

Profiteering could cost firms GST registration

Companies found guilty of profiteering will also have to pay 18% interest on the quantum of GST rebate not passed on to consumers

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At a meeting chaired by cabinet secretary P.K. Sinha, secretaries of 30 ministries reviewed the readiness of 167 state-owned enterprises for the tax reform. Photo: HT

The central government on Tuesday notified anti-profiteering rules to ensure that businesses pass on the benefit of reduced indirect tax to customers once the proposed goods and services tax (GST) comes into force on 1 July.

The rules provide for setting up a five-member anti-profiteering authority chaired by a secretary-level official, which will refer suspected cases of profiteering to the director-general of safeguards for detailed investigation.

The rules released by the Central Board of Excise and Customs (CBEC) state that the authority will have the power to order a supplier of goods or services to cut prices or return to a buyer an amount equal to the tax not passed on as warranted by the reduced tax burden under the GST regime.

Those found guilty of profiteering will also have to pay 18% interest on the quantum of tax rebate that was not passed on to consumers.

If the customer does not make a claim for passing on the benefit of reduced tax burden, the authority can recover it from the supplier, impose a penalty and cancel his registration.

On Tuesday, the government notified sections in the GST Act dealing with mandatory registration of current indirect taxpayers. It also notified rules relating to the

composition scheme—meant to reduce the compliance burden of small businesses and restaurants. The six notifications relating to central GST and two relating to integrated GST (which deals with the inter-state supply of goods and services) will come into force from Thursday.

The government also reviewed the preparedness of all ministries as well as public sector companies for the 1 July rollout of the tax.

At a meeting chaired by cabinet secretary P.K. Sinha on Tuesday, secretaries of 30 Union ministries reviewed the readiness of about 167 state-owned enterprises for the tax reform, an official statement said.

Sinha directed his colleagues to leave no stone unturned for the effective and smooth implementation of GST, the statement added.

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