

# GSTAT (Delhi): Subway Franchisee Guilty of Profiteering for Not Passing GST Rate Cut from 18% to 5%

## CA Prakash Chandra Jain

P.O. Brajrajnagar

Odisha- 768216

Cell: 94375-41690 / 70087-12242

Email: prakashchjain@yahoo.co.in



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

DGAP vs. Urban Essence (Subway Franchisee) Citation: (2025) 34 Centax 72 (Tri. - GST - Delhi)

### Facts:

In DGAP vs. Urban Essence (Subway Franchisee), the GST rate on restaurant services was reduced from 18% to 5% (without input tax credit) effective from 15.11.2017. Despite the rate reduction, the franchisee continued to charge the same prices from customers. The Director General of Anti-Profiteering (DGAP) found that the franchisee had not passed on the benefit of reduced tax to consumers and had thereby profiteered.

The franchisee failed to produce evidence showing any increase in base prices of products that could justify the same final price post rate reduction.

### Hon'ble Tribunal's Judgment:

The GST Appellate Tribunal (Delhi) upheld the DGAP's findings, holding that the franchisee was guilty of profiteering by not passing on the benefit of GST rate reduction from 18% to 5%. The Tribunal directed the franchisee to deposit the profiteered amount along with 18% interest into the Consumer Welfare Fund, as required under the law.

**// भगवान महावीर का संदेश //**

**"जीवो और जीने दो" — यही हो हमारा संकल्प।**

**🙏 जय जिनेन्द्र 🙏**