

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

Case No.	89/2020
Date of Institution	23.07.2018
Date of Order	11.12.2020

In the matter of:

1. Miss. Neeru Varshney, R/o Flat No. 312, Sector-17A, Vasundhra, Ghaziabad, Uttar Pradesh-201012.
2. Director General of 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 Lifestyle International Pvt. Ltd., Mahagun Metro Mall Plot No. VC3, Sector 3, Vaishali, Ghaziabad, Uttar Pradesh-201010.

Respondent

Quorum:-

1. Dr. B. N. Sharma, Chairman
2. Sh. J. C. Chauhan, Technical Member
3. Sh. Amand Shah, Technical Member

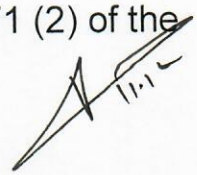


Present:-

1. None for the Applicants
2. None for the Respondent.

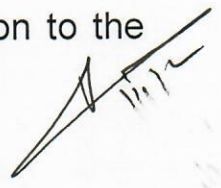
ORDER

1. The brief facts of the present case are that the Applicant No. 2 (here-in-after referred to as the DGAP) vide his Report dated 02.04.2018, furnished to this Authority under Rule 129 (6) of the Central Goods & Services Tax (CGST) Rules, 2017, had submitted that he had conducted an investigation on the complaint of the Applicant No. 1 and found that the Respondent had not passed on the benefit of rate reduction to the above Applicant as well as other customers as per the provisions of Section 171 (1) of the CGST Act, 2017. Vide his above Report the DGAP had also submitted that the Respondent had denied the benefit of rate reduction to the customers amounting to Rs. 15,861/-, pertaining to the period w.e.f. 15.11.2017 to 31.01.2018 and he had thus indulged in profiteering and violation of the provisions of Section 171 (1) of the above Act.
2. This Authority after careful consideration of the Report dated 02.04.2018 had issued notice to the Respondent to show cause why the Report furnished by the DGAP should not be accepted and his liability for violation of the provisions of Section 171 (1) should not be fixed. After hearing both the parties at length this Authority vide its Order No. 08/2018 dated 25.09.2018 had determined the profiteered amount as Rs. 15,861/- as per the provisions of Section 171 (2) of the



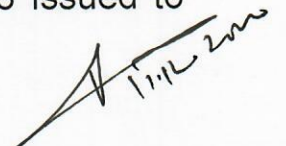
above Act read with Rule 133 (1) of the CGST Rules, 2017 pertaining to the period from 15.11.2017 to 31.01.2018 and had also held the Respondent in violation of the provisions of Section 171 (1).

3. It was also held that the Respondent had not passed on the benefit of rate reduction to the customers between the period from 15.11.2017 to 31.01.2018 and has issued incorrect or false invoices and therefore, he had apparently committed an offence under Section 122 (1) (i) of the CGST Act, 2017 and hence, he was liable for imposition of penalty under the provisions of the above Section.
4. The Respondent was issued notice dated 01.10.2018 asking him to explain why the penalty mentioned in Section 122 of the CGST Act, 2017 read with Rule 133 (3) (d) of the CGST Rules, 2017 should not be imposed on him.
5. The Respondent vide his submissions dated 24.10.2018 and 19.12.2018 has stated that the penal provisions under Section 122 of the Act read with Rule 133 (3) (d) of the CGST Rules, 2017 should not be invoked and penalty should not be imposed on him as he had cooperated fully with the DGAP and always acted in a bonafide manner and passed on the benefit of reduced GST. He has inter-alia made a number of submissions for non-imposition of penalty. The main submission he has made is that penalty should only be imposed when there was mensrea and deliberate attempt to violate the provisions of law.
6. We have carefully considered the submissions of the Respondent and all the material placed before us and it has been revealed that the Respondent has not passed on the benefit of rate reduction to the



above Applicant as well as other customers who had purchased various items from him during the period from 15.11.2017 to 31.01.2018 and hence, the Respondent has violated the provisions of Section 171 (1) of the CGST Act, 2017.

7. It is also revealed from the perusal of the CGST Act and the Rules framed under it that no penalty had been prescribed for violation of the provisions of Section 171 (1) of the above Act, therefore, the Respondent was issued show cause notice to state why penalty should not be imposed on him for violation of the above provisions as per Section 122 (1) (i) of the above Act as he had apparently issued incorrect or false invoices while charging excess consideration and GST from the buyers. However, from the perusal of Section 122 (1) (i) it is clear that the violation of the provisions of Section 171 (1) was not covered under it as it does not provide penalty for not passing on the benefit of rate reduction and hence the above penalty cannot be imposed for violation of the anti-profiteering provisions made under Section 171 of the above Act.
8. It is further revealed that vide Section 112 of the Finance Act, 2019 specific penalty provisions have been added for violation of the provisions of Section 171 (1) which have come in to force w.e.f. 01.01.2020, by inserting Section 171 (3A).
9. Since, no penalty provisions were in existence between the period w.e.f. 15.11.2017 to 31.01.2018 when the Respondent had violated the provisions of Section 171 (1), the penalty prescribed under Section 171 (3A) cannot be imposed on the Respondent retrospectively. Accordingly, the notice dated 01.10.2018 issued to



the Respondent for imposition of penalty under Section 122 (1) (i) is hereby withdrawn and the present penalty proceedings launched against him are accordingly dropped.

10. Copy of this order be supplied to both the parties. File be consigned after completion.

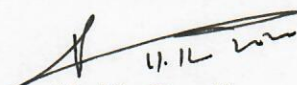
Sd/-
(Dr. B. N. Sharma)
Chairman



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

Sd/-
(Amand Shah)
Technical Member

Certified copy


(A.K. Goel)
Secretary, NAA

F.No. 22011/NAA/15/2018 | 6484 - 6485

Dated: 11.12.2020

Copy to:-

1. M/s. Lifestyle International Pvt. Ltd. Mahagun Metro Mall, Plot No.VC3, Sector 3, Vaishali, Gaziabad, Uttar Pradesh-201010.
2. Ms.Neeru Varshney, R/o Flat No. 312, Sector-17A, Vasundhra, Ghaziabad, Uttar Pradesh-201012.
3. Directorate General of Anti-Profiteering, 2nd Floor, Bhai Vir Singh Sahitya Sadan, Bhai Vir Singh Marg, New Delhi-110001.
4. Guard File/ NAA Website.





A. K. GOEL
SECRETARY, NAA