Module 16 · Anti-profiteering P19 · topic 16

SM pp. 1064–1071. Not asked in the seven papers; Postal Q4(b) "duties of the Anti-profiteering Committee u/s 171(3)" (4 marks). Expected ~1.2 marks — an MCQ on who examines now (CCI → GSTAT), the cut-off date, the 10% penalty or the 18% interest.

S.171(1) · WHAT MUST BE PASSED ON

- Any **reduction in the rate of tax** or the **benefit of input tax credit** must reach the recipient by a **commensurate reduction in prices**. [SM 1064]

SM example	Before	GST	Pass on
Tour operator: 100 + 9% v 100 + 5%	109	105	4
Interior designer: output 25; ITC 15 v 15 + VAT 5 on material	net 10	net 5	5

[SM 1064–1065] · recomputed by m16_patterns.py

S.171(3) · FUNCTIONS (POSTAL Q4(b))

- (i) decide whether the price fall matched the rate cut / ITC benefit; (ii) identify the registered person who did not pass it on; (iii) order: **price reduction**; **return** of the amount with **18%** interest from collection to refund — to the **Consumer Welfare Fund** if the recipient is not identified or does not claim (half Central, half State fund); **penalty**; **cancellation** of registration. [SM 1066, SM 1070]
- **s.171(3A)** (from 1-8-2019): penalty = **ten per cent** of the profiteered amount — **none** if it is deposited within **thirty days** of the order. "Profiteered" = amount not passed on. [SM 1066]

WHO EXAMINES — THE SHIFTS (MCQ BAIT)

Period	Authority
Start	National Anti-Profiteering Authority — Chairman (Secretary rank) + four Technical Members; life 2 years, later 4 years (rule 137)
From 01.12.2022	**Competition Commission of India** (N. 23/2022-CT); NAA dissolved
From October 1, 2024	**GSTAT Principal Bench** (N. 18/2024-CT); "Authority" includes the Appellate Tribunal (FA 2024, from 27-9-2024)
From April 1, 2025	**no new applications** accepted (N. 19/2024-CT, sunset under the s.171(2) proviso)

[SM 1065–1067, SM 1070]

PROCEDURE AND TIME LIMITS (RULES 128–133)

Stage	Time
State Screening Committee (local issues) / Standing Committee examine the application	2 months + 1 month
DGAP investigation after reference	6 months (was 3) + up to 3 months
Authority / CCI decision after DGAP report	6 months (was 3)
Authority may direct DGAP to cover other goods / services	within 6 months — a fresh enquiry

[SM 1068–1070]

DGAP replaced the DG Safeguards from 12-7-2018; the Authority can summon persons u/s 70 like a civil court. [SM 1069–1070]

PROBLEMS BOX · ANTI-PROFITEERING

Format: benefit = (old tax − new tax) per unit or (extra ITC) → price must fall by that amount; amount not passed on × 18% p.a. from collection; penalty 10% unless paid within 30 days. **Our example**: profiteered ₹10,00,000 → penalty ₹1,00,000, or nil if deposited within 30 days of the order. **Practise**: Postal Q4(b) · SM 1064–1065 examples · ICMAI Practice Workbook: no problem on this module.

MEMORY HOOK

"NAA → CCI (Dec'22) → GSTAT (Oct'24) → closed to new cases (Apr'25)." Return with 18%, penalty 10%, escape by paying in 30 days.