Anti-Profiteering Measure

What is the issue?

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The Central GST and State GST act has provisions to check profiteering.

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What are the provisions?

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- **Section 171 of the CGST/SGST Act -** It says that any reduction in tax rate on any supply of goods or services, or any benefit of 'input tax credit', must be passed on to the recipient by the registered person through a commensurate reduction in prices.
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- e.g If a trader is paying Rs 100 less in the new tax rate on a certain item, he has to compulsorily sell that item for Rs 100 cheaper, so the customer benefits proportionally.
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- Failure to do so would mean the trader is indulging in 'profiteering'.
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- Sec 171 also states that the central government would set up an five-member authority to check whether input tax credits are availed by a registered person.
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- The body would also check whether the reduction in tax rate, have been proportionally passed to the customers of those goods or services.
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- The authority will also have the power to impose a penalty, order a reduction in final prices and cancel the registration of any person or entity

that indulges in ‘profiteering’.
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Source: Indian Express

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