

# Don't expect to use anti-profiteering clause much, says revenue secretary

FE BUREAU  
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**THE ANTI-PROFITEERING CLAUSE** in the GST Bills passed by the Lok Sabha on Wednesday are meant to apply only during a short transitional period, revenue secretary Hasmukh Adhia said, adding that the government hoped it won't have to use the "enabling provision" much.

Speaking to a TV channel on Thursday, he said most services would likely fall under 18% GST rate, while a few on which the effective tax rate is lower than the marginal rate (including cesses) of 15% due to abatements, might come under lower rates of 12% and 5%. Instances of rate shocks from GST would be few, he said, as the fitment process would be a "mechanical" one, with the principle that items vgsould come under the GST rates nearer to current tax incidence on them.

The official said bringing real estate under the GST involved many questions including those related to land, including farm



**HASMUKH ADHIA,**  
revenue secretary

land, coming under it and carving out separate regimes for businesses where real estate could be an input and self-occupied property. "We have discussed the issue in the GST council and decided to take it up at a later date," he said.

Since instances of rate tax shocks due to GST would be few – most commodities and services would move to the nearest GST slab-, there would be little scope for businesses to profiteer by not passing on the reduced liability from GST, he said. While he admitted that the possibility of businesses increasing the

price of commodities now, in anticipation of the July 1 roll-out of GST was a cause for worry, he said that most items (90-95%) were in the competitive market domain which doesn't allow sudden price hikes. But for the items that are produced by monopolies, prices rise for profiteering was a possibility, he said.

The secretary reiterated that all investment-linked indirect tax sops (such as area-based tax concessions) will take the form of refunds – rather than exemptions – for whatever residual periods they need to be retained in the GST regime for units set up on the promise of these sops being available for fixed periods. This, he said, was because the GST Council had adopted the principle that during the phase of grandfathering of the tax reliefs given by states, the beneficiary businesses will have to pay the taxes and then get refunds. The idea is that the GST chain – the continuity of which is necessary to ensure that cascading of taxes does not take place – is not broken.