




ANTI PROFITEERING



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Agenda



Introduction to Anti-Profiteering

01



Input Tax Credit

02



Provsiiions

03



Case Laws

04



Action Plan

05



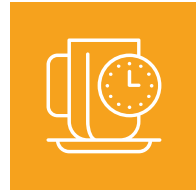
Q & A

06

Introduction



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Is it a new provision for us?



The West Bengal Anti-profiteering Act, 1958



Any dealer who makes profiteering by way of selling the notified goods at a higher price can be punished with rigorous imprisonment up to two years or fine or both.

There is also a provision in this act which prosecutes the buyers also.

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Introduction – Benefits of GST

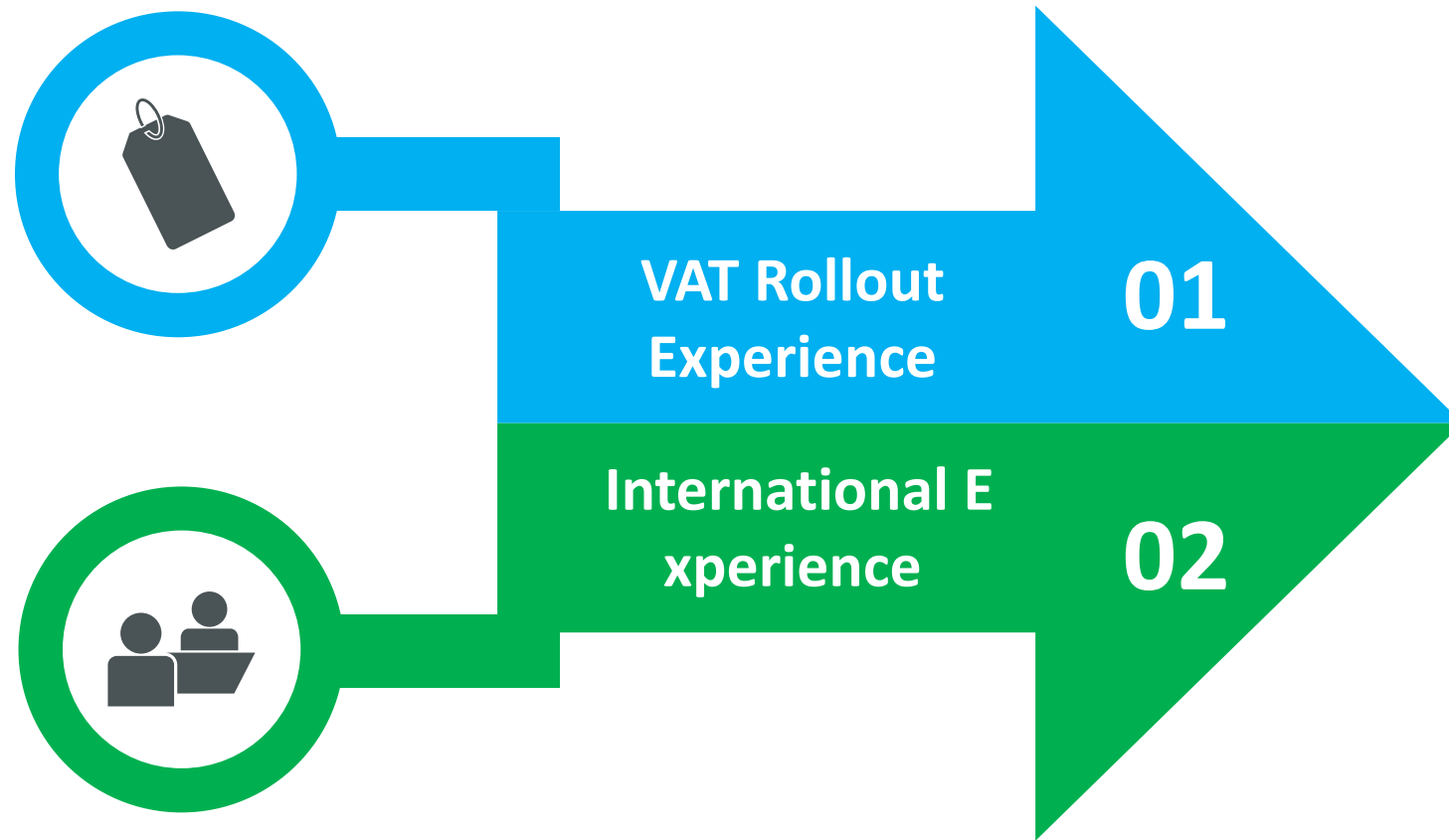


Seamless input tax credit across the supply chain cycle

No reversal of input tax in case of interstate transfers or sale of goods

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Introduction – Why?



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Introduction

**Net Profit
Method**

Competition and Consumer
Act 2010

**Unit
Method**



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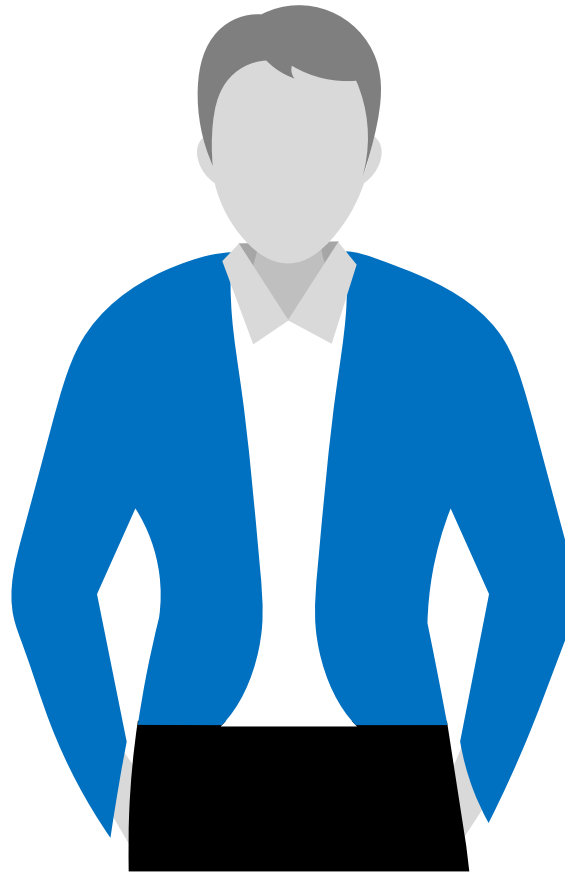
Introduction

Australian Model

- Transparency
- Price escalation is factored in upto 10%
- Dural MRP Pricing – Pre GST and Post GST & display
- Survey of product pricing carried out at regular intervals

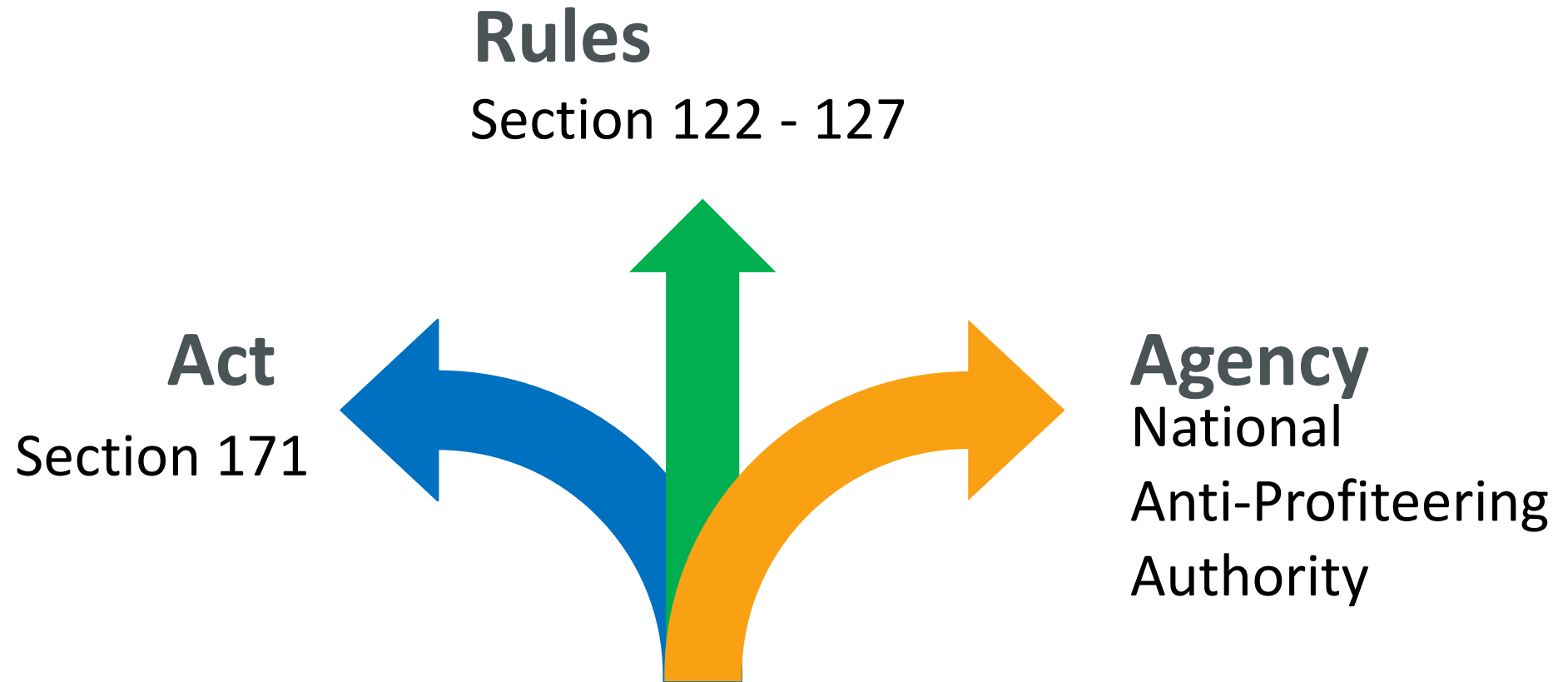
Malaysian Model

- Profit percentage was expected to be declared prior to rollout of GST



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Provisions



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Provisions

Sec 171. (1) Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.

(2) The Central Government may, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

(3) The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.

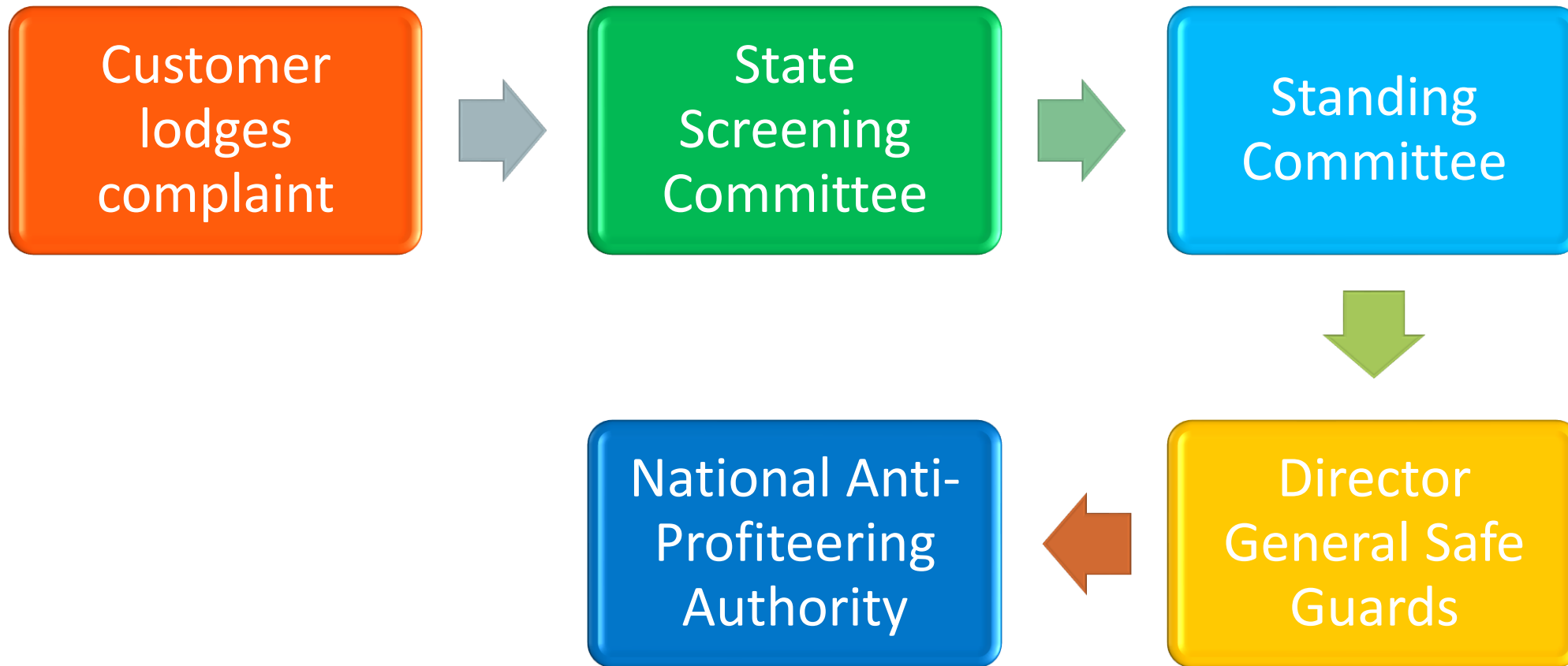
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Manufacturer to Retailer			Retailer to End Consumer		
Particulars	Pre GST	Post GST	Particulars	Pre GST	Post GST
Raw Materials	10,000.00	10,000.00	Cost before taxes	12,150.00	12,000.00
Tax - Central Tax @ 12.5%	1,250.00		Tax - Central Excise @ 12.5%	1,518.75	
Tax - Value Added Tax @ 14.5%	1,631.25		Tax - Value Added Tax @ 14.5%	1,981.97	
Tax - CGST @ 9%		900.00	Tax - CGST @ 9%		1,080.00
Tax - SGST @ 9%		900.00	Tax - SGST @ 9%		1,080.00
Cost of pruchases	12,881.25	11,800.00	Total cost with taxes	15,650.72	14,160.00
Value Addition	1,000.00	1,000.00	Value Addition	1,000.00	1,000.00
Tax - Service Tax @ 15%	150.00		Tax - Service Tax @ 15%	150.00	
Tax - CGST @ 18%		90.00	Tax - CGST @ 18%		90.00
Tax - SGST @ 18%		90.00	Tax - SGST @ 18%		90.00
Total Cost	14,031.25	12,980.00	Total Cost	16,800.72	15,340.00
Profit	1,000.00	1,000.00	Profit	1,000.00	1,000.00
Selling price before taxes	15,031.25	13,980.00	Selling Price before Taxes	17,800.72	16,340.00
Less : Input tax Credit			Less : Input tax credit		
Tax - Central Tax @ 12.5%	1,250.00		Tax - Central Tax @ 12.5%		
Tax - Value Added Tax @ 14.5%	1,631.25		Tax - Value Added Tax @ 14.5%	1,981.97	
Tax - CGST @ 9%		900.00	Tax - CGST @ 9%		1,080.00
Tax - SGST @ 9%		900.00	Tax - SGST @ 9%		1,080.00
Tax - CGST @ 9% - Value Addition		90.00	Tax - CGST @ 9% - Value Addition		90.00
Tax - SGST @ 9% - Value Addition		90.00	Tax - SGST @ 9% - Value Addition		90.00
Total Input Tax Credit	2,881.25	1,980.00	Total Input Tax Credit	1,981.97	2,340.00
Selling price before taxes	12,150.00	12,000.00	Selling Price	15,818.75	14,000.00
Tax - Central Tax @ 12.5%	1,518.75		Tax - Central Tax @ 12.5%		
Tax - Value Added Tax @ 14.5%	1,981.97		Tax - Value Added Tax @ 14.5%	2,293.72	
Tax - CGST @ 9%		1,080.00	Tax - CGST @ 9%		1,260.00
Tax - SGST @ 9%		1,080.00	Tax - SGST @ 9%		1,260.00
Total Sales price with taxes	15,650.72	14,160.00	Final Price paid by consumer	18,112.47	16,520.00

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Provisions



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Provisions

Screening Committee

- State level
- One officer for the state and another officer for the center is deputed
- Written complaint received has to be verified and cleared within 2 months from the date of receipt of complaint

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Provisions

Standing Committee

- National Level
- Written complaint received has to be verified and cleared within 2 months from the date of receipt of complaint.
- Forward the same to Director General of Safeguards for investigation

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Provisions

Powers of National Anti-profiteering Authority

- Recommend for reduction of the prices
- Ask the registered taxpayer to return the execs amount charged with 18% interest
- Can impose penalty
- Can also cancel the registration of the taxpayer.
- If not feasible to pass on, it can recommend the amount to be transferred to the Consumer Welfare Fund

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Provisions



Copy of the balance sheet and the trail balance for the required periods

Copies of the GST Return along with the TRAN -1 if required

Soft copies and hard copies of the outward supplies invoices for the required period

Two sample copies of the invoices to the customers

Two sample copies of the purchase invoices from the suppliers

Price list pre GST and Post GST or pre tax rate reduction and post tax rate reduction

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Case Laws

Samsonite

Issue – Price of the Trolley not reduced after reduction of tax rates from 28% to 18%

Defense – No Revenue Loss

Quoted the case laws of M/s Abbott Health Care Pvt Ltd, M/s Hindustan Unilever & M/s Jubilant Foodworks Ltd
Article 14

Claim raised by NAA – Rs 25,73,82,482

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Case Laws

Paribar Estates Pvt Ltd

Issue – Input tax credit benefit not passed on to buyer of the flat

Defense – Input tax credit not availed prior to rollout of GST or post rollout of GST.

Submitted relevant documents

Order in favour of the Respondent

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Technology is the set of knowledge, skills, experience and techniques through which humans change, transform and use our environment in order to create tools, machines, products and services that meet our needs and desires. Etymologically the word comes from the Greek tekne (technical, art, skill) and logos (knowledge)

the practical application of knowledge especially in a particular area
a capability given by the practical application of knowledge
a manner of accomplishing a task especially using technical processes, methods, or knowledge
the specialized aspects of a particular field of endeavor

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Action Plan

1. Identify Additional ITC in GST

2. Re-Negotiate the contracts with venues

3. Re work on the costing

4. Follow dual pricing wherever possible

5. Additional Care in case goods falling under MRP

6. Pricing as part of Corporate Governance

7. Update stake holders across the supply chain

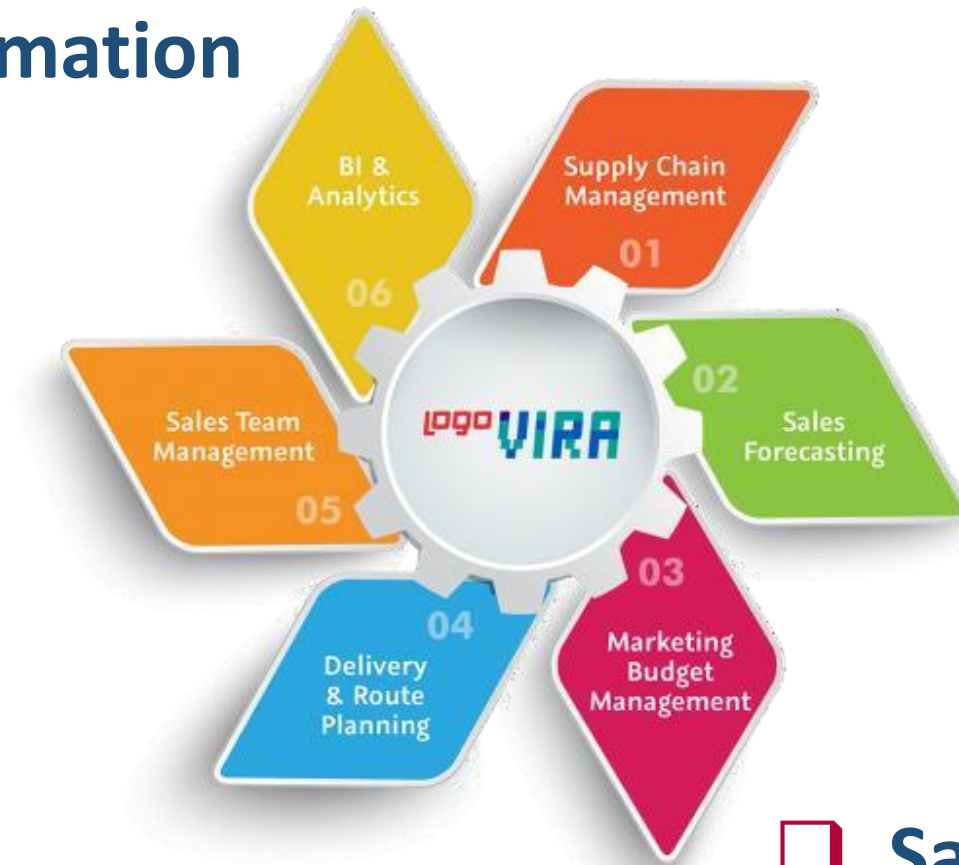
8. Determine the method for implementation

9. Working paper to be kept ready

10. Draw inputs from Cost Audit

OUR EFFORTS

☐ Distributors Automation



☐ Sales Force Automation

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