

## Don't fall victim to GST profiteering

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### **Consumers are entitled to the benefits of GST rate reduction; make sure you know them**

Just one in three customers believe the GST rate-reduction benefits are reaching them, found a recent survey conducted by social engagement platform Local Circles on behalf of the National Anti-Profiteering Authority.

Here are some of the ways you can be duped under GST, and some remedies to counter them.

**1. Sellers not transferring benefit of lower tax liability:** Most of the profiteering cases so far have been based on complaints that the benefits of lower GST rates are not being transferred to consumers. Under GST, businesspersons should pass on to the final consumer any benefit accrued on GST reduction. GST rates have been revised several times since its implementation on July 1, 2017. The three big GST rate reductions happened in November 2017, July 2018 and January 2019. Tax reduction is available to consumers in two scenarios. One, when the post-GST rate is lower than the pre-GST rate; two, when the revised GST rate is lower than the initial GST rate. Besides this, you can also be duped if the seller does not pass on the benefit of higher input tax credit available to him under GST. Input tax credit is the amount of tax paid by the seller on his/her purchases which can be set off against the GST liability on sales.

**2. Charging GST on MRP:** Charging of GST on the MRP is also prevalent. The MRP is inclusive of all taxes, and no retailer or manufacturer can charge a customer more than the MRP of any product. Cases have been reported where customers were initially lured by discount/cashback offers on the MRP, only to be charged with the GST on the discounted amount. In such cases, make sure your net payment is not higher than the MRP. Sellers are required to show the break-up of the MRP, including product price, GST and other taxes, on the invoice.

**3. Composition dealers charging GST:** The composition scheme is an optional alternative method of tax levy under the GST regime applicable to micro, small and medium enterprises (MSMEs) whose taxable business turnover is not more than ₹1.5 crore. The applicable tax rates under the composition scheme are 1 per cent (0.5 per cent CGST and 0.5 per cent SGST) of the turnover in case of manufacturers and traders; 5 per cent in the case of restaurants (not serving alcohol); and 6 per cent for other service providers.

Composition dealers are entitled to pay lower GST. In lieu of this benefit, these dealers have to pay taxes from their own pocket without charging it to the customers. Such dealers should display the text, 'Composition taxable person; not eligible to collect tax on supplies,' on top of every bill they issue. They should also display 'Composition taxable person' on every notice board or signboard displayed.

If you buy from such sellers, avoid paying GST on such transactions. There have been reports of some taxpayers registered under the composition scheme, especially restaurants, collecting GST from customers, without intending to deposit it with the government.

**4. Taxes collected by unregistered sellers:** Taking advantage of the common man's lack of awareness on GST, certain sellers have been charging GST even if they are not registered under the law. A seller need not register under GST if his annual turnover is under ₹40 lakh.

One has to examine the invoice cautiously before making such payments. The GST invoice should contain the GST registration number of the seller and the break-up of the Central GST and the State GST.

The GST registration number is a 15-digit code which you can verify on the GST website.

## **Remedies**

If a seller of goods/services is not passing on the benefit of lower tax liability available to him to you, you can file a complaint on the CBIC (Central Board of Indirect Taxes and Customs) website, under the tab '[MyGST](#)'. If the authority determines that the benefit has not been

transferred to you, it may order the seller to refund the money equivalent to the amount of benefit not passed on and the interest on it.

Under other scenarios (points 2 to 4), you can register a complaint by contacting the GST helpdesk ([helpdesk@gst.gov.in](mailto:helpdesk@gst.gov.in)) or by tweeting at the Twitter handle, [@askGST\\_GoI](https://twitter.com/askGST_GoI). You can also post your complaint on Local Circle's online community—Connected Consumers—initiated by the Department of Consumer Affairs. Besides, you can also call the National Consumer Helpline—1800-11-4000.

You can also prevent such instances by making sure you are charged with the appropriate GST rate at the time of purchase itself. For this, you can cross check the rates on the official GST website.. Understanding a few key features of the GST such as the format of the invoice, the registration number and the liability of a composition dealer will also help you.

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