

4

Financial Planning

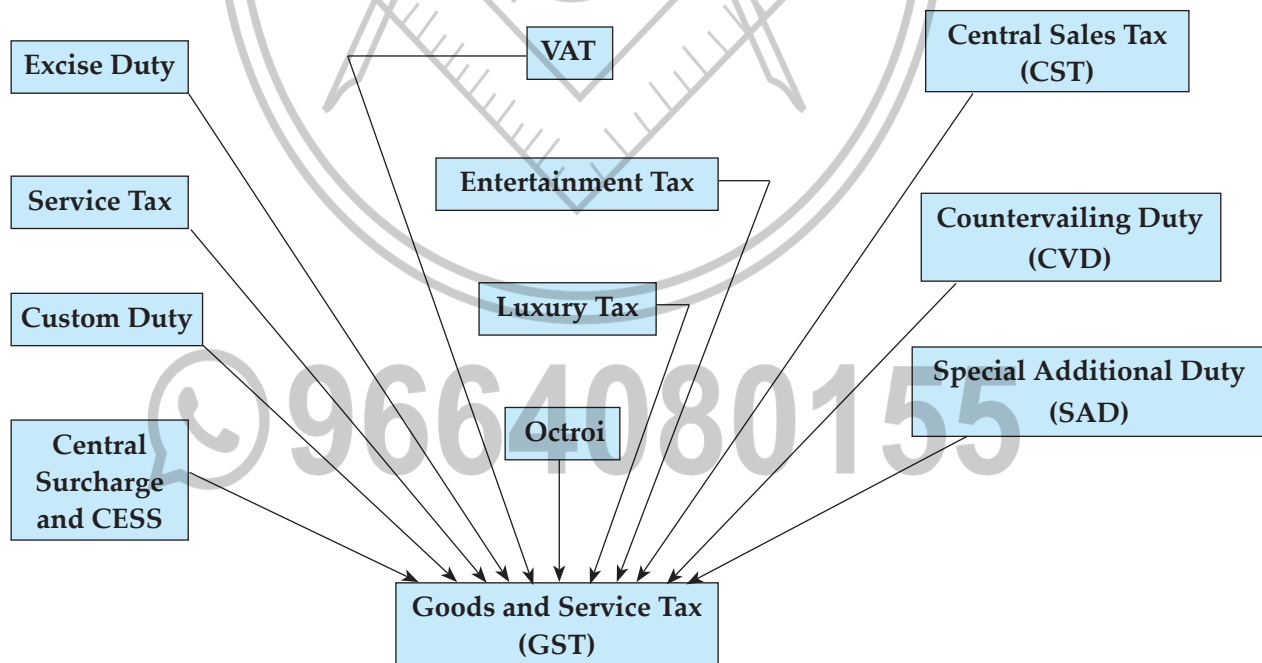
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*Points to Remember:*

- GST (Goods and Service Tax):**

GST stands for Goods and Service Tax,. Taxes that existed before were VAT, Custom duty, Excise duty, Service tax, Octroi etc. All these taxes are subsumed under GST, that is why GST is one nation, one tax, one market. GST is in effect from 1st July 2017.



• **Tax Invoice:**

Tax Invoice of goods purchase (Sample)										
Supplier : A to Z Sweet Mart 143, Shivaji Rasta, Mumbai : 400001 Maharashtra Mob. No. 9263692111 email: atoz@gmail.com						GSTIN : 27 ABCDE1234H1Zs				
Invoice No. GST / 110						Invoice Date : 31 July 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	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 ₹	41.70		41.70	723.40

Let us understand the meaning of some new words given in this bill.

CGST - Central Goods and Service Tax

SGST - State Goods and Service Tax

GSTIN - Goods and Service Tax Identification Number

HSN - Harmonized System of Nomenclature

SAC - Service Accounting Code

Now, CGST, i.e. Central Goods and Service Tax is to be paid to the Central Government whereas SGST, i.e. State Goods and Service Tax is to be paid to State Government. It is compulsory to get GSTIN, if the turn over of a dealer in previous

financial year exceeds ₹ 20 lacs.

GSTIN includes 15 alpha numerals.

For ex.

27 A B C D E 1 2 3 4 H 1 Z 5

10 digit PAN of the firm

1 represents registration

Uniform for all (By Default)

Check Sum digit

2 digit for (Confirms validity of GSTIN State Code (Confirms validity of GSTIN when entered on GST portal.

'27' is Maharashtra State Code.

Form 27, one can understand that a person or a firm is registered in Maharashtra.

Complete the following tax invoice. (Textbook Page No. 83)

Tax Invoice of Service provided (Sample)								
Food Junction, Shivpur, Pune						Invoice No. : 58		
Mob. No. 7588580000						E-mail: ahar.khed@yahoo.com		
GSTIN : 27AAAAA 5555B1ZA						Invoice Date : 25 Dec., 2017		
SAC	Food Items	Qty.	Rate (in ₹)	Taxable amount	CGST		SGST	
9961	Coffee	1	20	20.00	2.5%	₹ 0.50	2.5%	₹ 0.50
9963	Masala Tea	1	10	10.00	2.5%	₹ 0.25	2.5%	₹ 0.50
9962	Masala Dosa	1	60	120	2.5%	₹ 3	2.5 %	₹ 3
Total				150		₹ 3.75		₹ 3.75
Grand Total = ₹ 157.50								

The following table gives Goods and Service Tax rates:

Sr. No.	Type	Tax rate	Goods and Service Types
(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 : Ghee, dry fruits, Jam, Jelly, Sauces, Pickles, Mobile phone etc. Services - Printing job work (Non AC) 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, Exhibition, 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 accomodation, Amusement parks, water parks, theme parks, casino, Race course, IPL games, gambling, Air transport (business class) etc.

Reference : www.cbec.gov.in (Visit Central Board of Excise and customs website for more information)

Note: Electricity, Petrol, diesel etc. are not under purview of GST. The rate of GST are taken at the time of writting this chapter.

Activity 1 : Make list of 10 items you need daily and find the rate of GST applicable on them from news paper, internet, books on GST and tax invoice. (Textbook Page No. 85)

	Items	GST rate		Items	GST rate
(1)	Note book	12%	(6)	Pencil	12%
(2)	Compass box	12%	(7)	Pen	12%
(3)	School bag	18%	(8)	Shoes	5%
(4)	Milk	0%	(9)	School uniform	5%
(5)	Water bottle	18%	(10)	Computer	18%

Activity 2: The following table shows 10 different services (e.g. Railway, S.T., Bus Bookings, service etc.) Find the rate and GST applicable to them.

(Textbook Page No. 85)

	Service	GST rate		Service	GST rate
(1)	Railway bookings	5%	(6)	Water Park	28%
(2)	Courier Service	18%	(7)	Five Star Hotel	28%
(3)	Cinema	18%	(8)	Cinema	18%
(4)	Exhibition	18%	(9)	Airline Economy Class	5%
(5)	IPL	28%	(10)	Airline Business Class	28%

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 price as taxable price

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 as follows.

GST rates for composition Scheme

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

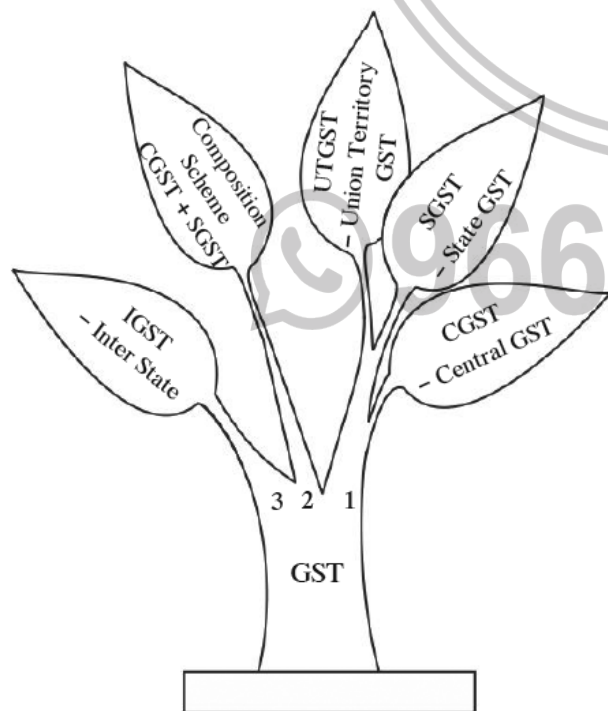
Some rules for composition dealers

- 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 Service
- 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 competitive.
- Boost to 'Make in India' project.
- Technology driven tax system leads to speedy decisions.
- Goods and Services 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 turn-over 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 Rs. 20,000 from trader 'P' (of Punjab) and paid tax of Rs. 5600 as IGST (GST rate 28%) to the trader 'P'.

Trader 'M' sold these parts to local consumers for Rs. 25,000 and collected Rs. 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 Rs.

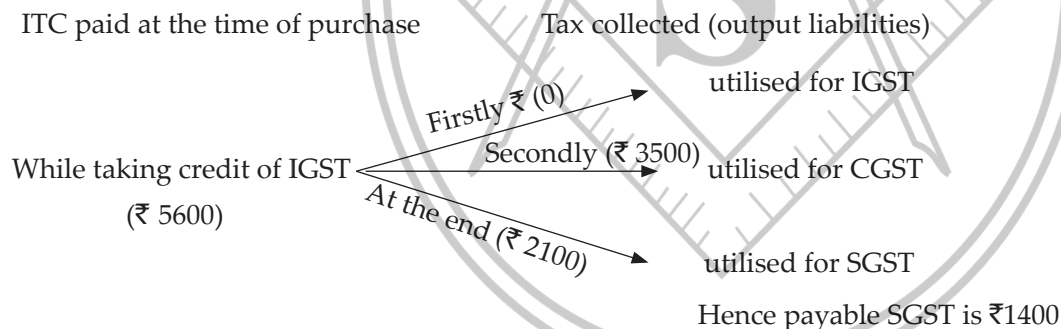
So out of Rs. 5600 credit of Rs. 3500 is utilised for CGST and the remaining amount $5600 - 3500 = 2100$ is the credit available for SGST

∴ SGST payable = 3500 – 2100 = 1400 Rs.

Trader 'M' has to pay Rs. 1400 as SGST.

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

Rule for availing ITC



MASTER KEY QUESTION SET - 4

Practice Set - 4.1 (Textbook Page No. 87)

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

Solution:

Rate of GST on medicines = 12%

∴ Rate of CGST is 6% and
Rate of SGST is 6%

- (2) On certain article if rate of CGST is 9% then what is the rate of SGST? and what is the rate of GST? (1 mark)

Solution:

Rate of CGST = 9%

∴ Rate of CGST = Rate of SGST = 9%

∴ Rate of GST = Rate of CGST + Rate of SGST
= 9% + 9%

∴ Rate of GST = 18%

- (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. (2 mark)

Solution:

Taxable value of 2 boxes of paints = 2×2800
= ₹ 5600

Rate of GST = 28%

∴ Rate of CGST is 14% and rate of SGST is 14%.

$$\begin{aligned}\therefore \text{CGST} &= 14\% \text{ of } ₹ 5600 \\ &= \frac{14}{100} \times 5600 \\ &= ₹ 784\end{aligned}$$

$$\therefore \text{CGST} = \text{SGST} = ₹ 784$$

∴ The amount of CGST is ₹ 784 and SGST is ₹ 784 charged in tax invoice.

Problem Set - 4A (Textbook Page No. 110)

- (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?

(1 mark)

Solution:

Taxable value of cotton clothes = ₹ 2.5 lacs

Rate of GST applicable = 5%

∴ GST = 5% of ₹ 2.5 lacs

$$\begin{aligned}&= \frac{5}{100} \times 250000 \\ &= ₹ 12,500\end{aligned}$$

∴ The GST to be paid by businessman from Rajkot is ₹ 12,500.

Practice Set - 4.1 (Textbook Page No. 87)

- (4) The taxable value of Wrist watch belt is ₹ 586. Rate of GST is 18%, then what is price of the belt for the customer?

(2 marks)

Solution:

Taxable value = ₹ 586

Rate of GST = 18%

∴ Rate of CGST = 9% and Rate of SGST = 9%

$$\begin{aligned}\therefore \text{CGST} &= 9\% \text{ of } ₹ 586 \\ &= \frac{9}{100} \times 586 \\ &= ₹ 52.74\end{aligned}$$

$$\therefore \text{CGST} = \text{SGST} = ₹ 52.74$$

∴ Amount to be paid by customer =

Taxable value + CGST + SGST

$$= 586 + 52.74 + 52.74$$

$$= ₹ 691.48$$

∴ The price of belt for customer is ₹ 691.48.

Problem Set - 4A (Textbook Page No. 110)

- (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?

(3 marks)

Solution:

Price of a dress = ₹ 1000

Rate of discount = 5%

∴ Discount = 5% of ₹ 1000

$$\begin{aligned}&= \frac{5}{100} \times 1000 \\ &= ₹ 50\end{aligned}$$

∴ Taxable value of a dress = 1000 - 50 = ₹ 950

Rate of GST = 5%

∴ Rate of CGST is 2.5% and rate of SGST is 2.5%

∴ CGST = 2.5% of ₹ 950

$$= \frac{2.5}{100} \times 950$$

∴ CGST = ₹ 23.75

∴ CGST = SGST = ₹ 23.75

$$\begin{aligned}\therefore \text{Total cost of the dress} &= \text{Taxable value} \\ &\quad + \text{CGST} + \text{SGST} \\ &= 950 + 23.75 + 23.75 \\ &= ₹ 997.50\end{aligned}$$

∴ The customer has to pay ₹ 997.50 for the dress.

Practice Set - 4.1 (Textbook Page No. 87)

- (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.

(4 marks)

Solution:

Method - 1

Rate of GST = 18%

∴ If taxable value is ₹ 100 then total value of toy car including GST will be (100 + 18) = ₹ 118.

Similarly, if taxable value is ₹ x , then total value of toy car including GST is ₹ 1770.

Taxable price (in ₹)	Total cost including GST (in ₹)
100	118
x	1770

$$\therefore \frac{100}{x} = \frac{118}{1770}$$

$$\therefore x = \frac{100 \times 1770}{118}$$

$$\therefore x = 1500$$

The taxable value of a car is ₹ 1500

Rate of GST = 18%

Rate of CGST is 9% and rate of SGST is 9%

$$\therefore \text{CGST} = 9\% \text{ of ₹ 1500}$$

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

$$= ₹ 135$$

$$\therefore \text{CGST} = \text{SGST} = ₹ 135$$

Method - 2

Let the taxable value of a car be ₹ x .

Rate of GST = 18%

$$\therefore \text{GST} = 18\% \text{ of ₹ } x$$

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

$$= ₹ \frac{18x}{100} \quad \dots(i)$$

$\therefore$ Total value of car including GST =
Taxable value + GST

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

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

$$= ₹ \frac{118x}{100}$$

But, total value of car including GST is ₹ 1770.

$\dots(\text{given})$

$$\therefore \frac{118x}{100} = 1770$$

$$\therefore x = \frac{1770 \times 100}{118}$$

$$\therefore x = 1500$$

The taxable value of a car is ₹ 1500

$$\text{GST} = ₹ \frac{18x}{100} \quad \dots[\text{from (i)}]$$

$$= \frac{18 \times 1500}{100}$$

$$\therefore \text{GST} = ₹ 270$$

$$\therefore \text{CGST} = \text{SGST} = \frac{270}{2}$$

$$\therefore \text{CGST} = \text{SGST} = ₹ 135$$

Problem Set - 4A (Textbook Page No. 110)

- (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. (3 marks)

Solution:

Method - 1

Rate of GST = 12%

$\therefore$ If taxable value is ₹ 100, then total value including GST will be $(100 + 12) = ₹ 112$.

Similarly, if taxable value is ₹ x then total value including GST is ₹ 84,000.

Taxable value (in ₹)	Total value including GST (in ₹)
100	112
x	84,000

$$\therefore \frac{100}{x} = \frac{112}{84000}$$

$$\therefore x = \frac{84000 \times 100}{112}$$

$$\therefore x = 75000$$

The taxable value of Walky Talky sets is ₹ 75,000

Rate of GST = 12%

$\therefore$ Rate of CGST is 6% and rate of SGST is 6%

$$\therefore \text{CGST} = 6\% \text{ of ₹ 75000}$$

$$= \frac{6}{100} \times 75000$$

$$\therefore \text{CGST} = ₹ 4500$$

$$\therefore \text{CGST} = \text{SGST} = ₹ 4500$$

Method - 2

Let the taxable value of Walky-Talky set be ₹ x .

Rate of GST = 12%

$$\therefore \text{GST} = 12\% \text{ of ₹ } x$$

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

$$\therefore \text{GST} = ₹ \frac{12x}{100} \quad \dots (i)$$

$\therefore$ Total value of Walky-Talky including GST = Taxable value + GST

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

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

$$= \frac{112x}{100}$$

But total value of Walky-Talky including GST is ₹ 84000

$$\therefore \frac{112x}{100} = 84000$$

$$\therefore x = \frac{84000 \times 100}{112}$$

$$\therefore x = 75000$$

The taxable value of Walky-Talky set is ₹ 75,000

$$\begin{aligned} \therefore \text{GST} &= ₹ \frac{12x}{100} \\ &= \frac{12 \times 75000}{100} \end{aligned}$$

$$\therefore \text{GST} = ₹ 9000$$

$$\therefore \text{CGST} = \text{SGST} = \frac{9000}{2} = 4500$$

The amount of CGST = SGST = ₹ 4500

Practice Set - 4.1 (Textbook Page No. 87)

- (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
(4 marks)

Solution:

(i) Rate of CGST on A.C. = 14% ... (given)

Rate of SGST on A.C. = 14%

(ii) Rate of GST on A.C. = Rate of CGST + Rate of SGST
= 14% + 14%

Rate of GST on A.C. = 28%

(iii) If taxable value of A.C. is ₹ 100, then total value including GST will be $(100 + 28) = ₹ 128$.

Similarly, if taxable value of an A.C. is ₹ x then total value including GST is ₹ 51,200.

Taxable value (in ₹)	Total value including GST (in ₹)
100	128
x	51200

$$\therefore \frac{100}{x} = \frac{128}{51200}$$

$$\therefore x = \frac{51200 \times 100}{128}$$

$$\therefore x = 40000$$

The taxable value of an A.C. is ₹ 40,000

$$\begin{aligned} \text{(iv) Total GST} &= \text{Total cost including GST} \\ &\quad - \text{Taxable price} \\ &= 51,200 - 40,000 \end{aligned}$$

Total GST = ₹ 11,200

$$\begin{aligned} \text{(v) Amount of CGST} &= \frac{\text{Total GST}}{2} \\ &= \frac{11200}{2} \end{aligned}$$

Amount of CGST = ₹ 5600

(vi) Amount of CGST = Amount of SGST = ₹ 5600

Amount of SGST = ₹ 5600

- (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. (4 marks)

Solution:

The printed price of a washing machine = ₹ 40,000

Rate of Discount = 5%

$$\begin{aligned} \therefore \text{Discount} &= 5\% \text{ of } ₹ 40,000 \\ &= \frac{5}{100} \times 40000 \\ &= ₹ 2000 \end{aligned}$$

Taxable value of washing machine

$$= \text{Printed price} - \text{Discount}$$

$$= 40,000 - 2000$$

$$= ₹ 38,000$$

Rate of GST on washing machine = 28%

Rate of CGST is 14% and rate of SGST is 14%

CGST = 14% of ₹ 38000

$$= \frac{14}{100} \times 38000$$

$$\therefore \text{CGST} = ₹ 5320$$

CGST = SGST = ₹ 5320

Purchase price of washing machine

$$= \text{Taxable value} + \text{CGST} + \text{SGST}$$

$$= 38000 + 5320 + 5320$$

$$= ₹ 48,640$$

∴ Prasad paid ₹ 48,640 for washing machine.

Problem Set - 4-A (Textbook Page No. 110)

- (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? (4 marks)

Solution:

The price of an article = ₹ 25,000

Rate of discount = 10%

∴ Discount = 10% of ₹ 25000

$$= \frac{10}{100} \times 25000$$

$$= ₹ 2500$$

$$\begin{aligned} \therefore \text{Taxable value of an article} &= 25000 - 2500 \\ &= ₹ 22500 \end{aligned}$$

Rate of GST = 28%

∴ Rate of CGST = Rate of SGST = 14%

∴ CGST = 14% of ₹ 22,500

$$= \frac{14}{100} \times 22500$$

∴ CGST = ₹ 3,150

∴ CGST = SGST = ₹ 3,150

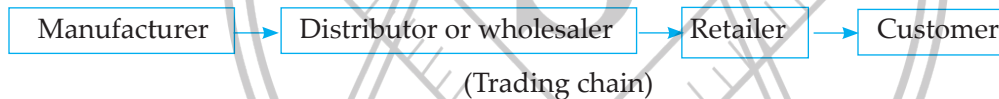
$$\begin{aligned} \therefore \text{Total cost of an article} &= \text{Taxable price} + \text{CGST} \\ &\quad + \text{SGST} \\ &= 22500 + 3150 + 3150 \\ &= ₹ 28,800 \end{aligned}$$

∴ Total bill amount is ₹ 28800, CGST = ₹ 3150 and SGST = ₹ 3150



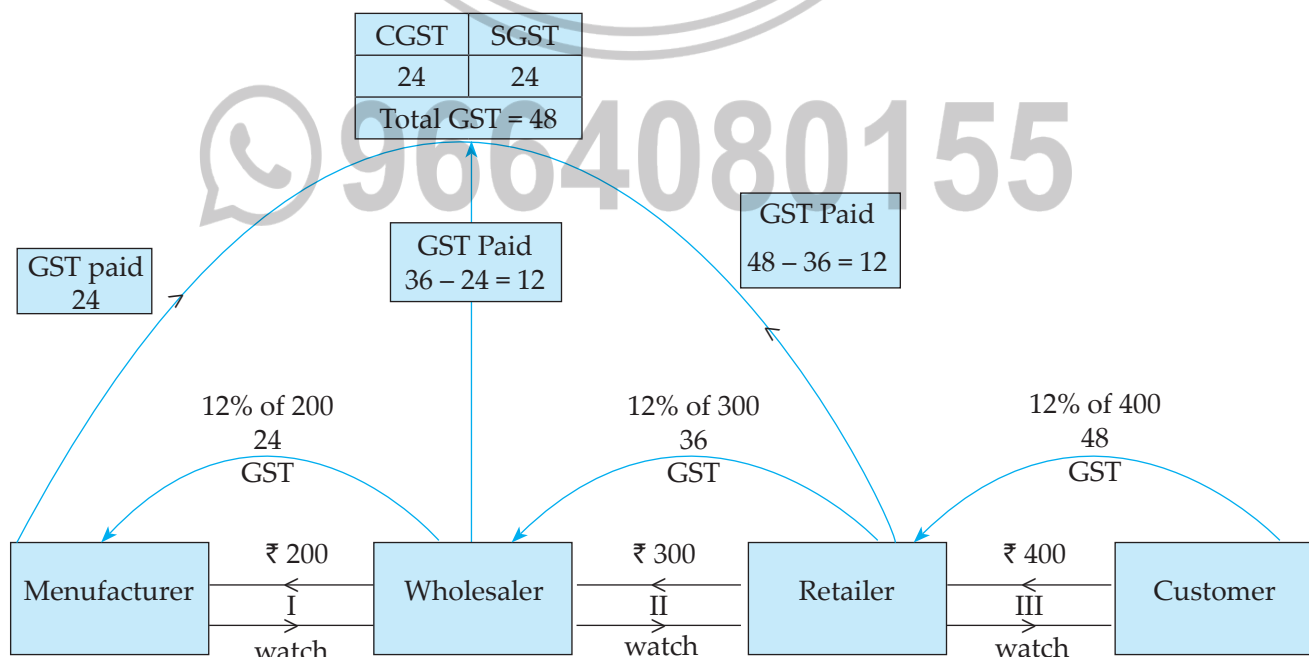
Points to Remember:

GST in trading chain



In trading chain, how is GST charged and paid to Government at every stage is given below:

Example: The manufacturer of a watch sold a watch to wholesaler at ₹ 200 (including profit). The wholesaler sold it to retailer for ₹ 300 and retailer sold it to customer for ₹ 400. The rate of GST is 12%. Then how manufacturer, wholesaler and retailer will pay tax is given in the following flow chart.



Here, all the three financial transactions took place in one state. The tax invoices given below will help you to understand the application of GST in these transactions.

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

Tax invoice of manufacturer
(B2B)

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

Tax invoice of wholesaler
(B2B)

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

Tax invoice of retailer
(B2C)

Note : B2B means trading between GSTIN holders is known as Business to Business. B2C means trading between GSTIN holders and consumer.

In this transaction, GST paid by each businessman is given below.

		CGST		SGST		Total GST paid
(i)	Manufacturer	₹ 12	+	₹ 12	=	₹ 24
(ii)	Wholesaler	₹ 6	+	₹ 6	=	₹ 12
(iii)	Retailer	₹ 6	+	₹ 6	=	₹ 12
	Total	₹ 24	+	₹ 24	=	₹ 48

ITC - Input Tax Credit System:

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

Example: The cycle manufacturer sold a cycle to wholesaler for taxable price of ₹ 4000. The wholesaler sold it to retailer for ₹ 4800, (taxable value). Retailer sold it to customer at ₹ 5200 (taxable price). The rate of GST is 12%, then complete the following activity to find CGST and SGST at each stage of trading. (Textbook Page No. 92)

Solution: Trading Chain



Output tax of manufacturer

$$= 12\% \text{ of } 4000$$

$$= 4000 \times \frac{12}{100}$$

$$= ₹ 480$$

∴ GST payable by manufacturer = ₹ 480

Output tax of wholesaler

$$= 12\% \text{ of } 4800$$

$$= ₹ 576$$

∴ GST payable by wholesaler =
Output tax - Input tax

$$= 576 - 480$$

$$= ₹ 96$$

Output tax of retailer

$$= 12\% \text{ of } 5200$$

$$= ₹ 624$$

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

$$= 624 - 576$$

$$= ₹ 48$$

In this business chain, GST is paid as follows:

Individual	GST	CGST	SGST
Manufacturer	₹ 480	₹ 240	₹ 240
Wholesaler	₹ 96	₹ 48	₹ 48
Retailer	₹ 48	₹ 24	₹ 24
Total	₹ 624	₹ 312	₹ 312

Practice Set - 4.2 (Textbook Page No. 93)

- (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 marks)

Solution:

Input tax (ITC) = ₹ 1,00,500

Output tax = ₹ 1,22,500

$$\therefore \text{GST payable} = \text{Output tax} - \text{ITC}$$

$$= 1,22,500 - 1,00,500$$

$$\therefore \text{GST} = ₹ 22,000$$

$\therefore$ The GST payable by Chetana Stores is ₹ 22,000

- (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?

(2 marks)

Solution:

Input tax (ITC) = ₹ 12,500

Output tax = ₹ 14,750

$$\therefore \text{GST Payable} = \text{Output tax} - \text{ITC}$$

$$= 14,750 - 12,500$$

$$\therefore \text{GST} = ₹ 2250$$

$\therefore$ Input tax credit for Nazma is ₹ 12500 and GST to be paid is ₹ 2250

Problem Set - 4A (Textbook Page No. 110)

- (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?

(3 marks)

Solution:

Input tax (ITC) = 5% of ₹ 85,000

$$= \frac{5}{100} \times 85000$$

$$\therefore \text{ITC} = ₹ 4250$$

Output tax = 5% of ₹ 90,000

$$= \frac{5}{100} \times 90000$$

$$\therefore \text{Output tax} = ₹ 4500$$

$$\therefore \text{GST Payable} = \text{Output Tax} - \text{ITC}$$

$$= 4500 - 4250$$

$$\therefore \text{GST} = ₹ 250$$

$$\therefore \text{ITC} = ₹ 4250 \text{ and GST payable} = ₹ 250$$

- (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.

(4 marks)

Solution:

Taxable value for security provided = ₹ 64,500

Rate of GST = 18%

Output tax = 18% of ₹ 64,500

$$= \frac{18}{100} \times 64500$$

$$= ₹ 11,610$$

GST paid by company for laundry services and uniform etc. = ₹ 1550

$$\therefore \text{ITC} = ₹ 1550$$

$$\therefore \text{GST payable by the company} =$$

Output tax - ITC

$$= 11610 - 1550$$

$$= ₹ 10,060$$

$$\text{Now CGST} = \text{SGST} = \frac{10060}{2}$$

$$= ₹ 5030$$

$\therefore$ ITC for the company is ₹ 1550 and CGST = SGST = ₹ 5030

Practice Set - 4.2 (Textbook Page No. 93)

- (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 Akbari 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 marks)

Solution:

(i) For Amir Enterprises:

ITC = ₹ 3800

Output tax = ₹ 4100

$$\therefore \text{GST payable} = \text{Output tax} - \text{ITC}$$

$$= 4100 - 3800$$

$$\therefore \text{GST} = ₹ 300$$

$\therefore$ GST payable by Amir Enterprises is

$$₹ 300 \text{ and CGST} = \text{SGST} = \frac{300}{2} = ₹ 150$$

- (ii) For Akbari Brothers

$$\text{ITC} = ₹ 4100$$

$$\text{Output tax} = ₹ 4500$$

$$\therefore \text{GST payable} = \text{Output tax} - \text{ITC} \\ = 4500 - 4100$$

$$\therefore \text{GST} = ₹ 400$$

$$\therefore \text{GST to be payable by Akbari Brothers is} \\ ₹ 400 \text{ and } \text{CGST} = \text{SGST} = \frac{400}{2} = ₹ 200$$

Problem Set - 4A (Textbook Page No. 110)

- * (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. (4 marks)

Solution:

- (i) For wholesaler:

$$\text{Taxable amount of Electric goods} = ₹ 1,50,000$$

$$\text{Rate of GST} = 18\%$$

$$\therefore \text{Tax paid at the time of purchase (ITC)} \\ = 18\% \text{ of } ₹ 1,50,000 \\ = \frac{18}{100} \times 150000 \\ = ₹ 27,000$$

$$\text{Tax collected at time of sale (Output tax)} \\ = 18\% \text{ of } ₹ 1,80,000 \\ = \frac{18}{100} \times 180000 \\ = ₹ 32,400$$

$$\therefore \text{CGST and SGST shown in the tax invoice of} \\ \text{wholesaler} = \frac{32400}{2} = ₹ 16,200$$

$$\therefore \text{GST payable by wholesaler} = \text{Output tax} - \text{ITC} \\ = ₹ 32,400 - ₹ 27,000$$

$$\text{GST payable by wholesaler} = ₹ 5400 \\ \therefore \text{CGST to be paid by wholeseller} = \frac{5400}{2} \\ = ₹ 2700$$

$$\therefore \text{CGST} = \text{SGST} = ₹ 2700 \text{ is payable} \\ \text{by wholeseller}$$

- (ii) For retailer:

$$\text{Tax paid at the time of purchase (ITC)} = ₹ 32,400$$

Tax collected at the time of sale (Output tax)

$$= 18\% \text{ of } ₹ 2,20,000$$

$$= \frac{18}{100} \times 220000 \\ = ₹ 39,600$$

 $\therefore$ CGST and SGST shown in the tax invoice of

$$\text{retailer} = \frac{39600}{2}$$

$$= ₹ 19,800$$

$$\text{GST payable by retailer} = \text{Output tax} - \text{ITC} \\ = ₹ 39,600 - ₹ 32,400$$

$$\text{GST payable by retailer} = ₹ 7200$$

$$\therefore \text{CGST payable by wholeseller} = \frac{7200}{2} \\ = ₹ 3600$$

$$\therefore \text{CGST} = \text{SGST} = ₹ 3600 \text{ payable by} \\ \text{retailer}$$

Practice Set - 4.2 (Textbook Page No. 93)

- (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.) (3 marks)

Solution:

$$\text{Tax paid at the time of purchase (Input tax)} \\ = 5\% \text{ of } ₹ 24,500$$

$$= \frac{5}{100} \times 24500 \\ = ₹ 1225$$

$$\therefore \text{ITC} = ₹ 1225$$

Tax collected at the time of sale (output tax)

$$= 5\% \text{ of } ₹ 26,500 \\ = \frac{5}{100} \times 26500 \\ = ₹ 1325$$

$$\therefore \text{GST} = \text{Output tax} - \text{ITC} \\ = 1325 - 1225$$

$$\therefore \text{GST} = ₹ 100$$

$$\therefore \text{CGST} = (\text{UTGST}) = \frac{100}{2} = ₹ 50$$

$$\therefore \text{GST to be paid by Malik gas agency is} \\ ₹ 100, \text{CGST} = ₹ 50 \text{ and } \text{UTGST} = ₹ 50$$

Problem Set - 4A (Textbook Page No. 110)

- * (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. (4 marks)

Solution:

All the transactions are done in Maharashtra.

For Anna Patil in Thane:

Taxable value of Vacuum Cleaner = ₹ 14,000

Rate of GST = 28%

∴ GST = 28% of 14,000

$$= \frac{28}{100} \times 14000$$

∴ GST = ₹ 3920

∴ CGST (shown in the tax invoice of

$$\text{Anna Patil}) = \frac{3920}{2}$$

= ₹ 1960 ∴

CGST = SGST = ₹ 1960 shown in the tax invoice of Anna Patil

For Shopkeeper in Vasai:

Input tax credit (ITC) for shopkeeper = ₹ 3920

Taxable value at which Vacuum cleaner sold to customer = ₹ 16,800

Rate of GST = 28%

∴ GST = 28% of ₹ 16800

$$= \frac{28}{100} \times 16800$$

∴ GST = ₹ 4704

∴ CGST charged by shopkeeper = $\frac{4704}{2}$

= ₹ 2352

∴ **CGST = SGST = ₹ 2352 charged by the shopkeeper.**

Now, GST to be paid by shopkeeper at Vasai

= Output tax – ITC

= 4704 – 3920

= ₹ 784

∴ CGST to be paid by shopkeeper at

$$\text{Vasai} = \frac{784}{2} = ₹ 392$$

∴ **CGST = SGST = ₹ 392 to be paid by shopkeeper in Vasai**

Practice Set - 4.2 (Textbook Page No.93)

- (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 ?

(3 marks)

Solution:

Tax paid at the time of purchase (ITC)

= 18% of ₹ 6000

$$= \frac{18}{100} \times 6000$$

= ₹ 1080

Tax collected at the time of sale (Output tax)

= 18% of ₹ 10,000

$$= \frac{18}{100} \times 10000$$

= ₹ 1800

∴ GST = Output tax – ITC

= 1800 – 1080

∴ GST = ₹ 720

Tax invoice for GST:

Beauty Products	GST	CGST	SGST
Purchase	₹ 1080	₹ 540	₹ 540
Sale	₹ 720	₹ 360	₹ 360
Total	₹ 1800	₹ 900	₹ 900

∴ **CGST = SGST = ₹ 900**

- (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.

(3 marks)

Solution:

Tax Invoice

Supplier : M/s Shruti Electicals Invoice No. : 64
401/B, Jijamata Road, Andheri (East)
Mumbai - 400 093, Maharashtra
Tel.: 022-6232685

GSTIN : 27PQRST1234H126 Invoice Date: 31.01.2018

Sr. No.	HSN Code	Name of Product	Rate (₹)	Quantity	Taxable amount	CGST		SGST		Total (₹)
						Rate	Tax	Rate	Tax	
(1)	8507	Mobile Battery	200	1	₹ 200	6%	12	6%	12	224
(2)	8518	Head phone	750	1	₹ 750	9%	67.50	9%	67.50	885
Grand Total					₹ 950		79.50		79.50	1109

- (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%.

(3 marks)

Solution:

Tax Invoice

Supplier : M/s Sahil Enterprises GSTIN: 27LMOAB1397H1Z1
B/24, Paranjape Scheme, Malad (W)
Mumbai - 400 069, Maharashtra

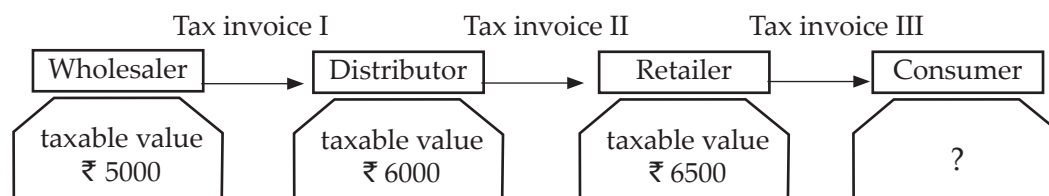
Receiver : M/s Sandeep Book Agency GSTIN: 27ABCDE7999H1Z7
2, Ground Floor, N. M. Joshi Marg,
Lower Parel, Mumbai - 400 004, Maharashtra

Invoice No. : GST/19 Invoice Date: 12.01.2018

Sr. No.	HSN Code	Name of Product	Rate (₹)	Quantity	Taxable amount	CGST		SGST		Total (₹)
						Rate	Tax	Rate	Tax	
(1)	3924	Pencil box	20	100	₹ 2000	6%	120	6%	120	2240
(2)	9503	Jigsaw puzzles	100	50	₹ 5000	6%	300	9%	300	5600
Grand Total :					₹ 7000		420		420	7840

Problem Set - 4A (Textbook Page No. 111)

- *(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 ? (4 marks)

Solution:

(i) GST collected by wholesaler at the time of sale
(Output tax)

$$= 12\% \text{ of ₹ 5000}$$

$$= \frac{12}{100} \times 5000$$

$$= 600$$

$$\therefore \text{GST payable by distributor} = ₹ 600$$

GST collected by distributor at the time of sale
(Output tax)

$$= 12\% \text{ of ₹ 6000}$$

$$= \frac{12}{100} \times 6000$$

$$= ₹ 720$$

$$\therefore \text{GST payable by distributor} = \text{Output tax} - \text{ITC}$$

$$= 720 - 600$$

$$= ₹ 120$$

GST collected by retailer at the time of sale
(Output tax)

$$= 12\% \text{ of ₹ 6500}$$

$$= \frac{12}{100} \times 6500$$

$$= ₹ 780$$

$$\therefore \text{GST payable by retailer} = \text{Output tax} - \text{ITC}$$

$$= 780 - 720$$

$$= ₹ 60$$

Persons	Payable GST	Payable CGST	Payable SGST
Wholesaler	₹ 600	₹ 300	₹ 300
Distributor	₹ 120	₹ 60	₹ 60
Retailer	₹ 60	₹ 30	₹ 30
Total Tax	₹ 780	₹ 390	₹ 390

(ii) Price at which article sold to customer

$$= \text{Taxable value} + \text{GST}$$

$$= 6500 + 780$$

$$= ₹ 7280$$

- (iii) The tax invoice between wholesaler and distributor is B2B type.

Also the tax invoice between distributor and retailer is B2B type.

The tax invoice between retailer and customer is B2C type.

**Points to Remember:**

For a small business one person can invest sufficient capital. Capital required for a medium business can be raised in partnership. But when a large business or industry is to be established, a partnership of a few persons is not sufficient to provide the required capital. In such a case, some persons come together and form a company. These persons are known as **promoters** of the company. The company is established by these promoters under the Companies Act of 1956. Such a company is Public Limited Company. They divide the required capital into small parts called **shares**. These shares are generally worth face value of ₹ 1, ₹ 2, ₹ 5, ₹ 10 or ₹ 100 etc.

Share:

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

Share Holder:

A person who holds one or more shares is called a share holder and ultimately the part owner of the company in the proportion of number of shares he/she holds.

Stock Exchange:

The place where the transactions of buying and selling of shares takes place is known as the **Stock Exchange** or **share market** or **stock market** or **capital market** or **Equity market**. The public limited company must be a listed company in share market.

Face Value (FV):

The value of the share 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. This market value (MV) may change frequently in the market.

Dividend:

Dividend is a part of a profit distributed to the share holders. Share holders gets dividend on number of shares having with him. No income

tax is payable on dividend received by share holder.

Note: The dividend is always paid on the face value of the share.

• **Comparison of Face Value (FV) and Market Value (MV):**

(i) If Market Value (MV) > Face Value (FV), then that share is called as **share is at premium**.

(ii) If market value (MV) = Face Value (FV) then that share is called as **share is at par**.

(iii) If market value (MV) < Face Value (FV) then the share is called as **share is at discount**.

• **Sum Invested:**

Sum invested is the total amount paid while purchasing shares.

$\therefore$ Sum Invested = Number of shares $\times$ Market Value (MV) of the share.

• **Rate of Return (ROR):**

It is very important to know the rate of return you get on amount invested in shares. Let us understand it by following examples.

Example (1) Shriyansh purchased a share with face value ₹ 100 at ₹ 120 market value. The company declared a dividend of 15%. Then, what is the rate of return on investment?

Solution:

Face Value = ₹ 100 , Market Value = ₹ 120, Dividend = 15%

Let the rate of return be $x\%$.

Here, on investment of ₹ 120, Shriyansh got ₹ 15
If, 120 : 15

then, 100 : x

$$\therefore \frac{15}{120} = \frac{x}{100}$$

$$\therefore x = \frac{15 \times 100}{120}$$

$$= \frac{25}{2}$$

$$\therefore x = 12.5\%$$

$\therefore$ **Rate of return is 12.5%**

Example (2) Complete the following table by writing correct number or words?

Sr. No.	Face Value	Share is at	Market Value
(i)	₹ 10	Premium ₹ 7	
(ii)	₹ 25		₹ 16
(iii)		at par	₹ 5

Solution:

Sr. No.	Face Value	Share is at	Market Value
(i)	₹ 10	Premium ₹ 7	₹ 17
(ii)	₹ 25	Discount ₹ 9	₹ 16
(iii)	₹ 5	at par	₹ 5

Example (3) 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.

(Textbook Page No. 101)

Solution:

Face value = ₹ 10, Premium = ₹ 2

$\therefore$ Market value = Face value + Premium

$$= 10 + 2$$

$$= ₹ 12$$

$\therefore$ No. of Shares = $\frac{\text{Total Investment}}{\text{Market value}}$

$$= \frac{12000}{12}$$

$$= 1000$$

$\therefore$ **Smita has purchased 1000 shares.**

Practice Set - 4.3 (Textbook Page No. 102)

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

Sr. No.	Face Value	Share is at	Market Value
(i)	₹ 100	par	
(ii)		Premium ₹ 500	₹ 575
(iii)	₹ 10		₹ 5

Solution:

Sr. No.	Face Value	Share is at	Market Value
(i)	₹ 100	par	₹ 100
(ii)	₹ 75	Premium ₹ 500	₹ 575
(iii)	₹ 10	Discount ₹ 5	₹ 5

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

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

Company B : 45 shares, MV = ₹ 500

Company C : 1 share, MV = ₹ 10,540.

Solution:

Company A : Premium = ₹ 18 and FV = ₹ 2

$$\begin{aligned}\therefore \text{MV of 1 share} &= \text{FV} + \text{Premium} \\ &= 2 + 18 \\ &= ₹ 20\end{aligned}$$

$$\begin{aligned}\text{Total investment in Company A} &= \text{No. of shares} \\ &\quad \times \text{MV} \\ &= 200 \times 20 \\ &= ₹ 4000\end{aligned}$$

Company B : No. of shares = 45 ,
MV = ₹ 500

$$\begin{aligned}\therefore \text{Total investment in Company B} &= \text{No. of shares} \\ &\quad \times \text{MV} \\ &= 45 \times 500 \\ &= ₹ 22,500\end{aligned}$$

Company C : No. of shares = 1,
MV = ₹ 10,540

$$\begin{aligned}\therefore \text{Total investment in Company C} &= \text{No. of shares} \\ &\quad \times \text{MV} \\ &= 1 \times 10,540 \\ &= ₹ 10,540\end{aligned}$$

$$\therefore \text{Total investment} = 4000 + 22,500 + 10,540 = ₹ 37,040$$

Problem Set - 4B (Textbook Page No. 112)

- (4) Find the amount received when 300 shares of FV ₹ 100, were sold at a discount of ₹ 30. (2 marks)

Solution:

FV of share = ₹ 100

Discount = ₹ 30

$$\begin{aligned}\therefore \text{MV} &= \text{FV} - \text{discount} \\ &= 100 - 30 \\ &= ₹ 70\end{aligned}$$

$\therefore$ Market value of 1 share = ₹ 70

$$\begin{aligned}\therefore \text{Total amount obtained by selling 300 shares} \\ &= 300 \times 70 = ₹ 21000\end{aligned}$$

$$\therefore \text{The amount obtained by selling 300 shares is ₹ 21,000.}$$

Practice Set - 4.3 (Textbook Page No. 102)

- (4) Smt. Deshpande purchased shares of FV ₹ 5 at a premium of ₹ 20. How many shares will she get for ₹ 20,000 ? (2 marks)

Solution:

FV of share = ₹ 5, Premium = ₹ 20

$$\begin{aligned}\therefore \text{MV} &= \text{FV} + \text{Premium} \\ &= 5 + 20 = ₹ 25\end{aligned}$$

Total investment = ₹ 20,000

$$\begin{aligned}\therefore \text{Number of shares} &= \frac{\text{Total Investment}}{\text{MV}} \\ &= \frac{20000}{25} \\ &= 800\end{aligned}$$

$$\therefore \text{Mrs. Deshpande will get 800 shares.}$$

Problem Set - 4B (Textbook Page No. 112)

- (5) Find the number of shares received when ₹ 60,000 was invested in the shares of FV ₹ 100 and MV ₹ 120. (2 marks)

Solution:

MV of share = ₹ 120

Total investment = ₹ 60,000

$$\begin{aligned}\therefore \text{Number of shares} &= \frac{\text{Total Investment}}{\text{MV}} \\ &= \frac{60000}{120} \\ &= 500\end{aligned}$$

$$\therefore \text{The number of shares purchased is 500}$$

Practice Set - 4.3 (Textbook Page No. 102)

- (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 marks)

Solution:

FV of share = ₹ 100

Dividend per share = 20% of ₹ 100

$$= \frac{20}{100} \times 100$$

$\therefore$ Dividend per share = ₹ 20

$$\begin{aligned}\therefore \text{Dividend on 50 shares} &= 50 \times 20 \\ &= ₹ 1000\end{aligned}$$

$\therefore$ MV of share = ₹ 80

$$\begin{aligned}\therefore \text{Total investment} &= 50 \times 80 \\ &= ₹ 4000\end{aligned}$$

$\therefore$ Rate of return =

$$\frac{\text{Total dividend received}}{\text{Total investment}} \times 100$$

$$= \frac{1000}{4000} \times 100$$

$$\therefore \text{Rate of return} = 25\%$$

- (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. (3 marks)

Solution:

FV of share = ₹ 100

Dividend on one share = 7% of ₹ 100

$$= \frac{7}{100} \times 100$$

$$= ₹ 7$$

$$\therefore \text{Dividend on 150 shares} = 150 \times 7$$

$$= ₹ 1050$$

MV of share = ₹ 120

$$\therefore \text{Total investment} = 150 \times 120$$

$$= ₹ 18,000$$

$\therefore$ Rate of return =

$$\frac{\text{Total dividend received}}{\text{Total investment}} \times 100$$

$$= \frac{1050}{18000} \times 100$$

$$\therefore \text{Rate of return} = 5.83\%$$

Problem Set - 4B (Textbook Page No. 112)

- (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. (3 marks)

Solution:

FV of share = ₹ 100

Dividend on one share = 40% of ₹ 100

$$= \frac{40}{100} \times 100$$

$$= ₹ 40$$

Dividend on 50 shares = 50 × 40

$$= ₹ 2000$$

$\therefore$ MV of share = ₹ 180

$$\therefore \text{Total investment} = 50 \times 180$$

$$= ₹ 9000$$

$\therefore$ Rate of return =

$$\frac{\text{Total dividend received}}{\text{Total investment}} \times 100$$

$$= \frac{2000}{9000} \times 100$$

$$\therefore \text{Rate of return} = 22.22\%$$

Practice Set - 4.3 (Textbook Page No. 103)

- (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.

(4 marks)

Solution:

Suppose the amount invested in both the companies is ₹ 9600, (i.e ₹ 80 × ₹ 120)

	Company A	Company B
Amount Invested	₹ 9600	₹ 9600
MV	₹ 80	₹ 120
No. of shares purchased = $\frac{\text{Amount Invested}}{\text{MV}}$	$\frac{9600}{80} = 120$	$\frac{9600}{120} = 80$
Dividend	16%	20%
FV	₹ 10	₹ 10
Dividend per share = $\frac{16}{100} \times 10$ = ₹ 1.6	16% of ₹ 10 $= \frac{16}{100} \times 10$ = ₹ 1.6	20% of ₹ 10 $= \frac{20}{100} \times 10$ = ₹ 2
Dividend on shares = Dividend per share × No. of share	120×1.6 = ₹ 192	80×2 = ₹ 160

$\therefore$ Company A gives more amount of dividend than company B,

$\therefore$ Investment in Company A is more profitable

Problem Set - 4B (Textbook Page No. 112)

- (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%

(4 marks)

Solution:

Suppose the amount invested in both the companies is ₹ 19,008 (i.e. ₹ 132 × ₹ 144)

	Company A	Company B
Amount Invested	₹ 19,008	₹ 19,008
MV	₹ 132	₹ 144
No. of shares purchased = $\frac{\text{Amount Invested}}{\text{MV}}$	$\frac{19008}{132} = 144$	$\frac{19008}{144} = 132$
Dividend declared	12%	16%
Face value per share	₹ 100	₹ 100

Dividend per share	12% of ₹ 100 $= \frac{12}{100} \times 100$ $= ₹ 12$	16% of ₹ 100 $= \frac{16}{100} \times 100$ $= ₹ 16$
Dividend on shares =	144×12 $= ₹ 1728$	132×16 $= ₹ 2112$

∴ Company B gives more amount of dividend than company A

∴ **Investment in company B is more profitable**



Points to Remember:

- Brokerage and taxes on share trading:**

Brokerage: The buying and selling of shares cannot take place privately. It has to be done through a person or a body recognised by the stock exchange. Such a person is called **Share-Broker**. For transaction of buying and selling of shares, charges of the broker of particular rate paid both by the purchaser and the seller. These charges are called **brokerage**. Brokerage is paid on the MV of the share.

- 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.

Example: 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? (4 marks)

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

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

$$\text{Brokerage per share} = \frac{0.4}{100} \times 60 = ₹ 0.24$$

$$\therefore \text{Cost of one share} = 60 + 0.24 = ₹ 60.24$$

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

Shares sold : FV ₹ 10, MV = ₹ 50

$$\therefore \text{Brokerage per share} = \frac{0.4}{100} \times 50 = ₹ 0.20$$

$$\therefore \text{Selling price per share} = 50 - 0.20 = ₹ 49.80$$

$$\therefore \text{Selling price of 100 shares} = 100 \times 49.80 = ₹ 4980$$

Dividend received 60%

$$\therefore \text{Dividend per share} = \frac{60}{100} \times 10 = ₹ 6$$

$$\therefore \text{Dividend on 100 shares} = 6 \times 100 = ₹ 600$$

$$\therefore \text{Nalinitai's income} = 4980 + 600 = ₹ 5580$$

$$\text{Sum invested} = ₹ 6024$$

$$\therefore \text{Loss} = 6024 - 5580 = ₹ 444$$

Ans. Nalinitai's loss is Rs. 444

- Mutual Fund (M.F.):**

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, in Mutual Fund investment we get 'units' when we invest in mutual fund.

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

$$\text{NAV of one unit} \times \text{Number of units} = \text{Total fund value}$$

As the market value of share changes frequently in the same way NAV of a unit also changes. One can redeem the units when needed.

- Systematic Investment Plan (SIP):**

Suppose, one does not want to invest a big amount at once, then invest small amounts at regular time intervals e.g. Rs. 500 per month could be invested in mutual fund. Investment could be done monthly or quarterly. This way of investment is called SIP.

- Benefits of Mutual Funds:**

- (1) Professional fund managers
- (2) Diversification of funds
- (3) Transparency and sufficiently safe investment
- (4) Liquidity- redemption of units can be done
- (5) limited risks
- (6) Advantage of long term and short term gain
- (7) Investment in funds like ELSS are admissible for deduction under section 80C of Income tax.

Practice Set - 4.4 (Textbook Page No. 109)

- (1) **Market value of a share is ₹ 200. If the brokerage rate is 0.3% then find the purchase value of the share.** (2 marks)

Solution:

$$\text{MV} = ₹ 200$$

$$\text{Brokerage} = 0.3\%$$

$$\text{Brokerage per share} = 0.3\% \text{ of } ₹ 200$$

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

$$= ₹ 0.60$$

Purchase value per share = Market value + Brokerage

$$= 200 + 0.60$$

$$= ₹ 200.60$$

∴ Purchase value of the share is ₹ 200.60

Problem Set - 4B (Textbook Page No. 111)

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

Solution:

FV = ₹ 100 and Premium = ₹ 30

$$∴ MV = FV + Premium$$

$$= 100 + 30$$

$$= ₹ 130$$

Brokerage per share = 0.3% of ₹ 130

$$= \frac{0.3}{100} \times 130$$

$$= ₹ 0.39$$

$$∴ \text{Purchase price per share} = 130 + 0.39 \\ = ₹ 130.39$$

∴ The purchase price of one share is ₹ 130.39

Practice Set - 4.4 (Textbook Page No. 109)

- (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 marks)

Solution:

MV = ₹ 1000

Brokerage = 0.1%

Brokerage per share = 0.1% of ₹ 1000

$$= \frac{0.1}{100} \times 1000$$

$$= ₹ 1$$

∴ Selling price per share = MV – Brokerage

$$= 1000 - 1$$

$$= ₹ 999$$

∴ The amount obtained on selling the share is ₹ 999.

- (3) Fill in the blanks given in the contract note of sale-purchase of shares. (B - buy S - sell) (3 marks)

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					

Solution:

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) 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? (4 marks)

Solution:

Market value of share = ₹ 50

Brokerage = 0.2%

$$∴ \text{Brokerage per share} = 0.2\% \text{ of } ₹ 50$$

$$= \frac{0.2}{100} \times 50$$

$$= ₹ 0.10$$

∴ GST on brokerage per share = 18 % of ₹ 0.10

$$= \frac{18}{100} \times 0.10$$

$$= ₹ 0.018$$

Total selling price per share = MV – Brokerage – GST

$$= 50 - 0.10 - 0.018$$

$$= ₹ 49.882$$

∴ Number of shares sold =

$$\frac{\text{Total amount received}}{\text{Selling price of one share}}$$

$$= \frac{4988.20}{49.882}$$

$$= 100$$

∴ Smt. Desai sold 100 shares.

Problem Set - 4B (Textbook Page No. 112)

- * (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 ? (4 marks)**

Solution:

Market value of share = ₹ 50

Brokerage = 0.2%

Brokerage per share = 0.2% of ₹ 50

$$= \frac{0.2}{100} \times 50$$

$$= ₹ 0.10$$

GST on brokerage per share = 18% of ₹ 0.10

$$= \frac{18}{100} \times 0.10$$

$$= ₹ 0.018$$

Total purchase price per share =

Market value + Brokerage + GST

$$= 50 + 0.10 + 0.018$$

$$= ₹ 50.118$$

Number of shares purchased =

$$\frac{\text{Total investment}}{\text{Purchase price per share}}$$

$$= \frac{50118}{50.118}$$

$$= 1000$$

∴ **Mr. Sanghvi purchased 1000 shares**

Practice Set - 4.4 (Textbook Page No. 109)

- (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 ? (4 marks)**

Solution:

Share at premium = ₹ 100,

FV = ₹ 50 and dividend = 50%

Dividend per share = 50% of ₹ 50

$$= \frac{50}{100} \times 50$$

$$= ₹ 25$$

Dividend on 200 share = 200 × 25

$$= ₹ 5000$$

Purchase price per share = FV + Premium

$$= 50 + 100$$

$$= ₹ 150$$

∴ Purchase price of 200 shares

$$= 200 \times 150 + \text{Brokerage}$$

$$= 30,000 + 20$$

$$= ₹ 30,020$$

Now, 100 shares were sold at ₹ 10 discount

∴ Selling price per share = FV – discount

$$= 50 - 10$$

$$= ₹ 40$$

∴ Selling price of first 100 shares

$$= 100 \times 40 - \text{Brokerage}$$

$$= 4000 - 20 = ₹ 3980$$

Now, remaining 100 shares were sold at ₹ 75 premium.

∴ Selling price per share = FV + Premium

$$= 50 + 75$$

$$= ₹ 125$$

∴ Selling price of 100 shares

$$= 100 \times 125 - \text{Brokerage}$$

$$= 12,500 - 20 = ₹ 12,480$$

∴ Amount received on selling 200 shares

= Dividend + Selling Price

$$= 3,980 + 12,480$$

$$= ₹ 16,460$$

Net amount received = 5000 + 16,450

$$= ₹ 21,460$$

Here, net amount invested = ₹ 30,020 and net amount received = ₹ 21,460

∴ Net amount received < Net amount invested

There is a loss in the transaction

Loss incurred =

Net amount invested – Net amount received

$$= 30,020 - 21,460$$

$$= ₹ 8560$$

∴ **Mrs. D'Souza made a loss of ₹ 8560 in the whole transaction.**

Problem Set- 4B (Textbook Page No. 112)

- (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 ? (4 marks)**

Solution:

Amount invested by Mrs. Agarwal = ₹ 10,200

MV = ₹ 100

Brokerage per share = 0.1% of ₹ 100

$$= \frac{0.1}{100} \times 100$$

$$= ₹ 0.10$$

Purchase price per share = MV + Brokerage

$$= 100 + 0.10$$

$$= ₹ 100.10$$

Number of shares purchased =

$$\frac{\text{Amount invested}}{\text{Purchase price per share}}$$

$$= \frac{10200}{100.10}$$

$$= 102 \text{ (approx.)}$$

Number of shares sold at ₹ 125 per share = 60

∴ MV per share while selling 60 shares = ₹ 125

Brokerage per share = 0.1% of ₹ 125

$$= \frac{0.1}{100} \times 125$$

$$= ₹ 0.125$$

Total selling price per share = MV - Brokerage

$$= 125 - 0.125$$

$$= ₹ 124.875$$

Amount received on selling 60 shares

$$= 60 \times 124.875$$

$$= ₹ 7492.50$$

Remaining shares = 102 - 60

$$= 42$$

MV per share while selling

42 shares = ₹ 90

Brokerage per share = 0.1% of ₹ 90

$$= \frac{0.1}{100} \times 90$$

$$= ₹ 0.09$$

Total selling price per share = MV - brokerage

$$= 90 - 0.09$$

$$= ₹ 89.91$$

Amount received on selling 42 shares

$$= 42 \times 89.91$$

$$= ₹ 3776.22$$

Net amount received = Amount received on selling 60 shares + Amount received on selling 42 shares

$$= 7492.50 + 3776.22$$

$$= ₹ 11268.72$$

Here,

Net amount received > Amount invested

∴ There is a gain in the transaction.

Gain incurred =

Net amount received - Amount invested

$$= ₹ 11268.72 - ₹ 10200$$

$$= ₹ 1068.72$$

∴ **Mrs. Agarwal made a profit of ₹ 1068.72.**

***(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 marks)

Solution:

Number of shares purchased = 22

MV = ₹ 660

∴ Brokerage per share = 0.1% of ₹ 660

$$= \frac{0.1}{100} \times 660$$

$$= ₹ 0.66$$

Purchase price per share = MV + Brokerage

$$= 660 + 0.66$$

$$= ₹ 660.66$$

Purchase price of 22 shares = 22 × 660.66

$$= ₹ 14534.52$$

FV = ₹ 100

Dividend per share = 20% of ₹ 100

$$= \frac{20}{100} \times 100$$

$$= ₹ 20$$

∴ Dividend on 22 shares = 22 × 20

$$= ₹ 440$$

MV per share while selling = ₹ 650

Brokerage per share = 0.1% of ₹ 650

$$= \frac{0.1}{100} \times 650$$

$$= ₹ 0.65$$

Total selling price per share = MV - Brokerage

$$= 650 - 0.65$$

$$= ₹ 649.35$$

Total selling price of 22 shares

$$= 22 \times 649.35$$

$$= ₹ 14,285.70$$

Amount invested = ₹ 14,534.52 and

Total amount received = Dividend + Selling Price
 $440 + 14285.70 = ₹ 14,725.70$
 $\therefore$ Amount received > Amount invested
 $\therefore$ There is a profit in the transaction
 $\therefore$ Profit = Amount received – Amount invested
 $= 14725.70 - 14534.52$
 $= ₹ 191.18$

Profit percent = $\frac{\text{Profit}}{\text{Amount invested}} \times 100$

$$= \frac{191.18}{14534.52} \times 100$$

$$= 1.32 \text{ (approx)}$$

Profit percent = 1

$\therefore$ Mrs. Anagha Doshi got profit of 1%

- * (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. (4 marks)**

Solution:

Shri Batliwala sold shares of ₹ 30,350

Brokerage paid while selling shares = 0.1% of ₹ 30,350
 $= ₹ 30.35$

GST paid while selling shares = 18% of ₹ 30.35

$$= \frac{18}{100} \times 30.35$$

$$= ₹ 5.463$$

Also, he purchased shares of ₹ 69,650

Brokerage paid while purchasing shares

$$= 0.1\% \text{ of ₹ } 69,650$$

$$= \frac{0.1}{100} \times 69650$$

$$= ₹ 69.65$$

GST paid while purchasing shares

$$= 18\% \text{ of ₹ } 69.65$$

$$= \frac{18}{100} \times 69.65$$

$$= ₹ 12.537$$

Total brokerage paid in this transaction

$$= 30.35 + 69.65$$

$$= ₹ 100$$

Total GST paid in this transaction = 5.463 + 12.537

$$= ₹ 18$$

$\therefore$ Total expenditure on brokerage and tax = 100 + 18 = ₹ 118

- (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 - (4 marks)**

- (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.

Solution:

MV = ₹ 1200 and number of shares purchased = 100

$$\therefore \text{Net amount paid for 100 shares} = 1200 \times 100 = ₹ 1,20,000$$

Brokerage = 0.3%

$$\therefore \text{Brokerage per share} = 0.3\% \text{ of ₹ } 1200$$

$$= \frac{0.3}{100} \times 1200$$

$$= ₹ 3.6$$

$$\therefore \text{Brokerage on 100 shares} = 100 \times 3.6 = ₹ 360$$

GST per share = 18% of ₹ 3.6

$$= \frac{18}{100} \times 3.6$$

$$= ₹ 0.648$$

$$\text{GST on 100 shares} = 100 \times 0.648 = ₹ 64.80$$

Total purchase price per share

$$= \text{MV} + \text{brokerage} + \text{GST}$$

$$= 1200 + 3.6 + 0.648$$

$$= ₹ 1204.248$$

Total purchase price of 100 shares

$$= 100 \times 1204.248$$

$$= ₹ 1,20,424.80$$

Problem Set - 4A (Textbook Page No. 109)

MCQ's

Write the correct alternative for each of the following. (1 mark each)

- (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) The business between two GSTIN businessman is known as
(A) BB (B) B2B (C) BC (D) B2C

Problem Set - 4B (Textbook Page No. 111)

- (7) 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
- (8) 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
- (9) 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
- (10) Rate of GST on brokerage is
(A) 5% (B) 12% (C) 18% (D) 28%
- (11) 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) subtracted from
(C) Multiplied with (D) divided by

Additional MCQ's

- (12) Rate of GST on Health care services is
(A) 5% (B) 0% (C) 12% (D) 18%
- (13) Trading between GSTIN holder and consumer is termed as
(A) BB (B) B2B (C) BC (D) B2C
- (14) If the face value of the share is ₹ 100 and market value is ₹ 150. Rate of brokerage is 0.5%. The buying price of 1 share is
(A) ₹ 149.25 (B) ₹ 99.5
(C) ₹ 150.75 (D) ₹ 100.5

- (15) If 75 shares of FV ₹ 100 each are purchased for MV ₹ 130 then the sum invested is
(A) ₹ 9750 (B) ₹ 7500 (C) ₹ 13000 (D) ₹ 6000
- (16) If NAV of one unit is ₹ 35 then the number of units allotted for investment of ₹ 4270 is
(A) 12 (B) 200 (C) 45 (D) 122
- (17) If the face value of share is ₹ 100 when market value was ₹ 80. Company declared 30% dividend. The dividend per share is
(A) ₹ 24 (B) ₹ 30 (C) ₹ 300 (D) ₹ 150
- (18) The rate of GST on mobile phone is 12% then the rate of central GST is
(A) 12% (B) 1.2% (C) 36% (D) 6%
- (19) In GST, all goods are classified by given numerical code called code.
(A) HSN (B) GSTIN (C) SAC (D) NAV
- (20) If $FV < MV$ the share is at
(A) discount (B) par
(C) Premium (D) None of these
- (21) When trader collects GST at the time of sale, it is called
(A) CGST (B) Output tax (C) Input tax (D) SGST

ANSWERS

- (1) (C) 0% (2) (B) CGST (3) (D) 1st July 2017
(4) (B) 9% (5) (A) 15 (6) (B) B2B
(7) (B) The share is at discount of ₹ 25 (8) (B) ₹ 5
(9) (A) 5325 (10) (C) 18% (11) (A) added to
(12) (B) 0% (13) (D) B2C (14) (C) ₹ 150.75
(15) (A) ₹ 9750 (16) (D) 122 (17) (B) ₹ 30 (18) (D) 6%
(19) (A) HSN (20) (C) Premium (21) (B) Output tax

PROBLEMS FOR PRACTICE

- (1) 'Sony Electronic' sold a computer set to a customer. The rate of GST on computer is 18%, then find the rate of CGST and SGST. (1 mark)
- (2) The taxable price of a Nokia mobile is ₹ 11,000. The rate of CGST is 6%. Find the total GST printed in the tax invoice. (1 mark)
- (3) On an article CGST is 2.5%, then what is the rate of SGST? Also, find the rate of GST. (1 mark)
- (4) The total cost of a perfume bottle including GST is ₹ 590. The rate of GST is 18%. Find the taxable price of the perfume bottle. (2 marks)
- (5) 'Sadhana Electronics' sold a dish washer to a customer. The total cost price including GST is ₹ 8960. The rate of GST on dish water is 28%.

Find (i) Amount of GST (ii) Amount of SGST
(iii) Taxable price (3 marks)

- (6) Disha purchased an A.C. Unit from a dealer. The printed price of an A.C. unit is ₹ 45,000. Dealer offered a discount of 15% on it. The rate of GST on it is 14%. Then at what price A.C. unit was sold to Disha by dealer? Find CGST and SGST amount printed on tax invoice. (4 marks)
- (7) A courier company delivered a parcel from Mumbai to Pune. The customer paid ₹ 531 to the courier company. Now, tax invoice shows ₹ 450 as taxable price, CGST is ₹ 40.50 and SGST is ₹ 40.50, then find the rate of GST applicable in this transaction. (4 marks)
- (8) Disha purchased some beauty products and paid GST of ₹ 1500. She sold all the beauty products to one customer and collected GST of ₹ 1700. Find the CGST and SGST to be paid. (3 marks)
- (9) M/S Shridhar Chemicals purchased washing powder for ₹ 10,000 taxable amount. They sold it to a shopkeeper for ₹ 12,000 taxable amount. The rate of GST is 18%, then find the CGST and SGST to be paid by M/S Shridhar Chemicals. (4 marks)
- (10) A T.V. manufacturer sold a T.V. to wholesaler for taxable price of ₹ 10,500. The wholesaler sold it to retailer at ₹ 12,000 taxable price and retailer sold it to customer at ₹ 14,500 taxable price. The rate of GST is 18%, then find the CGST and SGST applicable at every transaction. (4 marks)
- (11) From the given information, prepare the tax invoice for Business to Business (B2B). Write any name, address, date, etc. (3 marks)
Supplier : Name, Address, State, GSTIN, Invoice number, date
Receiver : Name, address, State, GSTIN
Name of products:
(i) Compass box : 100, HSN 3497, ₹ 60, GST 12%
(ii) Writing Pads : 50, HSN 9607, ₹ 35, GST 12%
- (12) From the information, prepare the tax invoice for business to customer. (B2C) (3 marks)
Write any name, address, date, etc.
Supplier: M/s Address.....Date
Invoice No. GSTIN

Name of products:

- (i) Jam bottle ₹ 75, 1 piece, Rate of GST 12%, HSN1207
(ii) Honey bottle ₹ 60, 1 piece, Rate of GST 5%, HSN3607
(iii) Perfume bottle ₹ 225, 1 piece, Rate of GST 18%, HSN9319
- (13) Mr. Gokhale invested ₹ 22,500 in shares of face value ₹ 100 at market value ₹ 125. If the company declared 60% dividend at the end of the year, what was the income from dividend? (3 marks)
- (14) A share of the value ₹ 100 was purchased for ₹ 175. The company declared a dividend of 30%. What is the rate of return on investment? (3 marks)
- (15) Mrs. Parekh invested an equal amount in two companies by purchasing equity shares with market price ₹ 145 and ₹ 160 each. At the end of the year, both the companies declared the dividend of 20% and 30% each. In which company was her investment profitable? (4 marks)
- (16) If 500 shares of face value ₹ 100 were sold at ₹ 50 premium, then how much amount is obtained? (3 marks)
- (17) A sum of ₹ 75,000 invested in shares of face value ₹ 100 at ₹ 125 market value, then how many shares were purchased? (2 marks)
- (18) Complete the following table: (2 marks)

Sr. No.	Face Value	Type	Market Value
(i)	₹ 100	Premium ₹ 25	
(ii)		At par	₹ 175
(iii)	₹ 100	Discount ₹ 40	

- (19) Mr. Deshmukh's investment in shares is given below. Find his total investment in shares. (3 marks)

Company A: 450 shares, face value = ₹ 100
Premium = ₹ 25
Company B: 500 shares, face value = ₹ 100
Market Value = ₹ 205
Company C: 80 shares, face value = ₹ 100
Discount = ₹ 15

- (20) Fill in the blanks in the following tax invoice of buying - selling of share. (B, Buying, S - Selling)

S.N.	No. of shares	Market Value	Value of shares	Brokerage 0.2%	CGST 9%	SGST 9%	Total value of shares
(i)	50B	80					
(ii)	100B	120					
(iii)	50S	70					
(iv)	200S	140					

- (21) A share was sold at ₹ 950 market value and brokerage of 0.2% was paid then how much amount is obtained on selling it? (2 marks)

- (22) Mr. Kumar invested ₹ 25,000 in a mutual fund scheme. The NAV of one unit is ₹ 125, then how many units were obtained? (2 marks)

- (23) Mrs. Sita invested ₹ 92,124 in shares of face value ₹ 10 each at ₹ 90 market value. She paid 2% brokerage and 18% GST on it. Company declared a dividend of 60% on then. Find her dividend. (3 marks)

- (24) Mr. Chavan purchased 100 shares of ₹ 100 face value at ₹ 150 market value. He paid 0.2% brokerage and GST 18% on brokerage. Then, find his total investment on 100 shares. (3 marks)

- (25) Mr. Ramesh Sawant invested ₹ 2,50,295 in shares of face value ₹ 100 each at ₹ 250 market value. He gave brokerage of 0.1% and GST of 18% on brokerage then how many shares are purchased by him? (4 marks)

ANSWERS

- (1) Rate of CGST = Rate of SGST = 9%
 (2) ₹ 1320
 (3) Rate of SGST = 2.5%, rate of GST = 5%
 (4) ₹ 500

- (5) Taxable price = ₹ 7000, Amount of GST = ₹ 1960, Amount of SGST = ₹ 980

- (6) ₹ 43,605, CGST = SGST = ₹ 2677.50 (7) 18%

- (8) CGST = SGST = ₹ 100 (9) CGST = SGST = ₹ 180

Individuals	GST	CGST	SGST
Manufacturer	₹ 1890	₹ 945	₹ 945
Wholeseller	₹ 270	₹ 135	₹ 135
Retailer	₹ 450	₹ 225	₹ 225
Total	₹ 2610	₹ 1305	₹ 1305

- (11) Ans Missing

- (12) Ans Missing

- (13) ₹ 10,800

- (14) 17.14%

- (15) Second Company

- (16) ₹ 75,000

- (17) 600

- (18) (i) Market Value - ₹ 125 (ii) Face Value - ₹ 175

- (iii) Market Value - ₹ 60

- (19) Company A : ₹ 56,250

- Company B : ₹ 1,02,500

- Company C : ₹ 6800

- Total investment = ₹ 1,65,550

- (20) (i) 50B - ₹ 4000, ₹ 8, ₹ 0.72, ₹ 0.72, ₹ 4009.44

- (ii) 100B - ₹ 12,000, ₹ 24, ₹ 2.16, ₹ 2.16, ₹ 12028.32

- (iii) 50S - ₹ 3500, ₹ 7, ₹ 0.63, ₹ 0.63, ₹ 3491.74

- (iv) 200S - ₹ 28000, ₹ 56, ₹ 5.04, ₹ 5.04, ₹ 27933.92

- (21) ₹ 948.10 (22) 200 (23) ₹ 6000

- (24) ₹ 15035.4 (25) 1000

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ASSIGNMENT – 4

Time : 1 Hr.

Marks : 20

Q.1. (A) Choose the proper alternative answer for the question given below:

(1)

(1) Rate of GST on essential commodities is

(A) 5% (B) 12% (C) 0% (D) 18%

(B) Perform the following activities:

(3)

(1) If NAV of one unit is ₹ 25, then how many units will be allotted for the investment of ₹ 10,000?

(2) 'Pawan Medical' supplies medicines on some medicines, the rate of GST 12% then what is the rate of CGST and SGST?

Solution:

Rate of GST = %

Rate of CGST = %

Rate of SGST = %

(3) A person paid ₹ 75 brokerage for buying 100 shares. The rate of GST on brokerage is 18%. Find the amount of GST to be paid to the broker.

Q.2. Perform the following activities: (Any 1)

(2)

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

(2) Smita has invested ₹ 12,000 and purchased shares FV ₹ 10 at a premium of ₹ 2. Find the number of shares she purchased. Complete the given activity.

Solution:

FV = ₹ 10, Premium = ₹ 2

∴ MV = FV + = + =

Number of shares = $\frac{\text{Total investment}}{\text{MV}}$

= $\frac{12000}{\text{}}$

= shares,

Q.3. Perform the following activities: (Any 2)

(6)

(1) If 50 shares of FV ₹ 10 were purchased for MV of ₹ 25. Company declared 30% dividend on the shares then find

(i) Sum invested (ii) Dividend received (3) Rate of return

(2) Prepare Business to consumer (B2C) tax invoice using given information. Write the name of the supplier, address, state, date of 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.

(3) M/s. Jay Chemicals purchased a liquid soap having taxable value ₹ 8,000 and sold it to the consumer for the taxable value ₹ 10,000. Rate of GST is 18%. Find the CGST and SGST payable by M/s. Jay Chemicals.

Q.4. Attempt the following: (Any 2)**(8)**

- (1) Shri Aditya Sanghavi invested ₹ 50,118 in shares of FV of ₹ 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?
- (2) Smt. Mita Agrawal invested ₹ 10,200 when MV of the shares 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?
- (3) Mr. D'Souza purchased 200 shares of FV of ₹ 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 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?

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