CHAPTER 4

FINANCIAL PLANNING

LONG QUESTIONS AND ANSWERS

Q. 1

On certain article, if the rate of CGST is 6%, then what is the rate of SGST? What is the rate of GST?

SOLUTION:

The rate of SGST = the rate of CGST

The rate of CGST is 6%

Therefore, the rate of SGST is also 6%

The rate of GST = 6% + 6% = 12%

Ans. Rate of SGST is 6% and rate of GST is 12%

Q. 2

'M/s Acme Paint' sold 2 tins of aluminium paint and taxable value of each tin is ₹ 1800. If the rate of GST is 18%, then find the amount of CGST & SGST charged in the tax invoice.

SOLUTION:

Rate of aluminium paint = ₹ 1800

Quantity = 2

Therefore taxable amount = ₹ 1800 x 2 = ₹ 3600

The rate of GST = 18%

Therefore the rate of CGST = the rate of SGST

$$= \frac{1}{2} \text{ x } 18\%$$

$$= 9\%$$

The amount of CGST

= the rate of CGST x taxable amount

= 9% of ₹ 3600

$$= \frac{9}{100} \text{ x } 3600$$

= ₹ 324

Ans. The amount of CGST is ₹ 324 and the amount of SGST is ₹ 324.

Q. 3

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

SOLUTION:

Let the taxable value of the toy be ₹ 100. GST is 18%.

Therefore, the total value = ₹ 100 + ₹ 18 = ₹ 118

The total value is given to be ₹ 1770

The ratio of $\frac{total\ value}{taxable\ value}$ is constant

For the total value of toy ₹ 118, the taxable value of the toy is ₹ 100.

Therefore, for total value of toy ₹ 1770, let the taxable value of toy be ₹ x

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

Therefore, the taxable value = ₹ 1770 x $\frac{100}{118}$

$= ₹\ 1500$

GST at 18% on ₹ 1500 = $\frac{18}{100}$ x 1500 $= ₹\ 270$

Therefore, CGST = ₹ $\frac{270}{2} = ₹135$ and SGST = ₹ 135

Ans. The taxable value of the toy is ₹ 1500. CGST is ₹ 135 and SGST is ₹ 135.

Q. 4

Pankaj purchased a washing machine from 'Karnataka Electronic Goods'. The discount of 5% was given on the printed price of ₹ 40,000. The rate of GST charged was 28%. Find the purchase price of the washing machine. Also find the amount of CGST and SGST shown in the tax invoice.

SOLUTION:

The printed price of washing machine is ₹ 40,000.

Discount is 5%

Therefore, discount = $\frac{5}{100} \times 40000 = ₹\ 2000$

Therefore, actual SP of the washing machine is

₹ (40000 – 2000) = ₹ 38,000

₹ 28,000 is the taxable value.

GST is 28%

Therefore, GST = $\frac{28}{100} \times 38000 = ₹10640$

GST = CGST + SGST = ₹ 10640

CGST = SGST = $\frac{1}{2} \times$ GST

Therefore, CGST = SGST = $\frac{1}{2} \times 10640 = ₹\ 5320$

The actual cost of washing machine to Pankaj

= ₹ 38,000 + ₹ 10640 (GST)

= ₹ 48640

Ans. Purchase price of washing machine is ₹ 48640. CGST is ₹ 5320; SGST is ₹ 5320.

Q. 5

'Prateem Store' paid total GST of ₹ 1,12,500 at the time of purchase and collected GST ₹ 1,42,500 at the time of sale during 1st of July 2017 to 31st July 2017. Find the GST payable by Prateem Stores.

SOLUTION:

GST payable by Chetana Store means GST to be paid to the Government

i) Output Tax (tax collected at the time of sale)

= ₹ 1,42,500

ii) Input Tax (tax paid at the time of purchase)

= ₹ 1,12,500

∴ ITC (Input Tax Credit) = ₹ 1,12,500

iii) GST payable = Output tax – ITC

= ₹ (142500 – 112500)

= ₹ 30000

Ans. GST payable by Prateem Store is ₹ 30,000

Q. 6

Sriram Enterprise purchased tomato sauce bottles and paid GST of ₹ 3500. He sold those bottles to Akbari Bros. and collected GST of ₹ 4000. Mayank Food Corner purchased these bottles from Akbari

Bros. and paid GST of ₹ 4900. Find the amount of GST payable at every stage of trading and hence find payable CGST and SGST.

SOLUTION:

For Sriram Enterprise:

Output Tax = ₹ 4000

Input Tax = ₹ 3500

Therefore, GST payable = Output Tax – ITC

= 4000 – 3500

= ₹ 500

For Akbari Bros.:

Output Tax = ₹ 4900

Input Tax = ₹ 4000

Therefore, GST payable = Output Tax – ITC

= 4900 – 4000

= ₹ 900

Statement of GST payable at every stage of trading:

Company	GST Payable	CGST Payable	SGST Payable
Sriram Enterprise	₹ 500	₹ 250	₹ 250
Akbari Bros.	₹ 900	₹ 450	₹ 450
Total	₹ 1400	₹ 700	₹ 700

Q. 7

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

SOLUTION:

GST for Mobile Battery 12%

The rate of CGST = SGST = 6%

GST for Headphone 18%

The rate of CGST = SGST = 9%

Tax Invoice of Goods Sold

SUPPLIER : M/s Ex Electronics **GSTIN : 27ACPRS1958L1Z5**

28/29, XYZ Road, Mumbai : 400 028,

Maharashtra

Invoice No. GST/001 **Invoice Date : 05-Aug-2018**

Sr. No.	HSN Code	Name of Product	Rate	Quantity	Taxable Amount (Rs.)	CGST		SGST		Total (Rs.)
						Rate	Tax (Rs.)	Rate	Tax (Rs.)	
1	8507	Mobile Battery	Rs. 200 each	1	200	6%	12	6%	12	224
2	8518	Headphone	Rs. 750 each	1	750	9%	67.5	9%	67.5	885
						Total	**79.5**		**79.5**	**1109**

Q. 8

Jayawant purchased the following shares. Find his total investment.

Company X: 100 shares, FV = ₹ 2 Premium = ₹ 18

Company Y: 50 shares, MV = ₹ 400

Company Z: 2 shares, MV = ₹ 7,520

SOLUTION:

Investment of Jayawant is as follows:

Company X: 100 shares, FV = ₹ 2, Premium = ₹ 18

MV = FV + Premium

= ₹ 2 + ₹ 18

= ₹ 20

Investment in Company A = Number of shares x MV

= 100 x 20

= ₹ 2000 … (1)

Company Y: 50 Shares, MV = ₹ 400

Investment in Company B = Number of shares x MV

= 50 x 400

= ₹ 20,000 …(2)

Company Z: 2 Shares, MV = ₹ 7,520

Investment in Company C = 2 * 7520

= ₹ 15,040 …(3)

From (1), (2) & (3),

Total investment = ₹ (2000 + 20000 + 15040)

= ₹ 37,040

Ans. Total Investment is ₹ 37,040.

Q. 9

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

Company P: Dividend 8%, MV = ₹ 150

Company Q: Dividend 15%, MV = ₹ 200

SOLUTION:

Let the FV of each type of share be ₹ 100

Company P: Dividend 8%, MV = ₹ 150

Therefore, on investing ₹ 150 for a share, the dividend is ₹ 8

$$\text{Rate of Return} = \frac{\text{Dividend Income}}{\text{Sum Invested}} \times 100$$

$$= \frac{8}{150} \times 100$$

$$= 5.33\ \% \qquad \ldots (1)$$

Company Q: Dividend 15%, MV = ₹ 200

Therefore, on investing ₹ 200 for a share, the dividend is ₹ 15

$$\text{Rate of Return} = \frac{\text{Dividend Income}}{\text{Sum Invested}} \times 100$$

$$= \frac{15}{200} \times 100$$

$$= 7.5\ \% \qquad \ldots (2)$$

From (1) & (2),

the investment in Company Q is more profitable.

Ans. The investment in Company Q is more profitable.

Q. 10

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					

SOLUTION:

(1) (i) Number of shares bought = 100; MV = ₹ 45

Therefore,

total value of shares = Number of shares x MV

= 100 x 45

= ₹ 4500

(ii) Brokerage = 0.2%

Brokerage = Total Value x Brokerage %

= ₹ 4500 x 0.2

$= 4500 \times \frac{2}{100}$

= ₹ 9

(iii) CGST 9% on brokerage

Therefore CGST = $\frac{9}{100} \times 9$

= ₹ 0.81

(iv) SGST = CGST = ₹ 0.81

(v) Purchase price of shares

= Total value + Brokerage + CGST + SGST

= ₹ (4500 + 9 + 0.81 + 0.81)

= ₹ 4510.62

(2) (i) Number of shares sold = 75; MV = ₹ 200

Therefore,

Total Value = Number of shares x MV

= 75 x 200 = ₹ 15,000

(ii) Brokerage 0.2%

Brokerage = Total Value x Brokerage %

= 15000 $\times \frac{0.2}{100}$

= ₹ 30

(iii) CGST 9% on brokerage

Therefore, CGST = $\frac{9}{100} \times 30$

= ₹ 2.70

(iv) SGST = CGST = ₹ 2.70

(v) Selling price of the shares

= Total value – (Brokerage + CGST + SGST)

= ₹ [15,000 – (30 + 2.70 + 2.70)]

= ₹ (15000 – 35.40)

= ₹ 14964.60

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

Q. 11

Mr. A purchased 150 shares of FV ₹ 40 at a premium of ₹ 50. He received 60% dividend on the shares. After receiving the dividend, he sold 120

shares at a discount of ₹ 10 and the remaining shares were sold at a premium of ₹ 50. For each trade, he paid the brokerage of ₹ 25. Find whether Mr. A gained or incurred a loss? By how much?

SOLUTION:

FV = ₹ 40, Premium = ₹ 50

Therefore, MV = ₹ (50 + 40) = ₹ 90

Investment by Mr. A for purchasing 150 shares

= Number of shares x MV

= 150 x 90

= ₹ 13,500

Dividend 60% FV = ₹ 40

Therefore, Dividend per share = $\frac{60}{100} \times 40 = ₹ 24$

Dividend on 150 shares

= Number of shares x Dividend per share

= 150 x 24

= ₹ 3,600 …. (1)

120 shares sold at a discount of ₹ 10

Therefore,

Selling price of 120 shares = 120 x (40 – 10)

= 120 x 30

= ₹ 3600

Amount received on selling 120 shares

= Selling price – Brokerage

= ₹ (3600 – 25)

= ₹ 3575 …. (2)

Remaining 30 shares sold at a premium of ₹ 50

Therefore,

Selling price per share = ₹ (40 + 50) = ₹ 90

Selling price of 30 shares = 30 x 90 = ₹ 2,700

Q. 12

A dealer gave 8% discount on a showpiece of ₹ 35,000. GST of 28% was charged on the discounted price. Find the total amount shown in the tax invoice. What is the amount of CGST & SGST?

SOLUTION:

Discount 8% of ₹ 35,000 $= \frac{8}{100} \times 35000 =$ **₹** $2,800$

Taxable Value = ₹ (35000-2800) = ₹ 32,200

Rate of GST = 28%

Therefore, GST $= \frac{28}{100} \times 32200 =$ **₹** $9,016$

Therefore,

The amount shown in tax invoice = Taxable value + GST

= ₹ (32200 + 9016) = ₹ 41,216

Rate of GST is 28%

Therefore, CGST = SGST = 14% (Half of GST)

GST = ₹ 9,016

Therefore, CGST = SGST $= \frac{1}{2} \times 9016 =$ **₹** 4508

Ans. Total bill is ₹ 32,200; GST is ₹ 9016; SGST is ₹ 4508

Q. 13

Mr. Alok purchased solar panels for the taxable value of ₹ 90,000. He sold them for ₹ 1,25,000. The rate of GST is 5%. Find the ITC of Mr. Ashok. What is the amount of GST payable by him?

SOLUTION:

Output tax (Tax collected at the sale)

= 5% of ₹ 1,25,000

$= \frac{5}{100} \times 125000$

= ₹ 6250

Input Tax (Tax paid at the time of purchase)

= 5% of ₹ 90,000

= ₹ 4500

ITC = Input Tax = ₹ 4500

GST payable = Output tax – ITC

= ₹ (6250 – 4500)

= ₹ 1750

Ans. ITC is ₹ 4,500; Amount of GST payable by Mr. Alok is ₹ 1750.

Q. 14

Pranav Roy (Thane, Maharashtra) supplied vaccum cleaner to a shopkeeper in Vasai (Mumbai) for the taxable value of ₹ 12,000 and GST rate of 28%. Shopkeeper sold it to the customer at the same GST rate for ₹ 18,200 (taxable value). Find the following:

(1) The amount of CGST and SGST shown in the tax invoice issued by Pranav Tiwary

(2) The 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.

SOLUTION:

Output tax collected by Pranav Roy from the shopkeeper

= Taxable amount x the rate of GST

$$= ₹\ 12000 \times \frac{28}{100} = ₹\ 3360$$

Therefore ₹ 3360 is ITC for the shopkeeper … (1)

Therefore Pranav Tiwary's invoice :

$$CGST = \frac{1}{2} \times GST$$

$$= \frac{1}{2} \times 3360$$

$$= ₹\ 1680$$

and SGST = CGST = ₹ 1680

The shopkeeper in Vasai sold the vacuum cleaner to a customer for ₹ 18,200 (taxable value). GST = 28%

Therefore his output tax = Taxable value x GST

$$= ₹18200 \times \frac{28}{100}$$

$$= ₹\ 5096 \quad \text{…. (2)}$$

$$\text{Therefore } CGST = SGST = \frac{1}{2} \times GST$$

$= \frac{1}{2} \times 5096$

= ₹ 2548

GST payable by the shopkeeper in Vasai

= Output tax – Credit

= ₹ (5096 – 3360) …. From [(2) and (1)]

= ₹ 1736

Therefore CGST and SGST payable by the shopkeeper $= \frac{1}{2} \times$ **GST**

$= \frac{1}{2} \times 1736$

= ₹ 868

Ans.

(1) The amount of CGST and SGST shown in the tax invoice by Pranav Roy is ₹ 1680 each.

(2) The amount of CGST and SGST charged by the shopkeeper is ₹ 2548 each.

(3) The shopkeeper in Vasai: CGST payable ₹ 868 and SGST payable ₹ 868.

Q. 15

Mr. Ashok invested ₹ 75,177 in shares of FV ₹ 100, when the market value was ₹ 75. The rate of brokerage is 0.2% and the rate of GST on brokerage is 18%. How many shares were purchased for ₹ 75,177?

SOLUTION:

Let us find the investment required for one share

MV = ₹ 75

Brokerage at 0.2% on ₹ 75 = $75 \times \frac{0.2}{100} = ₹\ 0.15$

GST on brokerage at 18% = $0.15 \times \frac{18}{100} =$

$₹\ 0.027$

Therefore investment for one share

= ₹ (75 + 0.15 + 0.027)

= ₹ 75.177

Investment by Ashok is ₹ 75,177

The number of shares purchased by Ashok

$$= \frac{\text{Total Investment}}{\text{Investment for one share}}$$

$$= \frac{75177}{75.177}$$

$$= 1000$$

Ans. Mr. Ashok purchased 1000 shares.

Q. 16

Keshav Chandra purchased 47 shares of FV ₹ 100 for Market value of ₹ 525. Find the sum invested. After taking 20% dividend, she sold all the shares when market value was ₹600. She paid 0.1% brokerage for each trading done. Find the per cent of profit or loss in the share trading. (Write your answer to the nearest integer.)

SOLUTION:

MV of 1 share is ₹ 525 Brokerage 0.1%

Therefore on ₹ 525 = $525 \times \frac{0.1}{100} = ₹\ 0.52$

the investment for 1 share = MV + Brokerage

= ₹ (525 + 0.52)

= ₹ 525.52

Dividend per share is ₹ 20

Therefore actual investment by Keshav Chandra is

= ₹ (525.52 – 20)

= ₹ 505.52 …. (1)

While selling MV = ₹ 600, brokerage 0.1%

Therefore brokerage paid = $600 \times \frac{0.1}{100} = ₹\ 0.60$

on selling 1 share, Keshav Chandra received ₹ (600 – 0.60) = ₹ 599.40 …. (2)

Profit = Amount received on selling – Amount invested

= ₹ (599.4 – 505.52) …. [From (1) and (2)]

= ₹ 93.88

Percentage profit = $\frac{\text{Profit}}{\text{Investment}} \times 100$

$= \frac{93.88}{505.52} \times 100$

= 18.57

Ans. The profit in the share trading by Keshav Chandra is 18.57%

Q. 17

A share is sold for the market value of ₹ 2000. Brokerage is paid at the rate of 0.1%. What is the amount received after the sale?

SOLUTION:

Here, MV = ₹ 2000, Brokerage = 0.1%

∴ Brokerage = 0.1 % of MV

= 0.1100 × 2000

∴ Brokerage = ₹ 2

∴ Selling value of the share = MV – Brokerage

= 2000 – 2

= ₹ 1998

Ans. Amount received after the sale is ₹ 1998.

Q. 18

Market value of a share is ₹ 500. If the brokerage rate is 0.3% then find the purchase value of the share.

SOLUTION:

Here, MV = ₹ 500, Brokerage = 0.3%

Brokerage = 0.3% of MV

= 0.3100 × 500

= ₹ 1.5

∴ Purchase value of the share = MV + Brokerage

= 500 + 1.5

= ₹ 501.50

Ans. Purchase value of the share is ₹ 501.50

Q. 19

Ms. Paritama sold shares of face value ₹ 100 when the market value was ₹ 45 and received ₹ 4489.40.

She paid brokerage 0.2% and GST on brokerage 18%, then how many shares did she sell?

SOLUTION:

Here, face value of share = ₹ 100,

MV = ₹ 45,

Selling price of shares = ₹ 4489.40

Rate of brokerage = 0.2%, Rate of GST = 18%

Brokerage = 0.2% of MV

$$= \frac{0.2}{100} \times 45$$

$$= ₹\ 0.09$$

GST = 18% of Brokerage

$$= \frac{18}{100} \times 0.09$$

$$= ₹\ 0.016$$

Selling price of on share = MV – (Brokerage + GST)

$$= 45 - (0.09 + 0.016)$$

$$= 45 - 0.106$$

$$= ₹\ 44.894$$

Therefore number of shares

$$= \frac{Selling\ price\ of\ all\ shares}{Selling\ price\ of\ one\ share}$$

$$= \frac{4489.40}{44.894}$$

$$= 100$$

Ans. Ms. Paritama sold 100 shares.

Q. 20

Varun invested ₹ 6526 in the shares of FV ₹ 10 when the Market Value was ₹ 65. He sold all the shares at MV of ₹ 45 after taking 60% dividend. He 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.

(1) For Shares purchased:

FV = ₹ 10, MV = ₹ 65

Brokerage per share $= \frac{0.4}{100} \times 65 = ₹\ 0.26$

Cost of one share = 65 + 0.26 = ₹ 65.26

Number of shares = $\frac{6526}{65.26} = 100$

(2) For Shares sold:

FV = ₹ 10, MV = ₹ 45

Brokerage per share = $\frac{0.4}{100} \times 45 = ₹\ 0.18$

Selling price per share = 45 – 0.18 = ₹ 44.82

Selling price of 100 shares = 100 x 44.82 = ₹ 4482

Dividend received 60%

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

Dividend on 100 shares = 6 x 100 = ₹ 600

Arun's Income = 4482 + 600 = ₹ 5082

Sum Invested = ₹ 6526

Therefore loss = 6526 – 5082 = ₹ 1444

Ans. Varun's loss is ₹ 1444

Q. 21

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

SOLUTION:

If output tax of a trader in a particular month is less than his input tax, then he won't be able to get entire credit for his input tax. In such a case his balance credit will be carried forward and adjusted against the subsequent transactions.

Q. 22

Complete the following table by writing suitable numbers and words.

Sr. No.	FV	Share is at	MV
1	₹ 100	Par	…
2	…	Premium ₹ 500	₹ 575
3	₹ 10	…	₹ 5

SOLUTION:

1. Here, share is at par.

∴ MV = FV

∴ MV = ₹ 100

2. Here, Premium = ₹ 500, MV = ₹ 575

∴ FV + Premium = MV

∴ FV + 500 = 575

∴ FV = 575 – 500

∴ FV = ₹ 75

3. Here, FV = ₹ 10, MV = ₹ 5

∴ FV > MV

Share is at discount.

FV – Discount = MV

∴ 10 – Discount = 5

∴ 10 – 5 = Discount

₹ Discount = ₹ 5

Sr. No.	FV	Share is at	MV

1	₹ 100	Par	**₹ 100**
2	**₹ 75**	Premium ₹ 500	₹ 575
3	₹ 10	**Discount ₹ 5**	₹ 5

Q. 23

Mr. Anamol 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.

SOLUTION:

Here, MV = ₹ 80, FV = ₹ 100,

Number of shares = 50, Rate of dividend = 20%

∴ Sum invested = Number of shares × MV

= 50 × 80

= ₹ 4000

Dividend per share = 20% of FV

= 20100 × 100

$= ₹ 20$

$\therefore$ Total dividend of 50 shares $= 50 \times 20$

$= ₹ 1000$

Now, Rate of Return $= \frac{Total\ Dividend}{Sum\ Invested} \times 100$

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

$= 25\%$

Ans. Rate of Return on Investment is 25%

Q. 24

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

SOLUTION:

Here, FV = ₹ 5, Premium = ₹ 20,

Sum invested = ₹ 20,000

$\therefore$ MV = FV + Premium

$= 5 + 20$

∴ MV = ₹ 25

Now, sum invested = Number of shares × MV

$$\text{Number of Shares} = \frac{Sum\ Invested}{MV}$$

$$= \frac{20000}{25}$$

$$= 800$$

Ans. Smt. Deshpande got 800 shares for ₹ 20,000.

Q. 25

Sumita has invested ₹ 12,000 and purchased shares of FV ₹ 10 at a premium of ₹ 2. Find the number of shares she purchased.

SOLUTION:

FV = ₹ 10, Premium = ₹ 2

Therefore, MV = FV + Premium

= 10 + 2

= ₹ 12

$$\text{Therefore No. of Shares} = \frac{Total\ Investment}{MV}$$

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

$$= 1000 \text{ shares}$$

Ans. Sumita has purchased 1000 shares

Q. 26

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

SOLUTION:

The rate of GST is 18%

Therefore GST on the belt price ₹ 586

$$= \frac{18}{100} \times 586$$

= ₹ 105.48

Therefore the price of the belt for the customer

= taxable value + GST

= ₹ 586 + ₹ 105.48

= ₹ 691.48

Ans. The price of the belt for the customer is ₹ 691.48

Q. 27

Advance Electronics supplied an AC of 1.5 ton to a company. The cost of AC supplied is ₹ 51,200 (with GST). The rate of CGST on AC is 14%. Then find the following amounts as shown in tax invoice of Advance 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

SOLUTION:

The rate of CGST on AC is 14%

(1) The rate of SGST on AC as 14%

(2) Hence, GST = 14% + 14% = 28%

Let the cost of AC be ₹ 100, GST 28%

Therefore, the cost of AC with GST is ₹ 128

The cost of AC with GST is given as ₹ 51200

The ratio of $\frac{total\ value}{taxable\ value}$ is constant.

For the total value of AC ₹ 128, the taxable value is ₹ 100.

Therefore for the total value of AC ₹ 51200, let the taxable value of AC ₹ x.

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

The taxable value of AC = $51200 \times \frac{100}{128} =$ ₹ 40000

(3) The taxable value of AC = ₹ 40,000

(4) The amount of GST

= Cost with GST – Taxable Value

= ₹ (51200 – 40000)

= ₹ 11,200

(5) The amount of CGST = $\frac{₹\ 11200}{2} =$ ₹ 5600

(6) The amount of SGST = the amount of CGST

= ₹ 5600

Ans.

(1) The rate of SGST is 14%

(2) The rate of GST is 28%

(3) The taxable value of AC is ₹ 40,000

(4) The amount of GST is ₹ 11,200

(5) The amount of CGST and SGST each is ₹ 5600

Q. 28

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%

SOLUTION:

GST 12%Therefore CGST = SGST = 6%

Tax Invoice

SUPPLIER :	**Adage Enterprises** **280B, 4/12, Gajjar Enclave,** **Mumbai : 400 030**		**GSTIN : 27APICK8027H1Z5**	
To, **Ganesh Stores**	**Place of Delivery** **Ganesh Stores,** **Dadar,** **Mumbai 400 028**	**Invoice No.** **GST/500**	**Date : 01-Sep-2018**	
Description of Goods	**HSN Code**	**Quantity**	**Rate**	**Amount**
(1) Pencil boxes	3924	100	Rs. 20	Rs. 2000
(2) Jigsaw Puzzles	9503	50	Rs. 100	Rs. 5000
Total				Rs. 7000
Less Discount				0
Taxable Value				Rs. 7000
Add :				
CGST 6%			6%	Rs. 420
SGST 6%			6%	Rs. 420
Total				**Rs. 7840**
Amount (in words) **Rupees Seven Thousand Eight Hundred and Forty Only**				
PAN : APICK8027H			**For Adage Enterprises** **Authorized Signature**	

Note: Please issue a cheque in favour of Adage Enterprises

Q. 29

Mr. Jhonson, a registered supplier of goods who pays GST under regular scheme has made the following transactions:

Purchases	Sales	Tax Rate
2,50,000	8,00,000	9% each SGST & CGST

He has complied all the conditions for availing the ITC and has the following opening credit:

Source	Tax	Interest
CGST	30,000	1500
SGST	30,000	1500

Compute the net CGST & SGST payable by Mr. Jhonson

SOLUTION:

1. Computation of Tax on Outward Supply & Inward Supply:

Particulars	Tax Value	CGST	SGST
Output Tax Liability @ 18%	8,00,000	72,000	72,000
Input Tax Credit @ 18%	2,50,000	22,500	22,500

2. Computation of Eligible ITC:

Particulars	CGST	SGST
Opening Balance	30,000	30,000
Add: Input Credit on Inward Supplies	22,500	22,500
Net ITC Available	52500	52500

3. Computation of Net Tax Payable:

Particulars	CGST	SGST
Tax on Outward Supplies	72,000	72,000
ITC from Respective Heads	(52,500)	(52,500)
Net Tax Payable	19,500	19,500

Note: ITC of Interest paid is not available. Therefore it is to be ignored.

Q. 30

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

SOLUTION:

In the above case, the trader has paid Input Tax.

It is given that Output Tax = Input Tax

Therefore the tax payable by the trader

= Output Tax – Input Tax

= 0

Ans. The trader's GST liability is NIL.

Q. 31

Satnam 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 @ 5% and hence

the CGST and UTGST to be paid for this transaction.

SOLUTION:

Input Tax for Satnam Gas Agency @ 5% on ₹ 24,500

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

= ₹ 1225

∴ ITC for Satnam Gas Agency is ₹ 1225 …(1)

The agency sold the cylinders to customers for ₹ 26500

Output tax by the agency is 5% of ₹ 26500

Output Tax $= \frac{5}{100} \times 26500 = ₹\ 1325$ **… (2)**

GST payable = Output tax – ITC

= ₹ (1325 – 1225) … From (1) & (2)

= ₹ 100

$\text{CGST} = \frac{1}{2} \times \text{GST} = \frac{1}{2} \times 100 = ₹\ 50$

UTGST $= \frac{1}{2} \times$ **GST** $= \frac{1}{2} \times 100 =$ **₹ 50**

Ans. Satnam Gas Agency paid GST ₹ 100, CGST ₹ 50 and UTGST ₹ 50

Q. 32

A dealer supplied Walkie-Talkie 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.

SOLUTION:

Total value with GST = Taxable value + GST

The rate of GST = 12%.

If the taxable value of walkie-talkie set is ₹ 100, then the total value

= ₹ 100 + ₹ 12 (GST)

= ₹ 112

Let the total value of walkie-talkie set be ₹ x

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

Therefore $x = 100 \times \frac{84000}{112} = 75000$

Therefore the taxable value of walkie-talkie set is ₹ 75,000

The walkie-talkie set with GST is ₹ 84000 ….Given

Therefore GST = ₹ (84000 – 75000) = ₹ 9000

CGST = SGST = $\frac{1}{2} \times$ GST

= $\frac{1}{2} \times 9000$

= ₹ 4500

Ans. The taxable value of the set is ₹ 75,000; GST is ₹ 9000; CGST is ₹ 4500; SGST is ₹ 4500

Q. 33

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

SOLUTION:

FV of the share ₹ 100; the share is at a discount of ₹ 30.

MV = FV – Discount

= ₹ (100 – 30)

= ₹ 70

The amount received by selling 300 shares

= number of shares x MV

= 300 x 70

= ₹ 21,000

Ans. ₹ 21,000 is received by selling 300 shares.

Q. 34

Shri Satarawala 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.

SOLUTION:

Brokerage and GST on selling shares for ₹ 30,350

Brokerage 0.1%

Therefore brokerage on ₹ 30,350

$= 30350 \times \frac{0.1}{100} =$ **₹ 30.35** … (1)

GST at 18% on brokerage

$= 30.35 \times \frac{18}{100} =$ **₹** $5.463 =$ **₹** 5.46 … (2)

Brokerage and GST on purchasing shares of ₹ 69,650

$= 69659 \times \frac{0.1}{100} =$ **₹ 69.65** … (3)

GST at 18% on brokerage

$= 69.65 \times \frac{18}{100} =$ **₹** $12.537 =$ **₹** 12.54 … (4)

Satarawala's total expenditure on brokerage and GST

= ₹ (30.35 + 5.46 + 69.65 + 12.54) [From (1) to (4)]

= ₹ 118

Ans. The expenditure on brokerage and GST is ₹ 118.

Q. 35

Shweta wants to buy 50 units; the NAV per unit is ₹ 13.50, calculate the total investment by Shweta. How many units will she get if she invested ₹ 324?

SOLUTION:

1) Total Investment by Shweta will be

Total Investment = Units purchased x NAV per unit

= 50 units x ₹ 13.50

= ₹ 675

2) Calculation of number of units if Shweta invested ₹ 324

$$= \frac{Total\ Investment}{NAV\ perunit}$$

$$= \frac{324}{13.50}$$

= 24 units

Ans. (1) Total amount invested is ₹ 675

(2) Shweta will get 24 units if she invests ₹ 324

Q. 36

Ramesh invests some amount in the following companies:

Company A: FV ₹ 100, MV ₹ 120, Dividend declared 12%

Company B: FV ₹ 100, MV ₹ 90, Dividend declared 8.1%

In which company is the investment better?

SOLUTION:

1) Calculation of Dividend received from Company A:

Dividend = FV x Dividend Declared

= ₹ 100 x 12%

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

= ₹ 12

2) Calculation of Dividend received from Company B:

Dividend = FV x Dividend Declared

= ₹ 100 x 8.1%

$$= 100 \times \frac{8.1}{100}$$

$$= ₹\ 8.1$$

From the above calculation it is clear that investment in Company A is more profitable since dividend received from Company A is greater than Company B

Ans.: Investment in Company A is better.

Note: Dividend is always calculated on the Face Value of the share and not the market value.

Q. 37

A Courier Service agent charged ₹ 108 on the taxable value of ₹ 600. What is the rate of GST charged?

SOLUTION:

GST charged is ₹ 108 & Taxable value is ₹ 600

Rate of GST $= \frac{GST\ Charged}{Taxable\ Value} \times 100$

$$= \frac{108}{600} \times 100$$

$$= 18\%$$

Ans. Rate of GST is 18%

Q. 38

A trader collected ₹ 30,000 as GST in the month of July. If his ITC is ₹ 22,000, what is his liability towards CGST?

SOLUTION:

Amount collected as GST = ₹ 30,000

ITC for the month = ₹ 22,000

Net GST Payable

= Amount collected as GST – ITC for the month

= ₹ 30,000 – ₹ 22,000

= ₹ 8,000

However, GST is calculated as

GST = CGST + SGST

Therefore, CGST = GST – SGST … (1)

Since CGST = SGST = $\frac{1}{2} \times$ GST

Putting this in (1) above we get the equation as follows:

CGST = $\frac{1}{2} \times 8000$

= ₹ 4,000

Ans. CGST payable by the trader is ₹ 4,000

Q. 39

A dividend of 9% was declared on a share of FV ₹ 100 at a certain price. If the rate of return is 7.5%, calculate MV of the share. How many shares would a person get on investing ₹ 8400?

SOLUTION:

(1) Calculation of MV of the share:

Rate of Dividend = 9%; FV = ₹ 100

Rate of Return = 7.5%

For the given information,

Rate of Return x MV = Rate of Dividend x FV

Let the MV of the share be x

7.5% x x = 9% x ₹ 100

Therefore, $\frac{7.5}{100} \times x = \frac{9}{100} \times 100$

$$\frac{7.5x}{100} = 9$$

$$7.5x = 9 \times 100$$

$$7.5x = 900$$

$$x = \frac{900}{7.5}$$

$$x = 120$$

Therefore MV of share is ₹ 120

(2) Calculation of number of shares on investing ₹ 8400

Number of Shares $= \frac{Total\ Investment}{MV\ of\ the\ Share}$

$$= \frac{₹\ 8400}{₹\ 120}$$

$$= 70$$

Ans. (1) MV of the share is ₹ 120

(2) Number of shares required for Investment of ₹ 8400 is 70

Q. 40

What amount is to invested to buy 20 shares of face value ₹ 50 at par? If these shares had been at a discount of ₹ 2, then how much less would have been the investment?

SOLUTION:

(1) Calculation of Amount to be invested:

Since the share is issued at par, the issue price will be equal to Face Value which is ₹ 50

Therefore,

Amount Invested = Issue price x No. of shares bought

= ₹ 50 x 20 shares

= ₹ 1000

(2) If the shares are issued at discount, the share price

= ₹ 50 – ₹ 2

= ₹ 48

Investment = ₹ 48 x 20 shares

= ₹ 960

Shortfall = ₹ 1000 – ₹ 960

= ₹ 40

Ans. (1) Amount to be invested when share is issued at par is ₹ 1000

(2) ₹ 40 less would have to be paid less if share is issued at a discount of ₹ 2

Q. 41

Natwar paid ₹ 1000 to buy 40 shares. What is the MV of the share, if he paid ₹ 1.50 as brokerage per share?

SOLUTION:

Total Investment = ₹ 1000; Number of shares = 40

Brokerage = ₹ 1.50

$$\textbf{Share price} = \frac{Total\ Investment}{Number\ of\ Shares}$$

$$= \frac{₹\ 1000}{40\ Shares}$$

$$= ₹\ 25$$

Market Value = Share Price – Brokerage

$$= ₹\ 25 – ₹\ 1.50$$

$$= ₹\ 23.50$$

Ans. MV of the share is ₹ 23.50

Q. 42

A retail trader purchased certain CCTVs from a wholesaler who had purchased the same from a manufacturer. In each transaction concerned seller levied 18% GST. Wholesaler earned a profit of 25%. If retail trader paid ₹ 51344.75 for this transaction, then what is the original price for the manufacturer?

SOLUTION:

Let the original price for the manufacturer be ₹ x

GST for Manufacturer = 18% of x

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

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

Selling price for manufacturer = ₹ $\left(x + \frac{18x}{100}\right)$

$$= ₹ \frac{118x}{100}$$

Wholesaler:

Cost price for Wholesaler = ₹ $\frac{118x}{100}$

Profit for Wholesaler = 25% of $\frac{118x}{100}$

$$= \frac{25}{100} \times \frac{118x}{100}$$

$$= \frac{1}{4} \times \frac{118x}{100}$$

$$= ₹ \frac{118x}{400}$$

Price of CCTV including profit = ₹ $\left(\frac{118x}{100} + \frac{118x}{400}\right)$

GST = 18% of ₹ $\left(\frac{118x}{100} + \frac{118x}{400}\right)$

$$= \frac{18}{100} \text{ x } \left(\frac{118x}{100} + \frac{118x}{400}\right)$$

Selling price of wholesaler = price including profit + GST

$$51344.75 = \left(\frac{118x}{100} + \frac{118x}{400}\right) + \left(\frac{18}{100}\right)\left(\frac{118x}{100} + \frac{118x}{400}\right)$$

$$51344.75 = \left(\frac{118x}{100} + \frac{118x}{400}\right)\left(1 + \frac{18}{100}\right)$$

$$51344.75 = \frac{590}{400} \times \frac{118}{100} \times x$$

$$51344.75 = 1.7405 \text{ x } x$$

$$x = \frac{51344.75}{1.7405}$$

$$x = ₹\ 29{,}500$$

Ans. Original price of CCTV for the manufacturer is ₹ 29,500

Q. 43

Dayanad College purchased a computer for their lab. The discount of 10% was given on the printed price of computer. Rate of GST charged was 18%.

Purchase price for computer is ₹ 47,790. Find the printed price of computer.

SOLUTION:

Let the printed price of computer be ₹ x

Discount = 10% of printed price

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

$$= ₹\ 0.1x$$

Taxable Value = printed price – discount

$$= x - 0.1x$$

$$= ₹\ 0.9\ x$$

Rate of GST = 18%

GST = 18% of taxable value

$$= \frac{18}{100} \times 0.9x$$

$$= ₹\ 0.162x$$

Now, purchase price of computer = Taxable value + GST

$$47790 = 0.9x + 0.162x$$

$$47790 = 1.062x$$

$$x = \frac{47790}{1.062}$$

x = ₹ 45000

Ans. The printed price of computer is ₹ 45,000

Q. 44

A Pune based trader dealing in sports material bought some sports material of ₹ 35,000 from Chandigarh. For this transaction he paid IGST at 12%. In turn he sold this material to a Pune based All Rounder Cricket Club for ₹ 70,400. This price includes ₹ 6,600 as 12% GST. Based on this calculate GST payable by the trader.

SOLUTION:

Input tax for Mumbai based trader

= 12% of 35000

$$= \frac{12}{100} \times 35000$$

= ₹ 4200

Therefore Pune based trader paid IGST of ₹ 4200

Output tax for Pune based trader = ₹ 6,600

SGST = CGST = $\frac{6600}{2} = ₹\ 3,300$

But trader has already paid IGST i.e. tax to the Central Government of ₹ 4200

Tax payable to Central Government = 3300 – 3300 = ₹ 0

Out of Input tax of ₹ 4200, credit of ₹ 3300 is taken from CGST

His balance input tax credit = 4200 – 3300 = ₹ 900

Therefore SGST payable by trader = 3300 – 900 = ₹ 2400

Ans. Trader has to pay SGST of ₹ 2400

Q. 45

Mr. Pathak purchased 125 shares of FV ₹ 100 for market value of ₹ 90. After taking 20% dividend in first year and 15% dividend in second year, he sold all the shares when market value was ₹ 105.

He paid 50 paise per share brokerage for each transaction done. Find the profit or loss in the transaction.

SOLUTION:

FOR PURCHASING SHARES:

Here, FV = ₹ 100, MV = ₹ 90, number of shares = 125

Sum Invested = MV x number of shares

= 90 x 125

= ₹ 11,250

Brokerage = 50 paise per share

Total brokerage = 0.5 x 125

= ₹ 62.5

Buying price for 125 shares = 11250 + 62.5

= ₹ 11312.50

FOR SELLING SHARES:

Dividend per share (first year) = 20% of FV

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

= ₹ 20

Dividend of 125 shares (first year) = 20 x 125 = ₹ 2500

Now, dividend per share (second year) = 15% of FV

$$= \frac{15}{100} \times 100$$

= ₹ 15

Dividend of 125 shares (second year) = 15 x 125 = ₹ 1875

Total Dividend = ₹ (2500 + 1875) = ₹ 4375

Brokerage = 50 paise per share

Total brokerage = 0.5 x 125 = ₹ 62.5

MV of 125 shares = 125 x 105 = ₹ 13,125

Selling price = Dividend + MV of 125 shares – Brokerage

= 4375 + 13125 – 62.50

= ₹ 17437.50

Therefore Selling price > Buying price

Profit = Selling price – Buying price

= 17437.50 – 11312.50

= ₹ 6125

Ans. Mr. Pathak earned a profit of ₹ 6125 in the transaction.

Q. 46

Smt. Aruna Srivastav 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:

i. Net Amount paid for 100 shares

ii. Brokerage paid on sum invested

iii. GST paid on brokerage

iv. Total amount paid for 100 shares

SOLUTION:

Here FV = ₹ 100, Number of shares = 100, MV = ₹ 1200

Brokerage = 0.3%, GST = 18%

i. Sum Invested = Number of shares x MV

= 100 x 1200

= ₹ 1,20,000

∴ amount paid for 100 shares is ₹ 1,20,000

ii. Brokerage = 0.3% of sum invested

$= \frac{0.3}{100} \times 120000$

= ₹ 360

∴ brokerage paid on sum invested is ₹ 360

iii. GST = 18% of Brokerage

$= \frac{18}{100} \times 360$

= ₹ 64.80

∴ GST paid on brokerage is ₹ 64.80

iv. Total amount paid for 100 shares

= Sum Invested + Brokerage + GST

= 120000 +360 + 64.80

= ₹ 1,20,424.80

∴ total amount paid for 100 shares is ₹ 1,20,424.80

Ans.

i. Amount paid for 100 shares is ₹ 1,20,000

ii. Brokerage paid on sum invested is ₹ 360

iii. GST paid on brokerage is ₹ 64.80

iv. Total amount paid for 100 shares is ₹ 1,20,424.80

Q. 47

If the face value of a share is ₹ 200 and market value is ₹ 275, then find whether the share is issued at discount or premium. Also find the amount of said discount / premium.

SOLUTION:

Face Value = ₹ 200, Market Value = ₹ 275

When the share is issued at price higher than the face value, it is said to be issued at a premium.

In the above case, share issue price = Market value

i.e. Issue price > Face Value

Thus share is issued at premium.

Premium = Market Value – Face Value

= ₹ 275 – ₹ 200

= ₹ 75

Ans. The share is issued at a premium of ₹ 75

Q. 48

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 output tax

ii. What is his input tax credit

iii. Find his GST payable

iv. Hence find the CGST and SGST payable

SOLUTION:

GST paid = ₹ 6500

GST collected = ₹ 8000

i. Input Tax = GST paid = ₹ 6500

Output Tax = GST collected = ₹ 8000

ii. Input Tax Credit = Input tax = ₹ 6500

iii. GST payable = Output Tax – Input Tax Credit

= ₹ 8000 – ₹ 6500

= ₹ 1500

iv. CGST = SGST = $\frac{1}{2} \times$ GST

= $\frac{1}{2} \times$ ₹ 1500

= ₹ 750

Q. 49

If the total value of a mutual fund scheme is ₹ 200 crores and 8 crores units are issued then find the NAV of one unit.

SOLUTION:

NAV of Unit = $\frac{Total\ Value}{Total\ Units}$

= $\frac{₹\ 200}{8\ Units}$

= ₹ 25

Ans.: NAV of the unit is ₹ 25

Q. 50

M/s Vijay 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:

i. GST ON PURCHASE:

GST = Taxable Value x GST Rate

$$= ₹\ 8000 \times \frac{18}{100}$$

$$= ₹\ 1440$$

GST Input = ₹ 1440

ii. GST ON SALE:

GST = Taxable Value x GST Rate

$$= ₹\ 10000 \times \frac{18}{100}$$

= ₹ 1800

GST on Output Supply = ₹ 1800

Net GST payable = GST on Output – GST on Input

= ₹ 1800 – ₹ 1440

= ₹ 360

Therefore,

$$\text{CGST} = \text{SGST} = \frac{1}{2} \times \text{GST}$$

$$= \frac{1}{2} \times ₹\ 360$$

= ₹ 180

Ans. CGST & SGST payable by M/s Vijay Chemicals is ₹ 180 each.