GSTAT

Court No. 2

NAPA/22/PB/2025

DGAP **.....Appellant**

Versus

KUMAR 70 MM **.....Respondent**

Counsel for Appellant **Counsel for Respondent**

Hon'ble Justice Sh. Mayank Kumar Jain, Member(Judicial)

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. : ZA070010126000184H **Date of order :** 30/01/2026

1.	GSTIN/Temporary ID/UIN - 36AAZFS7545R1ZR	
2.	Appeal Case Reference no. - NAPA/22/PB/2025	Date - 29/04/2024
3.	Name of the appellant - DGAP , dgap.cbic@gov.in , 011-23741544	
4.	Name of the respondant - 1. Kumar 70 MM , nnp.nnrao@gmail.com	
5.	Order appealed against -	
	(5.1) Order Type -	

	(5.2) Ref Number -	Date -
6.	Personal Hearing - 30/01/2026 20/01/2026 23/12/2025 12/12/2025 19/11/2025 13/11/2025 13/10/2025 25/09/2025	
7.	Status of Order under Appeal - Confirmed – Order under Appeal is confirmed	
8.	Order in brief - Rs. 2,50,148.39 profiteered amount calculated against the Respondent. The Respondent is directed to deposited 50% of the entire amount along with the interest @ 18% p.a., as applicable, in the Consumer Welfare Fund(s) created by Centre. The rest 50% amount with interest will be deposited in the Consumer Welfare Fund(s) created by State of Telangana within one month. If the Telangana Consumer welfare fund has not been created yet then, half of the portion to be deposited by the Respondent in the in the Consumer Welfare Fund (s) created by the centre instead.	
	Summary of Order	
9.	Type of order: Closure Report	

Place: DELHI PB

Date: 30.01.2026

ORDER

1. Heard the learned representative of the DGAP.
2. Notices along with the report of Director General of Anti-profiteering, hereinafter as DGAP, were sent to Respondent on several occasions giving him proper opportunity to file written submissions, but despite proper service none appeared, either physical or through hybrid mode, on behalf of the Respondent, therefore the matter was heard ex-parte against the Respondent
3. The brief facts of the case are that Principal Commissioner, Medchal Commissionerate, Hyderabad made an application to the Standing

Committee alleging profiteering by the Respondent with respect to supply "Services by way of admission to exhibition of cinematography films". The Standing Committee made a reference to The of DGAP to conduct a detailed investigation in the matter.

4. It was alleged that the Respondent did not pass on the benefit of reduction in the GST rate on the "Services by way of admission for exhibition of cinematograph films where price of admission ticket is one hundred rupees or less from 18% to 12% w.e.f. 01.01.2019, vide Notification No. 27/2018 Central Tax (Rate dated 31.12.2018 and instead, increased the base price of tickets to maintain the same cum-tax selling price. The applicant forwarded a letter dated 10.06.2019 in which Respondent confirmed about non- reduction price of tickets of slab value Rs. 80, Rs. 60 and Rs. 30.

5. The said application was examined by Standing Committee and the matter was referred to DGAP for initiating investigation and collect evidence to determine whether the benefit of reduction in the writ of GST on supply of “Services by way of admission to exhibition of cinematography films” had been passed on by the respondent to the recipient.

6. The DGAP, after receiving the reference from the Standing Committee conducted a detailed investigation. Notice was issued to the Respondent. They submitted some relevant document for the investigation, which are duly considered.

7. The period covered in the investigation is from 01.01.2019 to 30.09.2019.

8. During investigation the Respondent stated that “theatre is running on the basis of lease rent therefore the question of GST rate reduction on tickets from 18% to 12% will not be applicable”

9. The Respondent filed a writ petition No. 2905/2020 before the Hon’ble High Court of Telangana at Hyderabad. An interim stay was granted to the

Respondent vide order dated 12.02.2020. Thereafter, The Hon'ble High Court of Telangana at Hyderabad disposed of said writ petition and directed the authority to proceed in accordance with the law.

10. The Central Government on the recommendation of GST Council, reduce the GST rate on the "Services by way of admission to exhibition of cinematography films where price of admission ticket is Rs. 100 or less" from 18% to 12% and 28% to 18% where the price of the ticket is above Rs 100 w.e.f. 01.01.2019 vide notification no 27/2018- Central Tax (Rate) 31.12.2018

11. During the investigation, it is observed that there were 3 main categories of tickets of MRP Rs. 80, Rs. 60 and Rs. 30 respectively sold by the Respondent during the pre as well as post rate reduction period. Effective from 01.01.2019 and the cum-tax price of these three categories of tickets remained same after the rate reduction which resulted into the profiteering in terms of Section 171 of the Central Goods and Services Tax Act, 2017.

12. It was also observed that the Respondent has sold the tickets @ Rs. 110 in the month of January, 2019 and some @ Rs. 125 and in the month of August, 2019, while a price of tickets was usually Rs. 80.

13. The DGAP examined the matter on basis of the prices of the tickets of the categories such as Balcony, Dress Circle and Lower-Class and observed that the Respondent had increased the base price of admission ticket of Balcony from Rs. 67.80 to Rs. 71.42. Dress circle Rs. 50.84 to Rs. 53.57 and Rs. 25.42 to Rs. 26.79 for lower class. Therefore, the actual-cum-tax price of the tickets were not reduced though it should have been revised for as Rs. 75.94 for Balcony, Rs. 56.94 for Dress Circle and Rs. 28.47 for Lower Class but the Respondent continued to charge the pre-rate reduction price and maintained the same cum-tax price by increasing the base price

of the tickets therefore the benefit of GST reduction from 18% to 12% was not passed on to the recipient.

14. Therefore, it was established that the Respondent did not reduce price of the tickets and maintained the same cum-tax price by increasing the base price. As a result of it the benefit of GST reduction from 18% to 12% was not passed on to the recipient.

15. Further, The DGAP computed the amount of profiteering on the basis of pre/post reduction in GST rate and the detail of the outward supply for the period 01.12.2018 to 30.09.2019 submitted by the authority concern and Respondent.

16. The DGAP, after investigation arrived at the conclusion that the allegation of profiteering, by way of increasing the base price of the tickets, by way of not reducing the selling price commensurately, despite the rate reduction in GST from 18% to 12%, where the price of admission ticket is above Rs. 100 or less and 28% to 18% where the price of the ticket is above Rs. 100 stands proved. Total amount of profiteering is calculated to the tune of Rs. 2,50,148.39. Thus, the Respondent has contravened the provision under Section 171 of the CGST Act, 2017 and has not passed the benefit of input tax credit to the recipient by commensurate reduction in the price of the tickets.

17. Section 171 of the Goods and Services Tax, 2017 reads thus; -

*"**Section 171 Antiprofiteering measure. -***

(1). Any reduction in rate of tax on any supply of goods or services or the benefit of input tax credit shall be passed on to the recipient by way of commensurate reduction in prices.

(2) The Central Government may, on recommendations of the Council, by notification, constitute an Authority, or empower an existing Authority

constituted under any law for the time being in force, to examine whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.

***[Provided** that the Government may by notification, on the recommendations of the Council, specify the date from which the said Authority shall not accept any request for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.*

***Explanation 1.** —For the purposes of this sub-section, "request for examination" shall mean the written application filed by an applicant requesting for examination as to whether input tax credits availed by any registered person or the reduction in the tax rate have actually resulted in a commensurate reduction in the price of the goods or services or both supplied by him.*

***Explanation 2.** —For the purposes of this section, the expression "Authority" shall include the "Appellate Tribunal]*

(3) The Authority referred to in sub-section (2) shall exercise such powers and discharge such functions as may be prescribed.

[1][(3A) Where the Authority referred to in sub-section (2), after holding examination as required under the said sub-section comes to the conclusion that any registered person has profiteered under sub-section (1), such person shall be liable to pay penalty equivalent to ten per cent. of the amount so profiteered:

Provided *that no penalty shall be leviable if the profiteered amount is deposited within thirty days of the date of passing of the order by the Authority.*

Explanation. *-For the purposes of this section, the expression "profiteered" shall mean the amount determined on account of not passing the benefit of reduction in rate of tax on supply of goods or services or both or the benefit of input tax credit to the recipient by way of commensurate reduction in the price of the goods or services or both"*

18. None came forward on behalf of the Respondent to controvert the allegations of profiteering by Respondent as detailed in the report of the DGAP.

19. The perusal of the report of the DGAP goes to show that the Respondent participated in the investigation and submitted certain documents as desired by the DGAP. Those documents were taking into consideration by the DGAP. It is pertinent to mention here that Respondent vide letter dated 10.06.2019 confirmed about non reduction of price of tickets of the slab value of Rs. 80, 60 and 30 respectively. This amounts to an admission on the part of the respondent. Pursuant to the notification No. 27/2018 Central Tax (Rate dated 31.12.2018, by which the rate of tax on the "Services by way of admission to exhibition of cinematography films" was reduced from 18% to 12% w.e.f. 01.01.2019 where price of admission ticket is Rs. 100 or less and from 28% to 18% where the price of admission ticket is above Rs. 100.

20. It was obligatory on the part of the respondent to reduce the prices of the ticket pursuant to the aforesaid notification but he increased the basic price and did not pass the benefit of input tax credit to the recipient by

commensurate reduction in the price of the tickets. Thus, the Respondent profiteered the amount to the tune of Rs. 2,50,148.39.

21. In view of the above, the report of the DGAP deserves to be accepted.

ORDER

22. The report of the DGAP dated 24.04.2024 is accepted.

23. The Respondent is directed to deposited 50% of the entire amount along with the interest @ 18% p.a., as applicable, in the Consumer Welfare Fund(s) created by Centre. The rest 50% amount with interest will be deposited in the Consumer Welfare Fund(s) created by State of Telangana within one month. If the Telangana Consumer welfare fund has not been created yet then, half of the portion to be deposited by the Respondent in the in the Consumer Welfare Fund (s) created by the centre instead.

24. Let the copy of the Judgement be communicated to concerned CGST/ SGST Commissionerate for record and necessary action, if any.

25. Judgement pronounced in open court today.

(Justice Mayank Kumar Jain)
Judicial Member, GSTAT

Dated: 30.01.2026