

Caroa Properties not guilty of Profiteering, rules NAA

Fact of the Case

- The Profiteering watchdog directed the DGAP under rule 133(5) of the Central Goods and Services Tax Rules, 2017 to conduct investigation to find out whether the Respondent had availed the benefit of Input Tax Credit (ITC) which was required to be passed on to the eligible recipients as per the provisions of section 171(1) of the Central Goods & Service Tax (CGST) Act, 2017 in respect of two others projects namely “Golf meadows Godrej City Phase II” and “EWS”.
- The DGAP reported that no profiteering was found in the case of the projects investigated in the instant investigation and therefore, Section 171(1) of the Central Goods and Services Tax Act, 2017 was not attracted against “Caroa Properties LLP” in the present case as all the events like the launch of projects, bookings and allotment of the flats had happened in the post GST era.

Decision of the Case

- The NAA noted that the Respondent had launched the subject projects in the post-GST regime and there was not any demand raised by the Respondent in the pre-GST regime. The registration and approval of the project and receipt of the payments had taken place in the post-GST regime and hence, there was no pre-GST tax rate or ITC which could be compared with the post-GST tax rate and ITC.
- On this basis, the DGAP has reported that the Respondent had neither benefited from additional ITC nor had there been a reduction in the tax rate in the post-GST period and therefore it did not qualify to be a case of profiteering. Therefore, the NAA held that the respondent has not contravened the provisions of Section 171 of the CGST Act 2017.

The National Anti-Profiteering (NAA) while agreeing to the DGAP’s report held that the respondent, Caroa Properties LLP is not guilty of profiteering.