

**BEFORE THE NATIONAL ANTI-PROFITEERING AUTHORITY UNDER
THE CENTRAL GOODS & SERVICES TAX ACT, 2017**

Case No. : 11/2019
Date of Institution : 12.11.2018
Date of Order : 11.02.2019

In the matter of:

1. Kerala State Screening Committee on Anti-profiteering.
2. Director General Anti-Profiteering, Central Board of Indirect Taxes & Customs, 2nd Floor, Bhai Vir Singh Sahitya Sadan, Bhai Vir Singh Marg, Gole Market, New Delhi-110001.


Applicants

Versus

M/s Sudarsans, Sudarsan Building, Wadakkanchery Road,
Kunnamkulam, Kerala-680503.

Respondent

Quorum:-

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1. Sh. B. N. Sharma, Chairman
 2. Sh. J. C. Chauhan, Technical Member
 3. Ms. R. Bhagyadevi, Technical Member

Present:-

1. None for the Applicant No. 1.
2. Sh. Anwar Ali T. P., Additional Commissioner, DG Anti-Profiteering for the Applicant No. 2.

Order

1. The present report dated 08.11.2018 has been received from the Directorate General of Anti-Profiteering (DGAP) after detailed investigation under Rule 129 (6) of the Central Goods & Services Tax (CGST) Rules, 2017. The brief facts of the case are that the Kerala State Screening Committee on Anti-profiteering, vide the minutes of its meeting held on 08.05.2018 had referred the present case to the Standing Committee on Anti-profiteering, alleging profiteering by the Respondent on the supply of "Socks" (Jockey Socks 7052 FS ASSTD) by not passing on the benefit of reduction in the rate of tax at the time of implementation of the GST w.e.f. 01.07.2017. Thus it was alleged that the Respondent had indulged in profiteering in contravention of the provisions of Section 171 of Central Goods and Service Tax Act, 2017. In this regard, the Kerala State Screening Committee has relied on two invoices issued by the Respondent, one invoice No. 19 dated 01.04.2017 (Pre-GST) and the other invoice No. GB 1608 dated 09.10.2017 (Post-GST).
2. The above application was examined by the Standing Committee on Anti-Profiteering and was referred to the DGAP vide minutes of its

meeting dated 02.07.2018 for detailed investigations under Rule 129 (1) of the CGST Rules, 2017.

3. The DGAP has stated in his report dated 08.11.2018 that the "Socks" (Jockey Socks 7052 FS ASSTD) were exempted from Central Excise Duty, vide Notification No. 30/2004-CE dated 09.07.2004 and attracted only VAT @ 5%. After implementation of the GST w.e.f. 01.07.2017, the tax rate of the above product was fixed @ 5%. The pre-GST & the post-GST sale invoice-wise details of the applicable tax rate and the base prices (excluding VAT or GST) of the said product supplied by the Respondent are mentioned in the table below:-

Table

Sr. No.	Description of the product supplied	Pre-GST (Invoice No. 19 dt. 01.04.2017)				Post-GST (Invoice No. GB 1608 dt 09.10.2017)			
		Base Price (Rs.)	Tax Rate	Tax Amount (Rs.)	Total Selling Price (Rs.)	Base Price (Rs.)	GST Rate	GST Amount (Rs.)	Total Selling Price (Rs.)
1	Socks (Jockey Socks 7052 FS ASSTD)	94.29	5%	4.71	99	94.29	5%	4.72	99.01
		Tax Pre-GST (%)		5%	Tax Post-GST (%)		5%		

4. The DGAP has submitted in his report that the rate of tax on the product remained same in the pre-GST and the post- GST era. Moreover, the pre-GST and post-GST base prices (excluding tax) had remained the same. Therefore, the provisions of Section 171 of the CGST Act, 2017 have not been contravened and the allegation of profiteering by the Respondent was not established.
5. The above Report was considered by the Authority in its meeting held on 13.11.2018 and it was decided that since there was no complainant/other applicant in this case, the Kerala Screening

Committee be asked to appear before the Authority. Kerala Screening Committee was given three opportunities to plead the case on 28.11.2018, 08.01.2019 and 28.01.2019 but none appeared on the stipulated dates.

6. The Applicant No. 1 i.e. Kerala Screening Committee, Kerala vide its letter dtd. 25.01.2019 has observed that there is an increase of Rs. 10.48 in the sales value of M/s Sudarsans during the post GST sale which as per Kerala Screening Committee is an instance of profiteering.
7. We have carefully considered the Report of the DGAP and the documents placed on record and find that the only issue that needs to be dwelled upon is as to whether there was a case of reduction in the rate of tax and whether the provisions of section 171 of CGST Act, 2017 are attracted in the case.
8. Perusal of Section 171 of the CGST Act shows that it provides as under:-
 - (1). "Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices."
9. It is clear from the perusal of the facts of the case that there was no reduction in the rate of tax on the above product w.e.f. 01.07.2017 and hence we find that the anti-profiteering provisions contained in Section 171 (1) of the CGST Act, 2017 are not attracted and therefore we do not find any merit in the application filed by the above Applicants and accordingly, the same is dismissed.

10. A copy of this order be sent to both the Applicants and the Respondent free of cost. File of the case be consigned after completion.

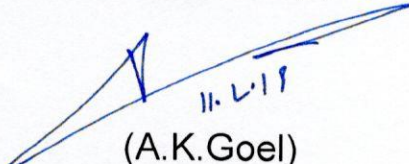


Sd/-
(B. N. Sharma)
Chairman

Sd/-
(J. C. Chauhan)
Technical Member

Sd/-
(R. Bhagyadevi)
Technical Member

Certified copy


(A.K. Goel)
Secretary NAA

F. No. 22011/NAA/126/Sudarsans-Socks/2018/1829-33

Date: 11.02.2019

Copy To:-

1. M/s Sudarsans, Sudarsan Building, Wadakkanchery Road, Kunnakulam, Kerala-680503.
2. Commissioner, State GST Department, 9th Flr., Tax Tower, Killipalam, Karamana Post, Thiruvananthapuram, Kerala- 695 002.
3. Director General Anti-Profitteering, Central Board of Indirect Taxes & Customs, 2nd Floor, Bhai Vir Singh Sahitya Sadan, Bhai Vir Singh Marg, Gole Market, New Delhi-110001.
4. NAA Website.
5. Guard File.