

**BEFORE THE NATIONAL ANTI-PROFITEERING AUTHORITY UNDER  
THE CENTRAL GOODS & SERVICES TAX ACT, 2017**

Case No. : 06/2019  
Date of Institution : 02.11.2018  
Date of Order : 31.01.2019

In the matter of:

1. Kerala State Screening Committee on Anti-profiteering.
2. Director General Anti-Profiteering, Central Board of Indirect Taxes & Customs, 2<sup>nd</sup> Floor, Bhai Vir Singh Sahitya Sadan, Bhai Vir Singh Marg, Gole Market, New Delhi-110001.

Applicants

Versus

1. M/s S.J Spices Ltd., Hill Produce Dealer, IX/341, D-4, Adimali, Kerala-685561

Respondent

Quorum:-

1. Sh. B. N. Sharma, Chairman
2. Sh. J. C. Chauhan, Technical Member
3. Ms. R. Bhagyadevi, Technical Member
4. Sh. Amand Shah, Technical Member

Present:-

1. None for the Applicant No. 1.
2. Sh. Anwar Ali T. P., Additional Commissioner, DG Anti-Profiteering for the Applicant No. 2.

**Order**

1. The present report dated 30.10.2018 has been received from the Directorate General of Anti-Profiteering (DGAP) after detailed investigation under Rule 129 (6) of the Central Goods & Services Tax (CGST) Rules, 2017. The brief facts of the case are that the Kerala State Screening Committee on Anti-profiteering, vide the minutes of its meeting held on 08.05.2018 had referred the present case to the Standing Committee on Anti-profiteering, alleging profiteering by the Respondent on the supply of "Black Pepper"(HSN code 09041140), by not passing on the benefit of reduction in the rate of tax at the time of implementation of the GST w.e.f. 01.07.2017. Thus it was alleged that the Respondent had indulged in profiteering in contravention of the provisions of Section 171 of Central Goods and Service Tax Act, 2017. In this regard, the Kerala State Screening Committee has relied on two invoices issued by the Respondent, one dated 21.06.2017 (Pre-GST) and the other dated 05.07.2017 (Post-GST).
2. The above application was examined by the Standing Committee on Anti-Profiteering and was referred to the DGAP vide minutes of its meeting dated 02.07.2018 for detailed investigations under Rule 129 (1) of the CGST Rules, 2017.

3. The DGAP has stated in his report dated 30.10.2018 that the invoice dated 21.06.2017 was issued by M/s S.J. Spices, while the post-GST invoice dated 05.07.2017 was issued by M/s Kerala Spices. Thus, a comparison of the two invoices is not possible. It is also stated that in the pre-GST era, the product "Black Pepper" attracted VAT@ 5% and there was no Central Excise Duty as per Central Excise Tariff Act, 1985. After implementation of the GST w.e.f. 01.07.2017, the tax rate of the above product was fixed 5%. The pre-GST & the post-GST sale invoice-wise details of the applicable tax rate and the base prices (excluding CST or GST) of the said products supplied by M/s S.J. Spices/ M/s Kerala Spices, are mentioned in the table below:-

**Table**

Description of the Product	Pre-GST invoices issued by M/s S.J. Spices dated 21.06.2017			Post-GST invoices issued by M/s Kerala Spices dated 05.07.2017		
	Base Price (Rs.)	Total Tax (Rs)	Total Price (Rs)	Base Price (Rs.)	GST (Rs)	Total Price (Rs)
Black Pepper	500/- per kg x 10000kg = Rs. 50,00,000/-	2,50,000/-	52,50,000/-	510/- per kg x 10000kg = Rs. 51,00,000/-	2,55,000/-	53,55,000/-
Total Pre- GST Tax (VAT)(%)		5%		Total Post GST Tax	5%	

4. The DGAP has submitted in his report that the rate of tax on the product remained same in pre and post- GST era. Therefore, the provisions of Section 171 of the CGST Act, 2017 have not been contravened and the allegation of profiteering by the Respondent was not established.

5. The above Report was considered by the Authority in it's meeting held on 13.11.2018 and it was decided that since there was no complainant/other applicant in this case, the Kerala Screening

Committee be asked to appear before the Authority. Kerala Screening Committee was given three opportunities to plead the case on 28.11.2018, 08.01.2019 and 28.01.2019 but none appeared on the stipulated dates.

6. The Applicant No. 1 i.e. Kerala Screening Committee vide its letter dated 25.01.2019 has observed that pepper was exempted from excise duty and there was no difference in tax rate between two periods.
7. We have carefully considered the Report of the DGAP and the documents placed on record and find that the only issue that needs to be dwelled upon is as to whether there was a case of reduction in the rate of tax and whether the provision of section 171 of CGST Act, 2017 are attracted in the case.
8. Perusal of Section 171 of the CGST Act shows that it provides as under:-
  - (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."
9. It is clear from the perusal of the facts of the case that there was no reduction in the rate of tax on the above product w.e.f. 01.07.2017 and hence we find that there is no contravention of the anti-profiteering provisions contained in Section 171 (1) of the CGST Act, 2017. Therefore we take the view that application filed by the

Applicants is not sustainable in terms of Section 171 of the CGST Act, 2017.

10. A copy of this order be sent to both the Applicants and the Respondent free of cost. File of the case be consigned after completion.

Sd/-  
(B. N. Sharma)  
Chairman

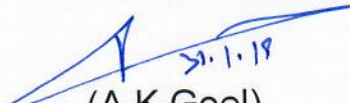
Sd/-  
(J. C. Chauhan)  
Technical Member

Sd/-  
(R. Bhagyadevi)  
Technical Member

Sd/-  
(Amand Shah)  
Technical Member



Certified copy

  
(A.K. Goel)  
Secretary NAA

F. No. 22011/NAA/106/S.J. Spices /2018 / 1721-25 Date: 31.01.2019  
Copy To:-

1. M/s S.J. Spices Ltd. Hill Produce Dealer, IX/341,D-4, Adimali, Kerala
2. The Commissioner, State GST Department, 9<sup>th</sup> Flr, Tax Tower, Killipalam, Karamana Post, Thiruvananthapuram, Kerala- 695 002.
3. Director General Anti-Profiteering, Central Board of Indirect Taxes & Customs, 2<sup>nd</sup> Floor, Bhai Vir Singh Sahitya Sadan, Bhai Vir Singh Marg, Gole Market, New Delhi-110001.
4. NAA Website.
5. Guard File.