

NAA finds McDonald's franchisee Hardcastle Restaurants Guilty of Profiteering

Hardcastle Restaurants vs. The National Anti-Profiteering Authority

Fact of the Case

- The applicant filed the Complaints against the restaurant accusing it of keeping the prices of the products the same despite a reduction in the GST rate from 18% to 5% with effect from 15 November, 2017.
- The Directorate General of Anti-Profiteering (DGAP) in the course of investigation has found that the restaurant has not passed over Rs 7.49 crore worth benefit due to reduction in the rate of tax as also the benefit of input tax credit (ITC) availed by the restaurant.

Decision of the Case

- The Authority headed by the Chairman, B.N. Sharma held that Hardcastle Restaurants had resorted to profiteering by charging more price.
- The NAA asked Hardcastle Restaurants to reduce the prices by way of commensurate reduction, keeping in view the reduced rate of tax and the benefit of ITC which has been availed and deposit 50% of the profiteered amount in the Consumer welfare fund.