SSC

SMIT SIR COMMERCE

GSEB | ENGLISH MEDIUM

ELEMENTS OF BOOK-KEEPING & ACCOUNTANCY

STANDARD 11

CHAPTER 3

Introduction to Goods and Services Tax

GST Meaning | CGST-SGST-IGST | Input Tax Credit | Rates | Terminology | Exam Practice

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Learn the Concept. Understand the Logic. Write Better Answers.

Why This Chapter Matters

GST affects purchase invoices, sales invoices, journal entries and later subsidiary books. So the goal is to understand the logic of GST, not merely memorise tax names.

DEEP RESEARCH - CONCEPT ENRICHMENT

Official CBIC explains GST as a destination-based tax on consumption, with credit of tax paid at earlier stages available as set-off. This is why GST is designed to tax value addition and reduce cascading. For GSEB exams, write the textbook wording first.

Chapter Roadmap

Section	What You Learn
1	Why GST replaced many indirect taxes
2	Meaning and special features of GST
3	Intra-state vs inter-state supply
4	CGST, SGST, UTGST and IGST
5	Input GST, Output GST and Input Tax Credit
6	Textbook GST rate slabs
7	GST terminology and board practice

1. Indirect Taxes Before GST

Before GST, different indirect taxes were levied by the Central Government, State Governments and Union Territories. Multiple taxes and separate rules increased complexity.

Central Taxes Mentioned	State / UT Taxes Mentioned
Central Sales Tax	Value Added Tax (VAT)
Central Excise Duty	Purchase Tax
Service Tax	Sales Tax
Other indirect levies	Entertainment Tax

TEXTBOOK / SOURCE NOTE

The textbook presents GST as a major indirect-tax reform introduced from 1 July 2017. Exact current law is more detailed, but the exam concept is simplification and integration of indirect taxation.

2. Meaning of GST

KEY TERM - GST

Goods and Services Tax - an indirect tax on the supply of goods, services or both.

In simple words: GST creates a common framework for taxing supplies instead of using many separate indirect taxes.

REMEMBER THIS

GST is an indirect tax. The seller generally collects it from the customer and settles the tax with government, subject to input-tax-credit rules.

3. Special Features of GST

Feature	Easy Explanation
1. One Tax Framework	Many indirect taxes were subsumed into GST.
2. Tax on Supply	GST is linked to supply of goods/services rather than only production or sale.
3. GST Council	Central and State participation in GST policy framework.
4. GST Rates	Rates are determined for different categories of supply.
5. Input Tax Credit	Eligible GST paid on business inward supplies can be set off against output GST, subject to conditions.
6. GST Acts	Central, State/UT and Integrated GST laws operate together.
7. Tax Determination	Rate and liability depend on nature and place of supply.
8. Uniformity	Common framework across India.
9. Five-Act Textbook Framework	CGST, SGST, UTGST, IGST and compensation-cess framework.
10. Reduction of Cascading	Input credit reduces tax-on-tax effect.

1. One Tax Framework

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3. GST Council

Central and State participation in GST policy framework.

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10. Reduction of Cascading

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DEEP RESEARCH - CONCEPT ENRICHMENT

CBIC's concept of GST highlights destination-based taxation and availability of credit of tax paid at earlier stages. That is the deeper reason why GST can reduce cascading.

4. Supply of Goods or Services

GST becomes relevant when there is a taxable supply of goods, services or both.

For Class 11 accounting, the key question is whether the supply is within the same State/UT or across State/UT boundaries.

5. Intra-State Supply

KEY TERM - INTRA-STATE SUPPLY

Supply where supplier and place of supply are within the same State/UT, subject to GST law.

In the textbook model, intra-state taxable supply generally attracts CGST + SGST, or CGST + UTGST in an applicable Union Territory.

Example: Ahmedabad seller to Rajkot buyer in Gujarat -> intra-state -> CGST + SGST.

6. Inter-State Supply

KEY TERM - INTER-STATE SUPPLY

Supply across different States/UTs, subject to GST law.

The textbook applies IGST to inter-state supply.

Example: Gujarat seller to Rajasthan buyer -> IGST.

DEEP RESEARCH - CONCEPT ENRICHMENT

CBIC also explains that IGST is levied by the Centre on inter-State supply and then apportioned within the GST framework.

7. CGST, SGST, UTGST and IGST

Tax	Full Form	Textbook Use
CGST	Central Goods and Services Tax	Central component on intra-state supply
SGST	State Goods and Services Tax	State component on intra-state supply
UTGST	Union Territory Goods and Services Tax	UT component where applicable
IGST	Integrated Goods and Services Tax	Inter-state supply

8. Input GST and Output GST

Input GST: GST paid/payable on purchases or inward supplies for business.

Output GST: GST charged/collected on sales or outward supplies.

Situation	GST Term
Business purchases intra-state	Input CGST + Input SGST
Business purchases inter-state	Input IGST
Business sells intra-state	Output CGST + Output SGST
Business sells inter-state	Output IGST

9. Input Tax Credit - Core Logic

KEY TERM - INPUT TAX CREDIT

Eligible credit of GST paid on business inward supplies that can reduce output-tax liability, subject to legal conditions.

Simple Example: Input GST Rs.600 and Output GST Rs.1,000 -> conceptually, net tax payable becomes Rs.400 if the full credit is eligible and usable.

DEEP RESEARCH - CONCEPT ENRICHMENT

Official CBIC guidance says input tax includes CGST, SGST, IGST or UTGST charged on eligible business supplies. Credit is available subject to conditions and restrictions.

COMMON MISTAKE

ITC does not mean every GST amount is automatically claimable. Real GST law has eligibility conditions. School questions use simplified assumptions.

10. Benefits of GST

Benefit	Why It Matters
One Tax Structure	Common framework instead of many separate indirect taxes.
Simpler System	Reduces duplication of many tax systems.
Reduced Cascading	Input credit reduces tax-on-tax effect.
Potential Price Benefit	Lower cascading can reduce embedded tax cost.
Uniform Structure	Greater commonality across India.
Reduced Evasion	Invoice and technology trail improves transparency.
Input Tax Credit	Eligible input GST can offset output tax.
Common National Market	Supports smoother inter-state commerce.
Regional Development	Textbook benefit linked with common tax framework.
Administrative Efficiency	Can reduce duplication in tax administration.

11. Textbook GST Rate Slabs

TEXTBOOK / SOURCE NOTE

The textbook shows early GST slabs such as 5%, 12%, 18%, 28%, 3% and 0.25%. GST rates and classifications can change. For the exam, learn the source table; for real transactions, verify current official rates.

Textbook Schedule	Integrated GST	Intra-State Split
5%	5%	2.5% CGST + 2.5% SGST
12%	12%	6% + 6%
18%	18%	9% + 9%
28%	28%	14% + 14%
Special	3%	1.5% + 1.5%
Special	0.25%	0.125% + 0.125%

12. GST Terminology

Term	Meaning
Supply	Purchase/sale/supply transaction under GST.
Input CGST	Central GST on inward intra-state supply.
Input SGST	State GST on inward intra-state supply.
Input UTGST	UT GST on inward supply in applicable UT.
Input IGST	Integrated GST on inward inter-state supply.
Output CGST	Central GST on outward intra-state supply.
Output SGST	State GST on outward intra-state supply.
Output UTGST	UT component on applicable outward supply.
Output IGST	Integrated GST on outward inter-state supply.
Intra-State Supply	Supply within same State/UT in textbook framework.
Inter-State Supply	Supply across States/UTs.

13. Easy GST Calculations

Transaction	Tax Working
Intra-state sale Rs.10,000 @12%	CGST 6% = 600; SGST 6% = 600; total GST = 1,200
Inter-state sale Rs.10,000 @12%	IGST 12% = 1,200
Intra-state purchase Rs.20,000 @18%	Input CGST 1,800 + Input SGST 1,800
Inter-state purchase Rs.20,000 @18%	Input IGST 3,600

Common Mistakes

COMMON MISTAKE

Wrong idea: Same-state sale attracts IGST.
Correct idea: Textbook rule: same-state supply uses CGST + SGST; inter-state uses IGST.

COMMON MISTAKE

Wrong idea: Input GST is income.
Correct idea: It is tax paid/credit on inward supply, subject to eligibility.

COMMON MISTAKE

Wrong idea: Output GST is sales revenue.
Correct idea: It is tax collected/payable on outward supply.

COMMON MISTAKE

Wrong idea: Textbook GST slabs are permanent current rates.
Correct idea: GST rates can change; textbook slabs are exam/source-period data.

COMMON MISTAKE

Wrong idea: ITC always equals all GST paid.
Correct idea: Actual eligibility is subject to legal conditions.

COMMON MISTAKE

Wrong idea: CGST and SGST are added only after IGST.
Correct idea: They are separate components used for intra-state supply.

Board-Style Questions

- Define GST.
- State and explain special features of GST.
- Explain intra-state and inter-state supply.
- Differentiate CGST, SGST, UTGST and IGST.
- Explain Input GST and Output GST.
- What is Input Tax Credit?
- Explain the benefits of GST.
- State textbook GST rate slabs.
- Explain GST terminology.

Practice MCQs - 25

1. GST is mainly a:

- A. Indirect tax
- B. Direct tax
- C. Income tax
- D. Wealth tax

2. GST came into force in the textbook on:

- A. 1 July 2017
- B. 1 April 2010
- C. 1 Jan 2016
- D. 15 Aug 1947

3. Same-state taxable supply generally uses:

- A. CGST + SGST
- B. IGST only
- C. Income tax
- D. Customs only

4. Inter-state supply generally uses:

- A. IGST
- B. SGST only
- C. CGST only
- D. VAT only

5. GST on purchase is called:

- A. Input GST
- B. Output GST
- C. Profit
- D. Capital

6. GST on sale is called:

- A. Output GST
- B. Input GST
- C. Expense
- D. Drawings

7. ITC means:

- A. Input Tax Credit

- B. Internal Tax Cost
- C. Income Tax Code
- D. Integrated Tax Charge

8. CGST is the:

- A. Central component
- B. State component
- C. Expense
- D. Asset

9. SGST is the:

- A. State component
- B. Central component only
- C. Export only
- D. Capital

10. UTGST relates to:

- A. Union Territory component
- B. Salary
- C. Loan
- D. Profit

11. At 18% intra-state GST, split is:

- A. 9% + 9%
- B. 18% + 18%
- C. 6% + 6%
- D. 2.5% + 2.5%

12. At 12% intra-state GST, split is:

- A. 6% + 6%
- B. 12% + 12%
- C. 9% + 9%
- D. 1.5% + 1.5%

13. A main purpose of ITC is to reduce:

- A. Cascading
- B. Sales
- C. Assets
- D. Capital

14. GST is linked with:

- A. Supply

- B. Only production
- C. Only income
- D. Only wealth

15. GST Council represents:

- A. Centre-State coordination
- B. Only banks
- C. Only customers
- D. Only auditors

16. Input IGST usually arises on:

- A. Inter-state inward supply
- B. Salary
- C. Capital
- D. Drawings

17. Output IGST usually arises on:

- A. Inter-state outward supply
- B. Salary
- C. Loan
- D. Expense

18. GST on outward sale is:

- A. Output GST
- B. Input GST
- C. Drawings
- D. Capital

19. Eligible GST on purchase may become:

- A. Input credit
- B. Drawings
- C. Sales
- D. Capital

20. Textbook 5% intra-state split is:

- A. 2.5% + 2.5%
- B. 5% + 5%
- C. 3% + 2%
- D. 1% + 4%

21. Textbook 28% intra-state split is:

- A. 14% + 14%

- B. 28% + 28%
- C. 9% + 9%
- D. 6% + 6%

22. GST framework aims at:

- A. Common indirect-tax system
- B. More barter
- C. No invoices
- D. No records

23. CBIC conceptually describes GST as:

- A. Destination-based consumption tax
- B. Wealth tax
- C. Property tax
- D. Salary tax

24. Final burden of GST is conceptually borne by:

- A. Final consumer
- B. Ledger
- C. Trial balance
- D. Voucher

25. Input tax credit is subject to:

- A. Conditions and restrictions
- B. No conditions
- C. Only owner choice
- D. Sales volume only

MCQ Answer Key

Q	Ans	Q	Ans	Q	Ans	Q	Ans	Q	Ans
1	A	2	A	3	A	4	A	5	A
6	A	7	A	8	A	9	A	10	A
11	A	12	A	13	A	14	A	15	A
16	A	17	A	18	A	19	A	20	A
21	A	22	A	23	A	24	A	25	A

5-Minute Revision

GST: Goods and Services Tax on supply.

Intra-State: CGST + SGST/UTGST.

Inter-State: IGST.

Input GST: Tax on inward supply.

Output GST: Tax on outward supply.

ITC: Eligible input GST credit against output liability.

Textbook rates: 5%, 12%, 18%, 28%, 3%, 0.25%.

EXAM IMPORTANT

Ultra-short memory: Same State = split GST. Different State = IGST.

Master Revision Sheet

Topic	Must Remember
GST Start in Textbook	1 July 2017
Nature	Indirect tax on supply
Intra-State	CGST + SGST / UTGST
Inter-State	IGST
Input GST	GST on inward supply
Output GST	GST on outward supply
ITC	Eligible input credit set off against output liability
Textbook Rates	5%, 12%, 18%, 28%, 3%, 0.25%
Main Benefit	Reduces cascading / common framework

CHAPTER 3 COMPLETE

Introduction to Goods and Services Tax

SMIT SIR'S FINAL MESSAGE

Accounts becomes easy when every entry is understood as a logical financial effect, not a memorised format. First understand the transaction, then apply the rule.

Concept Enrichment Sources Consulted:
GSEB Std. 11 Elements of Accounts Chapter 3 (primary exam source)
CBIC - Know About GST / Input Tax Credit

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