

## Solved Answers – Accounting of GST

(Class 11 | Exam-Oriented | Step-by-Step)

### ◆ A. Very Basic Answers (1–2 Marks)

#### Q1. Define GST.

**Answer:**

GST (Goods and Services Tax) is an indirect tax levied on the supply of goods and services and collected by the Government.

#### Q2. What is Output Tax?

**Answer:**

Output Tax is the GST charged by a registered seller on the sale of goods or services to customers.

#### Q3. What is Input Tax Credit (ITC)?

**Answer:**

Input Tax Credit is the credit of GST paid on purchases, which can be adjusted against GST payable on sales.

#### Q4. What is HSN Code?

**Answer:**

HSN (Harmonised System of Nomenclature) is a code used for classification of goods under GST.

#### Q5. Is GST collected treated as income?

**Answer:**

No. GST collected is a liability payable to the Government and not income of the business.

### ◆ B. Concept Application (3–4 Marks)

#### Q7. Distinguish between Input Tax and Output Tax.

Basis	Input Tax	Output Tax
Meaning	GST paid on purchases	GST collected on sales
Nature	Recoverable	Payable
Example	GST paid to supplier	GST charged to customer

**Q8. Explain Input Tax Credit with example.**

**Answer:**

Input Tax Credit allows a registered dealer to deduct GST paid on purchases from GST collected on sales.

**Example:**

GST on purchases = ₹5,000

GST on sales = ₹8,000

GST payable = ₹8,000 – ₹5,000 = ₹3,000

◆ **C. Numerical-Based Questions (Step-by-Step)**

**Q11.**

Purchased goods ₹40,000 @18% GST

Sold goods ₹60,000 @18% GST

**Step 1: Input Tax**

₹40,000 × 18% = ₹7,200

**Step 2: Output Tax**

₹60,000 × 18% = ₹10,800

**Step 3: GST Payable**

₹10,800 – ₹7,200 = **₹3,600**

✓ **Answer:** GST payable = ₹3,600

**Q12.**

GST paid = ₹7,200

GST collected = ₹10,800

GST payable = ₹10,800 – ₹7,200 = **₹3,600**

**Q13.**

Particulars	Amount (₹)
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Input GST	12,500
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Output GST	9,800
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**Calculation:**

Refund = ₹12,500 – ₹9,800 = **₹2,700**

✓ GST refundable = ₹2,700

◆ **D. Journal Entry Based (Most Important)**

**Q14. Journal Entries**

**(1) Purchase of goods ₹50,000 + GST @18%**

Purchases A/c.....Dr 50,000

Input GST A/c.....Dr 9,000

To Cash / Creditors A/c 59,000

**(2) Sale of goods ₹80,000 + GST @18%**

Cash / Debtors A/c....Dr 94,400

To Sales A/c 80,000

To Output GST A/c 14,400

**(3) Adjustment of ITC**

Output GST A/c.....Dr 9,000

To Input GST A/c 9,000

◆ **E. Case-Based Question (Exam Favourite)**

**Q16. Ravi Traders**

**Purchase:** ₹1,00,000 @12%

Input Tax = ₹12,000

**Sale:** ₹1,40,000 @12%

Output Tax = ₹16,800

**GST Payable:**

₹16,800 – ₹12,000 = **₹4,800**

**Explanation:**

GST is a liability and not an expense because it is payable to the Government after ITC adjustment.

◆ **F. Assertion–Reason**

**Q17.**

✓ Both Assertion and Reason are true

✓ Reason correctly explains Assertion

**Correct Option: A**

◆ **G. True / False (With Reason)**

**Q18. GST paid on purchases is always an expense.**

**False.**

Because GST paid can be claimed as Input Tax Credit.

**Q19. Seller decides GST rate.**

**False.**

GST rates are decided by the Government.

**Q20. ITC without registration is allowed.**

**False.**

Only registered taxpayers can claim ITC.

◆ **H. HOTS Question (6 Marks)**

**Q21. Complete GST Cycle (Answer Outline)**

1. Purchase of goods → Input Tax paid
2. Sale of goods → Output Tax collected
3. Adjustment of ITC
4. Net GST paid to Government

**Example:**

Output GST = ₹20,000

Input GST = ₹12,000

GST payable = ₹8,000