

National Anti-profiteering Authority (NAA) to be established under GST

The Union Cabinet on Thursday approved the creation of the posts of Chairman and Technical Members of the National Anti-profiteering Authority (NAA) under GST. This paves the way for immediate establishment of NAA, which will ensure that benefit of the reduction in prices under the GST regime reaches the consumers by way of reduction in prices.

The 'anti-profiteering' measures enshrined in the GST law provide an institutional mechanism to ensure that the full benefits of input tax credits and reduced GST rates on supply of goods or services flow to the consumers.

This institutional framework comprises the NAA, a Standing Committee, Screening Committees in every State and the Directorate General of Safeguards in the Central Board of Excise & Customs (CBEC). The NAA will be headed by a senior Secretary-level official of the Central government, with four technical members from either the Centre or the States.

Affected consumers who feel the benefit of commensurate reduction in prices is not being passed on when they purchase any goods or services may apply for relief to the Screening Committee in the particular State. However, in case the incident of profiteering relates to an item of mass impact with 'All India' ramification, the application may be directly made to the Standing Committee.

After forming a prima facie view that there is an element of profiteering, the Standing Committee shall refer the matter for detailed investigation to the Director General of Safeguards, CBEC, which shall report its findings to the NAA.

The five-member anti-profiteering authority will have power to ask those not passing on the tax benefit to return the undue profit earned to consumers along with interest and reduce prices. If the consumer is not identifiable, they will have to deposit the amount in a Consumer Welfare Fund. In grave cases of abuse, NAA can also impose a penalty and even cancel GST registration of the entity.

The authority has been entrusted to decide on the methodology to evaluate if the benefits of lower taxes under GST including those arising due to seamless input tax credit have been passed to the consumer or not.

The National Anti-Profiteering Authority is an assurance to consumers of India. If any consumer feels that the benefit of tax rate cut is not being passed on, then he can complain to the authority. Now, it is imperative that businesses evaluate GST

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impact on profitability to ensure that they don't fall on the wrong side of any anti-profiteering action taken by the authorities.

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