

National Anti-Profiteering Authority

July 4, 2019

Recently GST Council approved the extension of tenure of the **National Anti-Profiteering Authority by two years**

Background

The formation of NAA comes in the background of rate-reduction of a large number of items by GST Council in its 22nd meeting at Guwahati. At the meeting, the Council reduced rates of more than 200 items including goods and services. This has made a tremendous price reduction effect and the consumers will be benefited only if the traders are making a quick reduction of prices of respective items.

The Central Goods and Services Tax Rules, 2017 specify that the Authority will cease to exist two years after the date its Chairman takes charge unless the GST Council recommends otherwise.

About The National Anti-Profiteering Authority

- The National Anti-Profiteering Authority was established in November 2017 to **ensure that reductions in GST rates or benefits of the input tax credit are passed on to consumers by commensurate reductions in the prices of goods and services.**
- **Role of NAPA:** In case the Authority finds a violation of this provision by a taxpayer, it may order
 1. A refund of the excess amount charged.
 2. Reduction in prices
 3. The imposition of penalty, or
 4. Cancellation of GST registration of the taxpayer.

Vision and Mission of NAA

- The National Anti-profiteering Authority (NAA) is the institutional mechanism under GST law **to check the unfair profit-making activities by the trading community.**

Functions

- The Authority's **core function is to ensure that the benefits of the reduction in GST rates on goods and services made by GST Council and proportional change in the Input tax credit passed on to the ultimate consumers and recipient** respectively by way of reduction in the prices by the suppliers.
- The Authority's main function is to ensure that traders are not realizing an unfair profit by charging high price from consumers in the name of GST.
- Another function of NAA is to examine and check such profiteering activities and **recommend punitive actions including the cancellation of Registration.**

Composition

The chairman, NAA along with 4 Technical members and with help of the Standing Committee, Screening Committee in every state and the Directorate General of Safeguards in the Central Board of Excise & Customs (CBEC), will work together on the anti-profiteering front