

Practice and Revision - GST (Goods and Services Tax)

Chapter 1: GST (Goods and Services Tax) · Topic 2

Key Concept

GST is calculated as $(\text{GST rate} \div 100) \times \text{sale price}$, added to the original price to get the final price paid by the consumer.

For example, an item priced at ₹1000 with 18% GST costs: $1000 + (18/100 \times 1000) = 1000 + 180 = ₹1180$.

GST can be divided into CGST (Central GST) and SGST (State GST) for transactions within a state, each typically being half the total GST rate.

Understanding GST calculations is essential for everyday transactions, business accounting, and understanding how taxation works in India.

Quick Revision Notes

- $\text{GST} = (\text{rate} \div 100) \times \text{sale price}$.
- This is added to get the final price.
- ₹1000 item with 18% GST = ₹1180.
- GST splits into CGST and SGST for intra-state sales.
- Each is typically half the total GST rate.
- GST replaced many separate previous taxes.
- Understanding GST helps with everyday transactions.
- It's essential for business accounting.

Practice Questions

- 1 Calculate GST on ₹500 at 12%.
- 2 Calculate the final price of an item priced ₹2000 with 5% GST.
- 3 Discuss the split between CGST and SGST.
- 4 Research why GST replaced previous taxes.
- 5 Solve a GST word problem.
- 6 Explain GST in your own words.