GSTAT

Single Bench Court No. Court III

NAPA/37/PB/2025

DGAP, DG ANTI PROFITEERING, DIRECTOR GENERAL OF ANTI-PROFITEERING ....**Appellant**

Versus

SANE RETAILS PVT. LTD. ....**Respondent**

Counsel for Appellant **Counsel for Respondent**

Hon'ble Sh. Anil Kumar Gupta, Member (Technical)

Form GST APL-04A

[See rules 113(1) & 115]

Summary of the order and demand after issue of order by the GST Appellate Tribunal

whether remand order : No

Order reference no. : ZA070010926000012H **Date of order :** 02/09/2026

1.	GSTIN/Temporary ID/UIN - 06AAXCS0974R1Z7	
2.	Appeal Case Reference no. - NAPA/37/PB/2025	Date - 31/03/2021
3.	Name of the appellant - DGAP , dgap.cbic@gov.in , 011-23741544	
4.	Name of the respondant - 1. Sane Retails Pvt. Ltd. , info@saneretails.in , 0172-4780633	

5.	Order appealed against -	
	(5.1) Order Type -	
	(5.2) Ref Number -	Date -
6.	Personal Hearing - 02/09/2026 20/08/2026 30/07/2026 02/07/2026 22/05/2026 29/04/2026 18/03/2026 25/09/2025	
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed	
8.	Order in brief - Respondent has failed to pass on the residual benefit amounting to Rs. 10,241/- to the eligible customer, and therefore, has consequently contravened the provisions of Section 171 of the CGST Act to that extent only. Respondent is directed to deposit the differential profiteered amount of Rs. 10,241/- (Rupees Ten Thousand Two Hundred and Forty-One Only) in the Central Consumer Welfare Fund, within a period of thirty days from the date of this Order	
Summary of Order		
9.	Type of order: Deposit in Consumer Welfare Fund/s	

Place :DELHI PB

Date : 02.09.2026

ORDER

1. The present proceedings arise from a complaint filed by Shri Rohit Kumar Agrawal, Uttar Pradesh, before the Standing Committee on Anti-Profiteering (hereinafter referred to as **"Applicant"**), alleging that M/s Sane Retails Pvt. Ltd. (hereinafter referred to as **"the Respondent"**) failed to pass on the benefit of reduction in the rate of Goods and Services Tax from 28% to 18% on the product "MI LED Television 4A 80 cm" with effect from 01.01.2019, as mandated under Notification No. 24/2018-Central Tax dated 31.12.2018.

2. The Standing Committee, vide its minutes dated 10.01.2020, received by the Director General of Anti-Profiteering (hereinafter referred to as **"the DGAP"**) on 24.01.2020, referred the matter to the DGAP for detailed investigation under Rule 129 of the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as **"the CGST Rules, 2017"**).

3. Accordingly, notice under Rule 129 of the Central Goods and Services Tax Rules, 2017 was issued by the DGAP to the Respondent on 29.01.2020, directing the Respondent to show cause as to why the Respondent should not be held liable for contravention of the provisions of Section 171 of the CGST Act, 2017, by allegedly failing to pass on the benefit of reduction in the rate of tax to the recipients by way of commensurate reduction in prices.

4. The Respondent submitted multiple replies during the period from 25.02.2020 to 25.03.2021, contending, inter alia, that it had duly complied with the provisions of Section 171 of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as **"the CGST Act, 2017"**) and had passed on the requisite benefit to the recipients.

5. Upon examination of the invoices and outward taxable supply details pertaining to the period from 01.11.2018 to 31.12.2018, being the pre-rate reduction period, and the period from 01.01.2019 to 31.12.2019, being the post-rate reduction period, the DGAP determined the profiteered amount at Rs. 7,79,947/-.

6. The DGAP submitted its final Investigation Report dated 30.03.2021 before the erstwhile National Anti-Profiteering Authority (hereinafter referred to as **"the NAA"**). Thereafter, upon cessation of the tenure of the NAA on 30.11.2022, the matter stood transferred to the Competition Commission of India and subsequently to the GST Appellate Tribunal (hereinafter referred to

as **"Tribunal"**) w.e.f. 01.10.2024, vide Notification No. 18/2024-Central Tax dated 30.09.2024.

7. This Tribunal vide its order dated 25.09.2025, directed the Respondent to demonstrate, along with supporting documents, that the profiteered amount had been refunded to the affected customers. In compliance thereof, the Respondent, on 19.11.2025, submitted screenshots of Electronic Gift Vouchers (hereinafter referred to as **"EGVs"**) purportedly issued to customers.

8. During the course of hearing held on 18.03.2026, the DGAP submitted that the screenshots alone were insufficient for verification in the absence of a corresponding excel sheet mapping each voucher to the relevant invoice and customer. Accordingly, this Tribunal directed the Respondent to file the excel sheet together with an explanation of the refund mechanism adopted.

9. Pursuant thereto, the Respondent filed an excel sheet mapping the action taken in respect of each customer order and screenshots corresponding to the serial numbers reflected in the said excel sheet to the DGAP.

10. Further, during the course of hearing held on 29.04.2026, this Tribunal directed the Respondent to file copies of the credit notes issued to customers. The Respondent complied with the said direction. Pursuant thereto, DGAP, upon examination of the aforesaid documents, filed a detailed clarification dated 21.05.2026 raising, inter alia, the following objections:

   10.1 The DGAP submitted that the EGVs were conditional, time-bound, and subject to restricted usage conditions. Further, the reason reflected in the screenshots was stated as "Offers and cash back," which, according to the DGAP, bore no nexus with the GST rate reduction.

10.2 The intent of the law is to ensure that the benefit of tax reduction or input tax credit is passed on to the recipients by way of commensurate reduction in prices or by direct monetary reimbursement. Electronic Gift Vouchers, being conditional, time-bound, and restricted in usage, do not ensure actual and unconditional Further, they relied upon *Reckitt Benckiser India Pvt. Ltd. v. Union of India*, (2024) 14 Centax 374 *(Delhi)*.

"131. *In the present instance, the legislative mandate is that reduction of the tax rate or the benefit of Input Tax Credit must not only be reflected in reduction of prices but it must also reach the recipient of the goods or services. Such a mandate cannot be tampered with by the supplier by substituting the benefit in the form of reduction of actual price with any other form such as increase in volume or weight or by supply of additional or free material or festival discount like 'Diwali Dhamaka' or cross- subsidisation.*

132. *Further, the requirement that the benefit of the rate reduction and Input Tax Credit reach the final consumer by way of 'cash in hand' through commensurate reduction in prices, cannot be said to be manifestly arbitrary. No fundamental or other rights of any of the petitioners are being affected in any manner by requiring that the benefit in reduction of tax rate or Input Tax Credits, be passed on to the recipients by way of commensurate reduction in prices."*

10.3 The Respondent issued Credit Notes amounting to Rs. 2,21,056/- to 174 customers who had either returned the subject goods or cancelled their orders. Since these transactions were cancelled and no supply actually took place, the Authority accepts these Credit Notes as they properly reflect the cancellation and the related tax adjustment. After deducting the value of these Credit Notes, the revised profiteering amount is Rs. 5,58,891/-.

11. In response thereto the Respondent has filed its reply dated 02.07.2026 and stated as under:

11.1 Respondent has submitted that no profiteering has been committed, as the benefit arising from the reduction in GST rate was duly passed on to the customers through credit notes and EGVs, and has challenged the re-determination of the profiteered amount at Rs. 5,58,891/-.

11.2 It has been contended that the EGVs are neither conditional nor time-bound and can be utilised by the customers without any restriction, thereby constituting a valid mode of passing on the benefit in compliance with Section 171 of the CGST Act, 2017.

11.3 The Respondent has further submitted that, following the reduction in GST rate from 28% to 18% w.e.f. 01.01.2019, the differential benefit was computed and credited to the eligible customers through credit notes or EGVs. It has also been contended that the description "Offers and cash back" is merely a system-generated nomenclature and does not affect the nature of the benefit transferred.

11.4 The Respondent has also submitted that out of the EGVs issued amounting to Rs. 5,48,650/-, EGVs worth Rs. 3,17,965/- have already been utilised by the customers, while the balance remains available in their e-wallets. It has been argued that the EGV credits are fully supported by transaction-wise records and, therefore, no profiteering has been committed. status of EGVs provided to the customers is below:

Particulars	No. of Orders	Profiteering Amount (Rs)
Total value of EGV already utilised by customers to purchase the products on the platform	291	3,17,965/-
Balance value of EGV pending to be utilised by the customers	197	2,30,685/-
Total EGVs issued	488	**5,48,650/-**

12. Pursuant thereto, this Tribunal, vide order dated 02.07.2026, directed the DGAP to file a clarification on the submissions made by the Respondent In compliance therewith, the DGAP filed its clarification dated 12.08.2026, wherein it inter alia stated as under:

12.1 The DGAP reiterated that the intent of the law is to ensure that the benefit of tax reduction or input tax credit is passed on to the recipients by way of commensurate reduction in prices or by direct monetary reimbursement. It was contended that EGVs do not constitute a valid or acceptable method for passing on the benefit to recipients, relying upon the observations of the Hon'ble Delhi High Court in the case of *M/s Reckitt Benckiser India Pvt. Ltd (Supra)*, particularly paragraphs 131 and 132, which emphasize the requirement for the benefit to reach the final consumer by way of 'cash in hand' through commensurate reduction in prices.

12.2 The DGAP further clarified that the period mentioned in paragraph 19 of the Investigation Report dated 30.03.2021 i.e., 01.01.2019 to 31.03.2019 was only a typographical error, and that the actual investigation period was from 01.01.2019 to 31.12.2019, as consistently reflected in the profiteering calculation annexed to the Investigation Report and the Supplementary Report dated 21.05.2026.

12.3 The DGAP accordingly stood by its Supplementary Report dated 21.05.2026, wherein the profiteering amount was revised to Rs. 5,58,891/- for the period from 01.01.2019 to 31.12.2019.

13. During the course of the hearing, this Tribunal required the Respondent to reconcile the aggregate value of EGVs issued, amounting to Rs. 5,48,650/-, against 488 customer orders, with the profiteered amount of Rs. 5,58,891/-, as determined in the DGAP's report and its clarification dated 12.08.2026.

14. Upon being called upon to explain the difference of Rs. 10,241/-, the Learned Advocate for the Respondent submitted that the said amount could not be traced to any identifiable customer or invoice. The Respondent accordingly offered to deposit the differential amount of Rs. 10,241/- in the Consumer Welfare Fund. The said submission was taken on record by the Tribunal vide its order dated 20.08.2026.

15. I have carefully examined the entire material on record, including the Investigation Report of the DGAP, the replies filed by the Respondent, the documents submitted in support of the EGVs and Credit Notes, and the clarifications filed by the DGAP. The following issues which need consideration are dealt as under:

16. **Issue I: Whether issuance of EGVs constitutes a valid mode of passing on the benefit under Section 171 of the CGST Act, 2017.**

16.1 Upon perusal of the submissions of both the parties and the documents on record, this Tribunal finds that the activated EGV is credited to the wallet of the customer and is available for utilisation by the customer without any time limitation whatsoever. There is no expiry date attached to the balance available in the wallet, and the balance remains accessible indefinitely to the customer. The EGV is not conditional on any future purchase of a specific product or category, and the customer is free to utilise the credited amount for purchase of any product on the e-commerce platform without restriction.

16.2 This Tribunal is of the considered view that the issuance of EGVs to customers results in a direct and unconditional transfer of the benefit amount to the concerned customer. Upon issuance of the EGV, the customer receives a credit equivalent to the profiteered amount, which is reflected in the customer's account and is available for utilisation. The EGV balance represents a monetary value standing to the credit of the customer, and therefore, the issuance of EGVs constitutes a monetary transfer of the benefit amount by the Company to the customer.

16.3 This Tribunal also notes that the objective of the anti-profiteering provisions under Section 171 of the CGST Act, 2017 is to ensure that the benefit of GST rate reduction is passed on to the consumers/customers and that the supplier of goods and services should not make profit from the reduction of the tax rate under GST. The provision does not prescribe any particular mode or manner in which the benefit is required to be passed on. What is essential is that the benefit reaches the ultimate recipient and the supplier does not retain the same.

16.4 The reliance on the "cash in hand" observations from Reckitt Benckiser must be understood in its proper context. The Delhi High Court in that case held that Section 171 relates "only to the indirect-tax component of the price of goods and services and does not impinge upon the freedom of suppliers to fix their own prices keeping in view relevant commercial and economic factors". The statutory objective is to prevent unjust enrichment ensuring the tax benefit reaches the consumer, not regulating the form of such benefit. EGVs, which provide a credit against future purchases, achieve this objective by directly transferring the monetary value of the tax benefit to the consumer.

16.5 In the instant case, once the amount is credited to the customer's EGV account, the Company no longer derives any benefit from the tax reduction, thereby fulfilling the object of Section 171. The fact that the EGVs are traceable to specific invoices and customers, and that a substantial number of customers have already utilised the EGV balance i.e 291 out of 488 orders, amounting to Rs. 3,17,965, further strengthens the conclusion that the benefit has indeed been passed on.

16.6 This Tribunal has duly considered the clarifications filed by the DGAP, wherein it reiterated its objection to the EGVs as a valid mode of passing on the benefit, placing reliance on the observations of the Hon'ble Delhi High Court in Reckitt Benckiser (supra) to the effect that the benefit must reach the final consumer by way of 'cash in hand' through commensurate reduction in prices. However, this Tribunal is of the considered view that the aforesaid observations must be construed in the factual matrix of that case, where the benefit was sought to be passed on through festival discounts, cross-subsidisation, or increase in volume, none of which constituted a direct monetary transfer to the consumer. When the facts of the present case are juxtaposed with the said precedent, it becomes evident that the EGVs are credited to the customer's e-wallet as a monetary value, are unconditional, not time-bound, and are traceable to specific invoices. They do not partake of the character of a mere discount or promotional offer, but constitute a direct credit of the profiteered amount. In light of the foregoing, the objection raised by the DGAP is unsustainable in law and on facts.

16.7 Accordingly, this Tribunal rejects the objection of the DGAP that EGVs do not constitute a valid mode of passing on the benefit under Section 171 of the CGST Act, 2017. The Respondent has adequately demonstrated that the EGVs are unconditional, not time-bound, and without any usage restrictions, and therefore, constitute a valid and effective mode of passing on the benefit of rate reduction.

17. **Issue II: Whether the nomenclature "Offers and cashback" negates the passing of GST benefit.**

17.1 The DGAP has contended that the reason reflected in the screenshots was stated as "Offers and cash back," which bore no nexus with the GST rate reduction. The Respondent has submitted that this is merely the nomenclature that is used and is automatically picked by the system when any amount is credited in the EGV e-wallet.

17.2 This Tribunal observes that the issuance of EGVs to eligible customers was done on the basis of identified transactions, i.e., the customers who purchased the product during the relevant period were individually identified and the corresponding EGVs were credited to their accounts in the amount equivalent to the benefit of the rate reduction. The credit in the EGV is duly supported by the chain of documents and details, viz. order ID, invoice number, invoice date, price charged, and the excess amount pursuant to GST rate change.

17.3 The DGAP has not disputed that the EGVs are clearly identifiable and traceable to the specific supplies made to customers. In such circumstances, the mere fact that the system-generated reason states "Offers and cashback" cannot be cited as a reason to allege profiteering by the Respondent. The documentary evidence on record unequivocally demonstrates that the GST benefit has been passed on to the respective customers through the EGV credits.

17.4 This Tribunal finds support from the principle that in matters of anti-profiteering, substance over form should be the guiding factor. The nomenclature used in the system is "Offers and cashback" cannot be allowed to defeat the substantive compliance achieved by the Respondent. What matters is that the monetary benefit equivalent to the tax rate reduction has been credited to the customers' accounts. This Tribunal, therefore, holds that the nomenclature "Offers and cashback" is merely a system-generated description and does not, by itself, negate the passing on of the GST benefit, especially when the credits are traceable to specific transactions and customers.

18. **Issue III: Whether the EGVs ensure actual and unconditional transfer of profiteered amounts.**

18.1 The EGVs issued by the Respondent are not conditional, not time-bound, and not restricted in usage. The customer receives a credit equivalent to the profiteered amount in their e-wallet, which represents a monetary value and is available for utilisation without any restrictions.

18.2 Furthermore, the Respondent has submitted that 291 out of 488 customers have already utilised the EGV balance, amounting to Rs. 3,17,965. This clearly indicates that the customers have actually received and utilised the benefit. The balance amount of Rs. 2,30,685 remains in the customers' accounts and is available for their utilisation at any time, without any expiry date.

18.3 In view of the above, this Tribunal finds no merit in the DGAP's contention that the EGVs do not ensure actual and unconditional transfer of profiteered amounts. The evidence on record clearly establishes that the benefit has been passed on to the customers in a real and unconditional manner.

19. **Issue IV: Whether the Respondent has complied with Section 171 of the CGST Act, 2017.**

19.1 Section 171 of the CGST Act, 2017 requires that any benefit arising from reduction in the rate of tax or from additional Input Tax Credit be passed on to the recipient by way of commensurate reduction in prices.

19.2 Pursuant thereto, the Respondent had issued Credit Notes amounting to Rs. 2,21,056/- to 174 customers in respect of transactions which were either cancelled or in which the goods were returned. Since no supply ultimately took place in respect of such transactions, the DGAP accepted the said Credit Notes and excluded the corresponding amounts from the computation of profiteering. After giving effect to the said adjustment, as per the DGAP clarification dated 12.08.2026 the profiteered amount was determined at Rs. 5,58,891/-.

19.3 The Respondent also issued EGVs amounting to Rs. 5,48,650/- to 488 customers. On reconciliation of the EGVs with the profiteered amount determined by the DGAP, a difference of Rs. 10,241/- was noticed by the bench.

19.4 During the course of hearing, the Bench required the Learned Counsel for the Respondent to furnish an explanation regarding the aforesaid difference. The Learned counsel appearing for the Respondent submitted that the said amount could not be traced to any particular customer or invoice. The Respondent, therefore, expressed its willingness to deposit the said amount in the Central Consumer Welfare Fund as the state wise data of customer is not available.

19.5 We have considered the submissions made by the Respondent and the material available on record. The Credit Notes issued in respect of cancelled or returned transactions have already been duly taken into account while determining the profiteered amount. As regards the remaining difference of Rs. 10,241/-, the

Respondent has not been able to establish that the said amount has been passed on to any identifiable recipient.

19.6 In these circumstances, the Respondent cannot be held to have passed on the said amount to the recipients in terms of Section 171 of the CGST Act, 2017. However, since the amount of Rs. 10,241/- could not be attributed to any identifiable customer or invoice, the Respondent's offer to deposit the same in the Central Consumer Welfare Fund as the state wise data is not available, is hereby accepted.

19.7 Accordingly, the issue is decided by holding that the Respondent has substantially complied with the requirement of Section 171 of the CGST Act, 2017 to the extent established on record. The unaccounted differential amount of Rs. 10,241/- along with the interest at the rate of 18% shall be deposited by the Respondent in the Central Consumer Welfare Fund.

ORDER

20. In light of the foregoing discussions, facts and circumstances of the present case, we hold that the issuance of EGVs constitutes a valid and efficacious mode of passing on the benefit under Section 171 of the CGST Act, 2017.

21. The Respondent has substantially complied with the mandate of Section 171 of the Central Goods and Services Tax Act, 2017, by passing on the benefit of the reduction in the rate of tax from 28% to 18%, effective 1 January 2019, to the recipients of the product "MI LED Television 4A 80 cm" for the period 1 January 2019 to 31 December 2019, to the extent of Rs. 5,48,650/-, through a combination of credit notes and EGVs.

22. However, the Respondent has failed to pass on the residual benefit amounting to Rs. 10,241/- to the eligible customer, and therefore, has consequently contravened the provisions of Section 171 of the CGST Act to that extent only.

23. Consequently, the Respondent is directed to deposit the differential profiteered amount of Rs. 10,241/- (Rupees Ten Thousand Two Hundred and Forty-One Only) in the Central Consumer Welfare Fund, within a period of thirty days from the date of this Order.

24. The Respondent is liable to pay interest @18% under Rule 133(3)(c) of the CGST Rules from the date of collection of the higher amount till the date of deposit of such amount in the Consumer Welfare Fund constituted under section 57 of the Goods and Services Tax Act, 2017.

25. The Respondent is not liable to pay any penalty under Section 171(3A) of the CGST Act, 2017, since the alleged period of contravention falls prior to the coming into force of the said penal provision.

26. A copy of this Order shall be communicated to the Respondent, the Applicant, the DGAP, and the concerned jurisdictional GST authorities for information and necessary compliance.

27. The matter is disposed of accordingly.

28. The order is pronounced in the open court on 02.09.2026

Sh. Anil Kumar Gupta.
Technical Member, GSTAT (PB)

Date- 02.09.2026