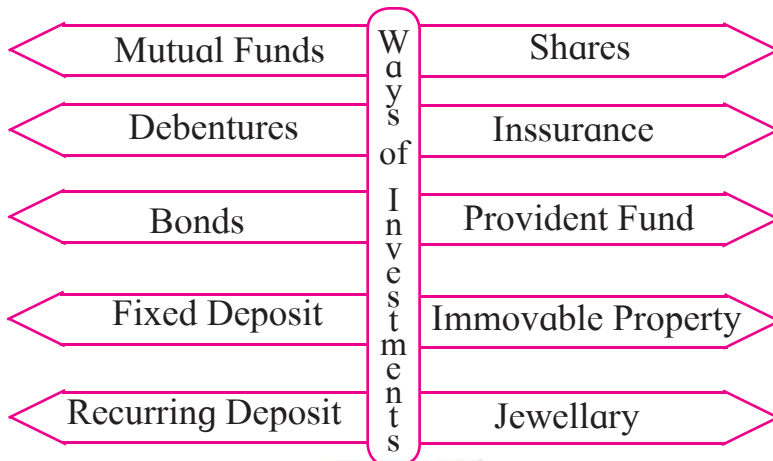
We hear such dialogues every now and then. So we all must have the current information beneficial for all as it says 'बहुजन हिताय, बहुजन सुखाय'.

In this chapter we shall learn about shares, mutual funds and SIP before actually investing in them.

Shares

To own a shop is proprietorship. When two or more individuals coming together to carry out a business is a partnership, which requires small capital. To establish a company, desiring persons come together and form a company. Company is to be registered under the Indian Companies' Act, 1956. Persons who form a company are called Promoters and the company is called Limited Company.

Amount required to start a company is called **Capital**. This capital is divided into small equal parts, each part is of ₹ 1, ₹ 2, ₹ 5, ₹ 10 or ₹ 100 etc. This small part is called share of the company. These shares are sold in the sharemarket to raise the capital.

Share : A share is the smallest unit of the capital. The value of a share is printed on the company's certificate with other details and it is called a share certificate.

Share Holder : A person who owns the share is called a share holder. The shareholder is a part owner of the company in the proportion of number of shares he/she holds.

Stock Exchange : It is a place where buying and selling of shares take place. It is also known as share market or stock market, equity market or capital market. Companies should be listed in the stock market for trading.

Face Value (FV) : The value printed on the share certificate is called the Face value of the share. It is also called Nominal value or Printed value or par value.

Market Value (MV) : The price at which the shares are sold or purchased in the stock market is called Market value (MV) of the share.

In the live sharemarket the Market Value changes frequently.

If the company's performance is better than expected, then those shares are in demand. The number of shares is fixed, therefore share supply could not be increased and hence the share price increases. If the company is not doing well, the share price falls. [Increase in price is shown by ▲ (green triangle upward), and decrease in price is shown by ▼ (Red triangle downward).] This is the reason for increase or decrease in SENSEX and NIFTY index.

Dividend : The part of annual profit of a company which is distributed per share among shareholders is called dividend. If the company is performing well then the value of share capital increases hence the price of the share goes up. As a result company gives good devidend. For the sharehlders the devidend income is taxfree.

Let's remember!

Whatever may be the market value, the dividend is always reckoned on the Face Value of a share.

For more Information :

There are two main stock exchanges, of India, **BSE (Bombay Stock Exchange**) and **NSE (National Stock Exchange).** BSE is the oldest in Asia while NSE is the India's largest stock Exchange.

There are two share indices namely - SENSEX and NIFTY which reflect the overall market sentiments. SENSEX is **SENS**itive + ind**EX**. Which was introduced by BSE on 1-1-1986. SENSEX is detemined from 30 stocks. They are the stocks of well established and financially sound companies from the main sectors.

NIFTY as the name suggests is made up of two words that is **N**SE and F**IFTY** which was introduced by NSE. It depends on India's topmost outperforming 50 companies.

ICT Tools or Links.

Visit the website of SEBI. Also get information of share market from TV channels, BSE, NSE websites or watch videos on internet. There you can see two strips continuously flashing advances and declines in the market value of shares. Generally the upper strip shows BSE shares while lower strip shows NSE shares. Also find out what is the book value of shares from the available resources.

Comparison of FV and MV

(1) If MV > FV then the share is at premium.

(2) If MV = FV then the share is at par.

(3) If MV < FV then the share is at discount.

For example : (1) suppose FV = ₹ 10, MV = ₹ 15 and 15 - 10 = ₹ 5

∴ The share is at premium of ₹ 5, as MV > FV

(2) suppose FV = ₹ 10, MV = ₹ 10 and 10 - 10 = 0

∴ The share is at par. As MV = FV

(3) suppose FV = ₹ 10, MV = ₹ 7 and 10 - 7 = 3

∴ The share is at discount. As MV < FV.

Sum Invested : Total amount required to purchase the shares is sum invested.

Sum invested = Number of shares × MV

Ex. (1) If 50 shares of FV ₹ 100 each are purchased for MV ₹ 120. Find the sum invested.

Solution : Sum invested = number of shares × MV

= 50 × 120 = ₹ 6000

Ex. (2) If you want to purchase 50 shares of MV ₹ 50 each. What is the total amount to be paid ?

Solution : Sum invested = Number of shares × MV = 50 × 50 = ₹ 2500

Rate of Return - RoR

When we invest in shares, it is important to know the return on investment. Observe the following example.

Ex. (1) Shriyash purchased a share of FV ₹ 100 for MV of ₹ 120. Company declared 15% dividend on the share. Find the rate of return.

Solution : FV = ₹ 100, MV = ₹ 120 D = Dividend = 15% per share. Remember here, that on investment of ₹ 120 Shriyash got ₹ 15. Let the rate of return be $x\%$

∴ $\dfrac{15}{120} = \dfrac{x}{100}$ ∴ $x = \dfrac{15 \times 100}{120} = \dfrac{25}{2} = 12.5\%$

$\boxed{\begin{array}{l} \text{If} \quad 120 : 15 \\ \text{then } 100 : x \end{array}}$

Ans. The rate of return for Shriyash is 12.5%.

Ex. (2) FV = ₹ 100, premium = ₹ 65 then MV = ?

Solution : MV = FV + Premium = 100 + 65 = ₹ 165.

Market value is ₹ 165 per share.

Ex. (3) Complete the following table using given information.

Sr.No.	FV	Share is at	MV
(i)	₹ 10	Premium of ₹ 7	
(ii)	₹ 25		₹ 16
(iii)		at par	₹ 5

Solution : (i) MV=10+7=₹17 (ii) at discount of 25–16=₹9 (iii) FV=₹5.

Ex. (4) Neel has invested in shares as follows. Find his total investment.

Company A : 350 shares, FV = ₹ 10,   premium = ₹ 7

Company B : 2750 shares, FV = ₹ 5,   Discount = ₹ 1.

Company C : 50 shares, FV = ₹ 100, MV = ₹ 150.

Solution : Company A : Premium = ₹ 7 MV = FV + Premium

$$= 10 + 7 = ₹ 17.$$

∴ Investment in company A = Number of shares × MV

$$= 350 × 17 = ₹ 5950.$$

Company B : FV = ₹ 5, MV = ₹ 4.

∴ Investment in company B = Number of shares × MV

$$= 2750 × 4 = ₹ 11,000.$$

Company C : FV = ₹ 100, MV = ₹ 150.

∴ Investment in company C = Number of shares × MV

$$= 50 × 150 = ₹ 7500.$$

Ans. Neel has invested 5950 + 11000 + 7500 = ₹ 24,450.

Ex. (5) Smita has invested ₹ 12,000 and purchased shares of FV ₹ 10 at a premium of ₹ 2. Find the number of shares she purchased. complete the given activity to get the answer.

Solution : FV = ₹ 10, Premium = ₹ 2,.

∴ MV = FV + ☐ = ☐ + ☐ = ☐

∴ Number of shares = $\dfrac{\text{Total investment}}{\text{MV}}$ = $\dfrac{12000}{☐}$ = ☐ shares

Ans : Smita has purchased ☐ shares.

Ex. (6) If 50 shares of FV ₹10 were purchased for MV of ₹ 25. Company declared 30% dividend on the shares then find (1) Sum investment (2) Dividend received (3) Rate of return.

Solution : FV = ₹10, MV = ₹25, Number of shares = 50.

(1) ∴ Sum investment = 25 × 50 = ₹1250.

(2) Dividend per share = $10 \times \dfrac{30}{100}$ = ₹3

∴ Total dividend received = 50 × 3 = ₹ 150.

(3) Rate of return = $\dfrac{\text{Dividend income}}{\text{Sum invested}} \times 100$

$= \dfrac{150}{1250} \times 100 = 12\%$

Ans : (1) Sum invested is ₹ 1250 (2) Dividend received is ₹ 150

(3) Rate of return is 12%.

Practice Set 4.3

(1) Complete the following table by writting suitable numbers and words.

Sr.No	FV	Share is at	MV
(1)	₹ 100	par	. . .
(2)	. . .	premium ₹ 500	₹ 575
(3)	₹ 10	. . .	₹ 5

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

(3) Joseph purchased following shares, Find his total investment.

Company A : 200 shares, FV = ₹ 2 Premium = ₹ 18.

Company B : 45 shares, MV = ₹ 500

Company C : 1 share, MV = ₹ 10,540.

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

(5) Shri Shantilal has purchased 150 shares of FV ₹ 100, for MV of ₹ 120. Company has paid dividend at 7%. Find the rate of return on his investment.

(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 = ₹ 80, Company B : dividend 20%, MV = ₹ 120.

Let's learn.

Brokerage and taxes on share trading

Brokerage : We directly can't go to the stock market and buy or sell shares, only the registered members or organization (agency) of the stock market can buy or sell on our behalf. These members are called **'Share Brokers'**. For catering the service of buying and selling of shares they charge some amount which is called **'Brokerage'** Brokerage is paid on the Market value of the share.

Ex. (1) Suppose if the face value of the share is ₹ 100 and market value is ₹ 150. Let the rate of brokerage be 0.5%. What amount should one pay for purchasing 100 such shares ? What amount should one receive after selling 100 such shares ?

Situation (I) At the time of buying shares:

Buying price of 1 share = MV + Brokerage

$$= 150 + 0.5\% \text{ of } 150$$
$$= 150 + 0.75$$
$$= ₹ 150.75$$

If someone purchases 100 such shares the total cost is $100 \times 150.75 = ₹ 15075$. Here ₹ 15000 is the share price and ₹ 75 is the brokerage paid.

Situation (II) At the time of selling shares.

Selling price per share = MV - Brokerage

$$= 150 - 5\% \text{ of } 150 = 150 - 0.75$$
$$= ₹ 149.25.$$

If someone sells 100 such shares, he will get,

$100 \times 150 - ₹ 75 = ₹ 14925$ after selling 100 such shares.

Project I : Visit the office of a share broker or agency in your area. Collect the information of brokerage charges, other charges and facilities given to the investors and compare.

Project II : Obtain a statement of 'Demat Account' and 'Trading Account'. Consult a share broker or elders in the house or use internet. Try to learn all the terms in the statement. Discuss with your friends in the class.

For more information :

Every broker is registered and governed by SEBI (Securities and Exchange Board of India) Act 1992.

For keeping records of shares, bonds, mutual funds one must have Demat account (Dematerialised Account). For sale and purchase of shares, a trading account is a must. These accounts can be opened with banks or share brokers. They are known as DP-Depository Participants. These DPs are under the control of two main depositories namely NSDL and CDSL. Demat account is same as bank saving account where shares bought are credited and shares sold are debited just like bank pass book. The statement of holding is given to the account holder with nominal charges when requested. The shares held in Demat A/c are in electronic form. Saving account is to be linked with these two accounts so that the money can be transfered as and when required. In the same way money gets credited when shares are sold. For opening these accounts share broker or bank representative gives guidance.

Let's learn.

GST on Brokerage Services

Share brokers provide services for purchase and sale of shares for their clients. These services are charged under GST. Rate of GST is 18% on brokerage. You can find the SAC for brokerage services.

Note :- For the safety of the investors, there are other nominal charges besides GST on brokerage. These are Security Transaction Tax (STT), SEBI charge, stamp duty etc. Here we will only consider GST on brokerage.

Ex. (2) As per Ex. (1) suppose a person has paid ₹ 15,075 for buying 100 shares. In that ₹ 75 is the brokerage. So the buyer has to pay 18% GST on ₹ 75. Let us find the amount of GST he paid to the broker and prepare the contract note.

Solution : GST = 18% of 75 = $\dfrac{18}{100}$ × 75 = ₹ 13.50.

For the above share trading the contract note is as follows. (B means Buy)

No. of shares	MV	Total price	brokerage 0.5%	CGST 9% on brokerage	SGST 9% on brokerage	Total value.
100 (B)	150	₹ 15000	₹ 75	₹ 6.75	₹ 6.75	₹ 15088.50

Ex. (3) Bashirkhan purchased 100 shares of MV ₹ 40. Brokerage paid at the rate of 0.5% and rate of GST on brokerage is 18%. Find the total amount he paid for the share purchase.

Solution : Value of 100 shares = 40 × 100 = ₹ 4000.

Brokerage per share = $\dfrac{0.5}{100}$× 40 = ₹ 0.20.

∴ Cost of one share = MV + Brokerage

= 40 + 0.20 = ₹ 40.20.

∴ Cost of 100 shares = 40.20 × 100 = ₹ 4020

∴ Brokerage on 100 share = 0.20 × 100 = ₹ 20

∴ GST = $\dfrac{18}{100}$ × 20

= ₹ 3.60.

Ans. : Bashirkhan paid ₹ 4020 + ₹ 3.60 = ₹ 4023.60 for 100 shares.

Ex. (4) Pankajrao invested ₹ 1,25,295 in shares of FV ₹ 10 when MV is ₹ 125. Rate of brokerage is 0.2% and GST is 18%. Then find (1) How many shares were purchased. (2) the amount of brokerage paid and (3) GST paid for the trading.

Solution : Sum invested = ₹ 1,25,250, brokerage = 0.2%, GST rate = 18%

∴ Brokerage per share = 125 × $\dfrac{0.2}{100}$= ₹ 0.25.

GST per share on brokerage = 18% of 0.25 = ₹ 0.045

∴ Cost of 1 share = MV + Brokerage + GST

$$= 125 + 0.25 + 0.045 = ₹ \ 125.295.$$

$$\therefore \text{No. of shares} = \frac{125250}{125.25} = 1000$$

Total brokerage = brokerage per share × No. of shares

∴ Total brokerage = 0.25 × 1000 = ₹ 250.

Total GST = 1000 × 0.045 = ₹ 45.

Ans. (1) 1000 shares were purchased.

(2) Brokerage paid was ₹ 250.

(3) GST paid was ₹ 45.

Ex. (5) Nalinitai invested ₹ 6024 in the shares of FV ₹ 10 when the Market Value was ₹ 60. She sold all the shares at MV of ₹ 50 after taking 60% dividend. She paid 0.4% brokerage at each stage of transactions. What was the total gain or loss in this transaction ?

Solution : Rate of GST is not given in the example, so it is not considered.

Shares Purchased : FV = ₹ 10, MV = ₹ 60

Brokerage per share = $\frac{0.4}{100} × 60$ = ₹ ☐

∴ Cost of one share = 60 + 0.24 = ₹ ☐

∴ Number of shares = $\frac{6024}{60.24}$ = 100

Shares sold : FV ₹ 10, MV = ₹ 50

∴ Brokerage per share = $\frac{0.4}{100} × 50$ = ₹ 0.20

∴ Selling price per share = 50 - 0.20 = ₹ ☐

∴ Selling price of 100 shares = 100 × 49.80 = ₹ ☐

Dividend received 60%

∴ Dividend per share = $\frac{60}{100} × 10$ = ₹ 6

∴ Dividend on 100 shares = 6 × 100 = ₹ ☐

∴ Nalinitai's income = ☐ + ☐ = ₹ 5580

Sum invested = ₹ 6024

∴ Loss = ☐ - ☐ = ₹ ☐

Ans. Nalinitai's loss is ₹ 444

Activity : In example (5) if GST was paid at 18% on brokerage, then the loss is ₹ 451.92. Verify whether you get the same answer.

 Let's learn.

Mutual Fund - MF

We have learnt that a group of persons come together to form a company. They raise capital from the society by issuing shares. If company performs well, then the investors of the company get benefits in terms of dividend, bonus shares and increase in the market value gives more profit on investments. Company's market capitalization rises. All this totality helps for the progress of the country. In short, principle of sociology 'together we can progress' works here. But every coin has two sides. sometimes it might happen that instead of profit an investor may incur a loss. Can we reduce this loss ? Is there a way to reduce the risk in investments? Yes, to overcome this more people invest in Mutual Funds.

In Mutual Fund, many investors with common objectives give their money to the professional experts. They not only invest in one type of shares but also invest in various other schemes. As a result, investment is diversified which reduces risk factor and total dividend or profit is divided equally among the investors. How to invest in Mutual Fund ? What is the rate of return ? What is the locking period ? What are the different types of investment schemes ? All these questions could be answered by a Financial advisor or financial planner.

> You may have heard or read this sentence that, 'Investments in Mutual Funds are subject to Market risks. Read all scheme related documents carefully before invesing.' Interpret the meaning correctly. Sometimes instead of profit, investment in Mutual Fund might give loss which investors have to bear.

Mutual Fund is a professionally managed investment scheme, usually run by an AMC i.e. Asset Management Company. They invest the money given by the investors in different schemes e.g. equity fund (in shares), debt fund (in debentures, bonds etc.) or balanced funds as per the investor's choice.

As we get 'shares' for the investment in sharemarket, we get '**units**' when we invest in mutual fund.

The market value of 'a unit' is called '**NAV**' (Net Asset Value)

NAV of one unit × Number of units = Total fund value.

Note : As the market value of share changes frequently NAV of a unit also changes. One can redeem the units when needed.

Investments in FDs of nationalised bank or Indian Postal services are more secured and safe, in comparison with other investments, but the rate of return is low. It hardly helps to overcome the rate of inflation. One must remember always that if the money is invested wisely it generates more money. For this the knowledge of financial planning is of great help.

Investments in shares and mutual funds should be made carefully because risk and returns always go hand in hand. So the habit of regular and deep study is the only key.

Systematic Investment Plan

Suppose, one does not want to invest a big amount at once, then one could invest small amounts at regular time intervals e.g. ₹ 500 per month could be invested in mutual fund. Investment could be done monthly or quarterly. This way of investment is called SIP. SIP develops discipline of savings. SIP is a good option which in long term can achieve one's financial goals. Investment in mutual funds through SIP for a long term is beneficial. It protects investor from market fluctuations. One should invest in mutual fund for minimum of 3 to 5 years to get better returns and it is best if investment is for 10 to 15 years.

Benefits of Mutual Funds

- Professional fund managers.   • Diversifications of funds.
- Transparency and sufficiently safe investment.
- Liquidity - redemption of units can be done.
- Limited risks.   • Advantage of long term and short term gain.
- Investments in funds like ELSS are admissible for deduction under section 80C of income tax.

✵✵✵ Solved Examples ✵✵✵

Ex. (1) If the total value of the mutual fund scheme is ₹ 200 crores and 8 crore units are issued then find the NAV of one unit.

Solution : NAV = ₹ 200 crore / 8 crore units = ₹ 25 per unit.

Ex. (2) If NAV of one unit is ₹ 25, then how many units will be alloted for the investment of ₹ 10,000 ?

Solution : Number of units = sum invested / NAV = 10,000/25 = 400 units.

Practice Set 4.4

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

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

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	₹ 45					
75 S	₹ 200					

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

5. Mr. D'souza purchased 200 shares of FV ₹ 50 at a premium of ₹ 100. He received 50% dividend on the shares. After receiving the dividend he sold 100 shares at a discount of ₹ 10 and remaining shares were sold at a premium of ₹ 75. For each trade he paid the brokerage of ₹ 20. Find whether Mr. D'souza gained or incurred a loss ? by how much ?
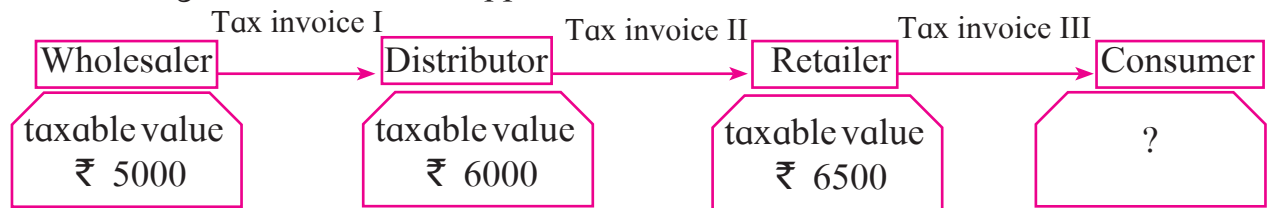
Problem Set 4A

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

   (1) Rate of GST on essential commodities is …
       (A) 5%   (B) 12%   (C) 0%   (D) 18%

   (2) The tax levied by the central government for trading within state is…
       (A) IGST   (B) CGST   (C) SGST   (D) UTGST

   (3) GST system was introduced in our country from …
       (A) 31st March 2017   (B) 1st April 2017
       (C) 1st January 2017   (D) 1st July 2017

   (4) 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%

   (5) In the format of GSTIN there are … alpha-numerals.
       (A) 15   (B) 10   (C) 16   (D) 9

(6) 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

2. A dealer has given 10% discount on a showpiece of ₹ 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 ?

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

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

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

6. A company provided Z-security services for the taxable value of ₹ 64,500. Rate of GST is 18%. Company had paid GST of ₹ 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.

7. A dealer supplied Walky-Talky set of ₹ 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.

8. A wholesaler purchased electric goods for the taxable amount of ₹ 1,50,000. He sold it to the retailer for the taxable amount of ₹ 1,80,000. Retailer sold it to the customer for the taxable amount of ₹ 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.

9. Anna Patil (Thane, Maharashtra) supplied vacuum cleaner to a shopkeeper in Vasai (Mumbai) for the taxable value of ₹ 14,000, and GST rate of 28%. Shopkeeper sold it to the customer at the same GST rate for ₹ 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 of filing the return.

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.

Tax invoice I — Tax invoice II — Tax invoice III

Wholesaler	→	Distributor	→	Retailer	→	Consumer
taxable value ₹ 5000		taxable value ₹ 6000		taxable value ₹ 6500		?

(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 ?

Problem Set 4B

1. Write the correct alternative for the following questions.

(1) If the Face Value of a share is ₹ 100 and Market value is ₹ 75, then which of the following statements is correct ?

(A) The share is at premium of ₹ 175   (B) The share is at discount of ₹ 25

(C) The share is at premium of ₹ 25   (D) The share is at discount of ₹ 75

(2) What is the amount of dividend received per share of face value ₹ 10 and dividend declared is 50%.

(A) ₹ 50   (B) ₹ 5   (C) ₹ 500   (D) ₹ 100

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

(A) 5325   (B) 5235   (C) 532500   (D) 53250

(4) Rate of GST on brokerage is . . .

(A) 5%   (B) 12%   (C) 18%   (D) 28%

(5) 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

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

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

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

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

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

7. Market value of shares and dividend declared by the two companies is given below. Face Value is same and it is ₹ 100 for both the shares. Investment in which company is more profitable ?
   (1) Company A - ₹ 132 , 12%   (2) Company B - ₹ 144, 16%

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

9. ★ Shri. Batliwala sold shares of ₹ 30,350 and purchased shares of ₹ 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.

10. ★ Smt. Aruna Thakkar purchased 100 shares of FV 100 when the MV is ₹ 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.

11. ★ Smt. Anagha Doshi purchased 22 shares of FV ₹ 100 for Market Value of ₹ 660. Find the sum invested. After taking 20% dividend, she sold all the shares when market value was ₹ 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.)

4. Financial Planning

Practice Set 4.1

1. CGST 6%, SGST 6%   2. SGST 9%, GST 18%
3. CGST ₹ 784 and SGST ₹ 784
4. The customer gets the belt for ₹ 691.48.
5. Taxable value of toy car is ₹ 1500, CGST ₹ 135, SGST ₹ 135
6. (1) Rate of SGST 14%   (2) Rate of GST on AC 28%
   (3) Taxable value of AC ₹ 40,000.   (4) Total GST ₹ 11,200.
   (5) CGST ₹ 5600.   (6) SGST ₹ 5600.
7. Prasad gets the washing machine for ₹ 48,640 and CGST ₹ 5320, SGST ₹ 5320.

Practice Set 4.2

1. Payable GST ₹ 22,000.
2. Input Tax Credit for Nazama is ₹ 12,500 and her payable GST is ₹ 2250.
3. Ameer Enterprises : Payable GST ₹ 300, payable CGST ₹ 150, payable SGST ₹ 150.
   Akabari Brothers : payable GST ₹ 400, payable CGST ₹ 200, payable SGST ₹ 200.
4. Payable GST ₹ 100 so CGST ₹ 50 and UTGST ₹ 50. 5. CGST = SGST = ₹ 900

Practice Set 4.3

1. (1) MV ₹ 100   (2) FV ₹ 75   (3) At discount of ₹ 5.
2. 25%   3. ₹ 37,040   4. 800 shares
5. Rate of return 5.83%   6. Company A– more profitable.

Practice Set 4.4

1. ₹ 200.60   2. ₹ 999
3.

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	₹ 45	₹ 4500	₹ 9	₹ 0.81	₹ 0.81	₹ 4510.62
75 S	₹ 200	₹15000	₹ 30	₹ 2.70	₹ 2.70	₹ 14964.60

4. No. of shares sold = 100.   5. Loss of ₹ 8560.

Problem Set 4A

1. (1) C (2) B (3) D (4) B (5) A (6) B
2. Total bill ₹ 28,800 , CGST ₹ 3150, SGST ₹ 3150.

3. ₹ 997.50   4. ₹ 12,500   5. ITC ₹ 4250, payable tax ₹ 250

6. ITC ₹ 1550, payable CGST ₹ 5030, payable SGST ₹ 5030.

7. Taxable value ₹ 75,000, CGST ₹ 4500, SGST ₹ 4500

8. (1) Wholesaler's tax invoice : CGST ₹ 16200; SGST ₹ 16200.

     Retailer's tax invoice: CGST ₹ 19,800; SGST ₹ 19,800.

    (2) Wholesaler : payable CGST ₹ 2700 and payable SGST ₹ 2700,

     Retailer : payable CGST ₹ 3600 and payable SGST ₹ 3600

9. (1) Anna Patil's invoice : CGST ₹ 1960, SGST ₹ 1960

    (2) Trader in Vasai : CGST ₹ 2352 and SGST ₹ 2352

    (3) Trader in Vasai : payable CGST ₹ 392 and payable SGST ₹ 392

10.

    (1)

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

    (2) Finally, the customer will get the article for ₹ 7280.

    (3) Manufacturer to distributor B2B, distributor to retailer B2B,

       retailer to customer B2C

Problem Set 4B

1. (1) B   (2) B   (3) A   (4) C   (5) A

2. ₹ 130.39   3. 22.2%   4. will get ₹ 21,000 .

5. Will get 500 shares.   6. Profit ₹ 1058.52   7. Company B, as returns are more

8. Will get 1000 shares. 9. ₹ 118.

10. (1) ₹ 1,20,000   (2) ₹ 360   (3) ₹ 64.80   (4) ₹ 120424.80.

11.   1% profit

5. Probability

Practice Set 5.1

1.   (1) 8 (2) 7 (3) 52 (4) 11

Practice Set 5.2

1.   (1) S = {1H, 1T, 2H, 2T, 3H, 3T, 4H, 4T, 5H, 5T, 6H, 6T}   n(S) = 12