

GSTAT (Delhi): Distributor Liable to Pass on Benefit of GST Rate Reduction – Cannot Shift Responsibility to Manufacturer

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REFER THE DECISION OF THE GSTAT (DELHI) IN THE CASE OF

DGAP vs. Raj & Co. Citation: (2025) 34 Centax 69 (Tri. - GST - Delhi)

Facts:

In *DGAP vs. Raj & Co.*, the Director General of Anti-Profiteering (DGAP) found that despite a reduction in GST rate, the distributor did not reduce the base price or MRP of the goods sold to consumers. The distributor contended that it had no control over pricing, as the manufacturer determined the MRP and price structure.

Hon'ble Tribunal's Judgment:

The GST Appellate Tribunal (Delhi) held that the distributor had sufficient control over pricing and possessed the discretion to reduce the base price or offer discounts corresponding to the GST rate reduction. The Tribunal ruled that the distributor cannot shift the responsibility to the manufacturer for passing on the benefit of tax reduction.

Accordingly, the Tribunal concluded that the distributor was guilty of profiteering under the anti-profiteering provisions for failing to pass on the benefit of the GST rate reduction to consumers.