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Academic Education ICSE › Class 10 › Mathematics

GST

Understanding GST: A Key to Smart Shopping!

DEFINITION

> Goods and Services Tax (GST) is a single tax on the supply of goods and services. It simplifies the tax structure by merging multiple taxes into one.

KEY CONCEPTS

GST Rate

GST is applied at different rates depending on the type of goods or services.

Input Tax Credit

Businesses can claim credit for the tax paid on purchases, reducing their overall tax liability.

Types of GST

There are three types: CGST, SGST, and IGST, each applicable in different scenarios.

GST Calculation

GST is calculated on the selling price of goods/services, usually expressed as a percentage.

Exemptions

Certain goods and services are exempt from GST, meaning no tax is charged.

EXAMPLES

→ A smartphone priced at ₹20,000 with a 18% GST will cost ₹23,600.

→ Buying a book for ₹500 with 5% GST results in a total of ₹525.

→ A restaurant bill of ₹1,000 with 10% GST totals ₹1,100.

MEMORY TIPS

★ Remember 'GST' as 'Goods and Services Tax' to link it with what it covers.

★ Use the phrase 'Input Credit' to recall that businesses can reduce their tax by claiming credits.

★ Think of 'CGST' as 'Central' and 'SGST' as 'State' to remember their jurisdictions.

COMMON MISTAKES

✗ Confusing CGST and SGST rates when calculating total GST.

✗ Forgetting to apply GST on services as well as goods.

✗ Neglecting to claim Input Tax Credit when eligible.

QUICK RECAP

GST simplifies taxation by merging various taxes into one. Remember the different types and how to calculate it based on selling price. Don't forget to check for exemptions and input credits!