

## NATIONAL ANTI-PROFITEERING AUTHORITY TO HAVE THE POWER

# Cos may Lose Licence If They Fail to Pass on GST Benefits

New rules allow 5-member body to slap penalty or even cancel registration under Central GST Act

### For Benefit of All

Govt notified rules on Tuesday allowing for a National Anti-Profitteering Authority



#### ITS POWERS

**FORCE REDUCTION** in prices to the extent of lower taxes

Impose penaltyCancel

Registration under Central GST Act

**ITS HEAD:** Secretary-level officer

**ITS SCOPE:** It is seen as transitory body for two years unless GST Council extends its tenure



**ITS APPOINTMENTS:** Chairman & members to be appointed by central govt on recommendations of selection committee constituted by GST Council

**ITS PAY STRUCTURE:** Chairman to get ₹2.25 lakh + allowances a month

► Technical members to get ₹2,05,400



### Our Bureau

**New Delhi:** Any business entity that fails to pass on benefits from lower taxes under the goods and services tax (GST) to consumers faces penalties and cancellation of licence under new anti-profitteering rules.

The rules notified on Tuesday allow for a five-member National Anti-Profitteering Authority that would be empowered to force reduction in prices to the extent of lower taxes, and impose penalty or even cancel registration under the Central GST Act, effectively stopping an entity from doing business.

A secretary-level officer in the government will head the authority that will have powers to force a business to return any undue profit earned by not passing the benefit of lower taxes to consumers along with 18% interest.

The authority is seen as transitory body for two years unless the GST Council extends its tenure. Besides, as a safeguard, it will not be able to take any of these steps suo motu or on its own under the Anti-Profitteering Rules 2017.

The authority will itself decide the methodology and procedure for determining if tax be-

nefits have been passed on to consumers by way of reduction in prices. There will be a national-level standing committee on anti-profitteering constituted to look into all complaints that have to be made in writing.

Separately, each state will constitute a screening committee to examine local issues. A two-month limit is set for preliminary examination of complaint. Screening committees will send their findings to the standing committee.

If a prima-facie case is made out, then same would be referred to the director general of safeguards for a proper investigation.

The director general would submit its report to the authority within three months.

"The authority shall, within a period of three months from the date of receipt of the report from the director general of safeguards, determine whether a registered person has passed on the benefit of reduction in rate of tax on the supply of goods or services or the benefit of input tax credit to the recipient by way of commensurate reduction in prices," the rules said.

The authority would reach a decision by a majority.

All entities would be bound by orders passed by the authority and failure would result in action to recover the amount in accordance with the GST law.

The chairman and members of the authority would be appointed by the central government on recommendations of a selection committee constituted by the GST Council.

The chairman would be paid a monthly salary of ₹2.25 lakh plus other allowances and benefits as are admissible to a central government officer holding post carrying the same pay.

Technical members shall be paid a monthly salary of ₹2,05,400.

Suresh Nandlal Rohira, partner at Grant Thornton India, said that the rules "look like a double-edged sword".

"Accordingly, while it's important that any legitimate reduction is passed on to the consumer; however, the industry would now look at the receptivity of the department wherein it could justify that there is indeed no significant reduction to be passed on," he said.



# New Tax Regime's Unlikely to be Charitable Towards Clubs, NGOs

input credit would not be availab