Hyderabad-based company held guilty of GST profiteering on movie tickets

ENS ECONOMIC BUREAU
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IN ONE of its first rulings in the entertainment sector, the National Anti-profiteering Authority (NAA) under the GST regime has found Hyderabad-based Prasad Media Corporation guilty of profiteering Rs 30.13 lakh by not passing on the benefit of tax rate cut to 18 per cent on movie tickets.

The Directorate General of Anti Profiteering investigated the case and based on its report, the NAA ruled that the company had raised the base price of the tickets.

“This authority has found that the respondent has resorted to profiteering by way of either increasing the base prices of the service while maintaining the same selling prices or by way of not reducing the selling prices of the service commensurately despite a reduction in GST rate on services by way of addition to exhibitions of cinematograph films where price of admission ticket is above Rs 100 from 28 per cent to 18 per cent with effect from January 1, 2019 to June 30, 2019. On this account, the respondent has realised an additional amount to the tune of Rs 30,13,058 from the recipients. Thus, the profiteering is determined as Rs 30,13,058,” the NAA order said.

EY tax partner Abhishek Jain said, “Investigations on anti-profiteering were more for the goods sector till date, and this is one among the first in the entertainment sector. The life of anti-profiteering obligations and clarity on calculation of these benefits remain areas on which businesses have been looking forward for certainty from the government”.