

Director General of Anti-Profiteering v. Hotel Babylon Inn Pvt. Ltd.

Case number: NAPA/35/PB/2025

Citation: No neutral or reporter citation printed for this judgment in the identified official PDF.

Decision date: 2 September 2025

Hotel rate-reduction liability: unsupported dynamic-pricing and COVID-cost explanations; transaction comparisons and qualified interest wording

Court: Goods and Services Tax Appellate Tribunal, Principal Bench, New Delhi, Anti-Profiteering Division

Bench: Justice (Retd.) Dr. Sanjaya Kumar Mishra, President, Single Bench, Court I

Decision stage: Final reasoned judgment imposing Rs. 31,28,631 and 18% annual interest, expressed from collection of the higher amount, i.e. 1 October 2019, until realisation, with equal Central/State Consumer Welfare Fund deposits; no penalty amount or express exemption determined.

01 Facts of case and issues

Hotel Babylon Inn Pvt. Ltd. provided accommodation in Raipur. Following a complaint of 5 February 2020 and the Standing Committee's reference, DGAP investigated whether the hotel passed on the GST reduction effective 1 October 2019. Its report of 31 March 2021 computed Rs. 31,28,631 for 1 October 2019–30 June 2020. The final identifies the material reductions as combined GST 18% to 12% for the intermediate room-tariff band and 28% to 18% for the higher band; it does not say every tariff category received a reduction. These historical bands are not represented as current hotel rates.

The respondent said room prices fluctuate with supply, demand, season and occupancy; GST was separately charged, and its declared tariff had not changed between September and October 2019. DGAP instead compared actual transaction prices. It separated room types, occupancy and European, Continental, Modified American and American meal plans, using pre-rate-reduction average base prices for 1 July–30 September 2019 against actual post-reduction transactions of the comparable category.

DGAP excluded four specifically incomparable bills: marriage-group bill 3344 dated 12 July 2019, bills 2 and 4 dated 20 April 2020, and bill 164 dated 29 June 2020. The selected computation covered 1,890 invoices exceeding the commensurate price, not necessarily every invoice or every stay. DGAP rejected cross-customer or cross-category netting in its clarification; that remains identified as its rationale rather than a separate new industry-wide holding.

The source's worked example concerns invoice 9068 dated 19 December 2019 for one night in a Deluxe single-occupancy American Plan room. The pre-period taxable total was Rs. 97,024 over 23 nights, with a displayed rounded base price of Rs. 4,218. The post-period base charge was Rs. 4,500, producing displayed excess Rs. 282 and Rs. 316 including 12% GST. This illustration does not reproduce the complete 1,890-invoice calculation or underlying booking records.

Pinpoint: Identity and chronology: physical pp. 1–6, paragraphs 1–3. Plans and categories: paragraph 4, pp. 6–9. Excluded bills and example: paragraphs 5–7, pp. 10–12. DGAP clarification, including transaction value and no netting: paragraph 10, pp. 14–19.

02 Discussion by Hon'ble Tribunal

The Tribunal's own analysis is developed in paragraphs 15–18. It considers the proposed seasonal and market explanations, drawing an inference about pandemic conditions from February 2020. That inference belongs to the judgment's reasoning; the note does not certify that every hotel's costs or prices necessarily fell, or supply a corrected national shutdown chronology. The decisive evidential finding is that the hotel produced no cogent management decisions, materials or documents linking its price increases to the claimed commercial factors despite opportunities to do so.

Paragraph 16 addresses the criticism that a three-month average cannot be compared with actual later transactions. On the arguments and DGAP calculations presented, GSTAT treats the average as a comparison method for testing pass-through and rejects the hotel's objection. It applies Reckitt Benckiser's rebuttable-presumption approach: genuine market reasons must be substantiated rather than merely invoked. This is not an absolute freeze on room prices, a universal approval of every three-month benchmark or an assertion that the full transaction dataset has been independently audited by this note.

Paragraph 17 separately examines the claimed extra equipment, sanitising products and staff costs during COVID. The consultant said the permitted post-hearing submissions included that explanation. GSTAT reads the additional written submissions and finds the plea absent and unsupported, treating the oral explanation as an afterthought. This is an attributed judicial assessment of that record, not an independent allegation of fabricated invoices or a finding that no real cleanliness expenditure could ever exist.

The source's language about unchanged prices and unreduced base price requires care. The hotel maintained that separate lower GST on an unchanged base had already reduced invoices, while DGAP's adopted example actually compares a higher transaction base of Rs. 4,500 with the earlier Rs. 4,218 average. This note does not convert the source's admission language into a general requirement that an unchanged tax-exclusive base must itself be reduced a second time. Paragraph 6 also contains awkward wording about reducing and maintaining the same price; the defined comparison and actual findings govern this summary.

The limited arithmetic of Table C can be checked: Rs. 97,024 divided by 23 is approximately Rs. 4,218.435; the displayed rounded Rs. 4,218 gives excess Rs. 282, and multiplying by 1.12 gives Rs. 315.84, rounded to Rs. 316. The complete report and invoice-level rounding rules are absent, so neither this example nor the total is recast as a fully audited computation. Table C's pre-GST/post-GST labels refer to the 2019 rate change, not periods before and after GST's introduction.

Other source dates remain qualified. Paragraph 15 prints 13 June 2020 as the investigation endpoint, while the question, report and tables repeatedly use 30 June 2020. Paragraph 9(iv) prints September 2029 in the three-month pre-period. Paragraph 2 uses a 13 September notification date against 30 September elsewhere. These are not silently used to shorten the award period or invent a corrected procedural history.

Pinpoint: Own reasoning and evidential findings: paragraphs 14–18, physical pp. 20–23.

Tax-exclusive-price submissions: paragraph 9(i), p. 13, and worked Table C, p. 11. Date/wording defects: paragraphs 2, 6, 9(iv) and 15, pp. 4–5, 10, 14 and 20.

03 Judicial decision and operative relief

GSTAT finds that Hotel Babylon Inn profiteered Rs. 31,28,631 in violation of Section 171. Paragraph 18 directs payment with interest at 18% per annum from the date of collection of the higher amount, expressed as 1 October 2019, until realisation. The note preserves both the collection wording and that printed date rather than calculating interest as though all 1,890 invoices were necessarily collected on one day. No rupee interest total is supplied.

The amount is to be deposited equally in Consumer Welfare Funds created by the Centre and States. The operative text does not name a particular State Fund, prescribe a State-Fund-unavailability fallback or allocate a separate rupee amount to each Fund. The adopted computation includes the stated GST component; no further GST layer is added. There is no identified-recipient refund award.

The final does not quantify a penalty or expressly exclude one, and the note supplies neither result. No numerical deposit deadline is stated. Paragraph 19 separately requires the concerned Commissioner to submit a compliance report to the Tribunal within four months from receipt of the order; that reporting period is not converted into a taxpayer payment deadline. Copies are directed to the respondent and concerned CGST/SGST Commissioners.

The judgment is pronounced in open court. Administrative and typed order dates are 2 September 2025; the final page's visible digital-signature annotation is dated 4 September 2025. The official listing also uses 4 September. This note uses the PDF's decision date and preserves the other dates without certifying cryptographic signature validity. Actual Fund deposit, allocation and reporting are unverified.

Pinpoint: Liability, interest and Fund direction: paragraph 18, physical p. 23, read with administrative summary p. 2. Four-month receipt-based report, circulation, pronouncement and signature: paragraphs 19–21, p. 24. Typed decision date: p. 3.

04 In favour of

The authority and consumer-welfare interests on Rs. 31,28,631 principal and the ordered interest, after the dynamic-pricing, methodology and COVID-cost objections fail. No taxpayer refund, separate penalty relief, actual deposit or universal rejection of commercial pricing evidence is inferred.

Final substantive liability judgment supported by its own assessment of the contested pricing explanations, comparison method and record. It is not a mere disposal or compliance order. Final describes the adjudicative stage, not exhaustion of appeals, present enforceability or completed compliance. An authenticated later High Court writ challenge is described in the treatment note; the retrieved notice and listing orders do not decide its merits or maintainability.

Pinpoint: Paragraphs 15–21, physical pp. 20–24.

05 AKHB REVIEW POINT

AKHB analysis: Preserve contemporaneous pricing approvals, occupancy/meal-plan comparables, bookings and supporting commercial costs. A dynamic-pricing explanation needs a dated factual link to the disputed price changes. If an additional defence is permitted, ensure it is actually in the filed submissions and evidenced; oral assertion that it was filed may not suffice.

05 AKHB REVIEW POINT

Separate tax-inclusive price, tax-exclusive base, declared tariff and actual transaction value. Test the choice and weighting of the pre-period, excluded bills, comparable category and post-period transaction data rather than arguing only that averages are inherently invalid. Reconcile intermediate rounding without substituting a fresh total unsupported by the full report.

For execution, obtain the collection dates and any authoritative clarification of the printed common interest-start date. Keep the four-month Commissioner-report obligation separate from any payment obligation and seek the actual Fund particulars. The absence of a numerical deadline or penalty ruling in this text is not an assurance of indefinite time or immunity. Verify current judicial treatment before acting.

Pinpoint: AKHB commentary based on paragraphs 4–10 and 15–21, physical pp. 6–19 and 20–24.

Sources and limitations

Relevant provisions

CGST Act 2017: Section 171 and Section 171(1), rate-reduction pass-through and final liability; CGST Act 2017: Section 15, DGAP's transaction-value explanation; CGST Rules 2017: Rule 129(6), investigation report history; CGST Rules 2017: Rule 133(2A), DGAP clarification history; CGST Rules 2017: Rules 113(1) and 115, administrative Form GST APL-04A heading only; Central Tax (Rate) Notification 20/2019, dated 30 September 2019 and effective 1 October 2019, independently verified and correcting paragraph 2's 13 September date.

Statutory note

Official Notification 20/2019–Central Tax (Rate) is dated 30 September 2019 and effective 1 October 2019, correcting paragraph 2's 13 September date. Its amended hotel-accommodation entries set the Central component at 6% for value above Rs. 1,000 and up to Rs. 7,500, and 9% above Rs. 7,500. The selected judgment supplies the combined-GST historical reduction; the State counterpart and full earlier schedule were not separately re-audited. These are historical provisions, not current-rate advice. Targeted Reckitt paragraphs 117–119 support a rebuttable presumption with cogent commercial evidence, not an unconditional base-price freeze. Section 15 remains DGAP's transaction-value explanation. Section 171(3A), the thirty-day proviso and Rule 133(3)(c) are not expressly cited or separately adjudicated in this final and are not inserted as express holdings. The absence of a penalty determination is retained even though the investigation crosses 1 January 2020.

Treatment note

A fresh normal-TLS official download exactly matches the collected original. There is authenticated later litigation: Delhi High Court W.P.(C) 3648/2026, with CM APPL. 17790/2026, expressly challenges this 2 September 2025 order. The 30 April 2026 order issues notice and records disputed statutory-appeal/maintainability positions without deciding them. The 4 August 2026 order, CNR DLHC010108152026, adjourns for lack of time to 4 November 2026. Neither those orders nor the retrieved 20 March listing order contains a stay or merits determination; this is not proof that no other interim order exists. A bounded official registry and order-index check on 16 October 2026 showed this writ pending, last date 4 August 2026 and next date 4 November 2026. The index still showed only the four reviewed orders dated 20 March, 2 April, 30 April and 4 August. No additional indexed order was found; this does not certify that no other interim order exists. Recheck the docket, including the scheduled 4 November hearing, before reliance. The GSTAT listing/signature date of 4 September remains distinct from the 2 September decision date, which the High Court also identifies. Deposit and compliance remain unverified.

Scope of source review

One final Principal Bench anti-profiteering judgment concerning Hotel Babylon Inn, Jail Road, Raipur, for 1 October 2019–30 June 2020. The Tribunal independently addresses dynamic-pricing evidence, the average-to-actual comparison and the belated COVID-cleanliness explanation before imposing liability. This is contested substantive adjudication, not settlement, compliance closure or bare report acceptance. Its pandemic inference is attributed judicial reasoning, not an independently verified industry-wide economic proposition. No complete GSTAT coverage is claimed.

Identity note

NAPA/35/PB/2025; reference ZA070925000003H; President Sanjaya Kumar Mishra, Court I. PDF order date 2 September 2025; visible signature and listing date 4 September 2025. Body heading says Appellate Authority while first-page form identifies Tribunal; the selected body is GSTAT Principal Bench Anti-Profiteering Division. Investigation repeatedly 1 October 2019–30 June 2020 versus paragraph 15's 13 June. Notification-date variants, September 2029 typo and pre-GST table labels remain qualified. Principal Rs. 31,28,631, 18% interest with printed 1 October start, equal Central/State Fund direction without named State; no numerical deposit deadline or express penalty determination.

Primary source

Source description: Complete 24-page official PDF, including administrative summary and final reasoned judgment; all original pages read and individually viewed by the AI author.

Official source: [Open source document](#)

Source pages: 24

Outcome type: final

Additional source

CGST Act 2017, official India Code consolidation

Source document: [Open source document](#)

Pinpoint: Targeted Sections 109 and 171, physical pp. 87–88 and 122–123: Principal Bench jurisdiction, pass-through duty and Section 171(3A) insertion/commencement; not a complete current-law or appellate-remedy certification.

Central Tax (Rate) Notification 20/2019, 30 September 2019

Source document: [Open source document](#)

Pinpoint: All five pages read; hotel entries pp. 1–2 and commencement p. 5. Central component only; historical, not current-rate advice.

Reckitt Benckiser, Delhi High Court, 29 January 2024

Source document: [Open source document](#)

Pinpoint: Targeted paragraphs 117–119, 126–135, 153–158 and 163: commercial evidence, construction scenarios, prescribed price reduction, ancillary powers, GST and reporting time; no full 142-page reread.

Hotel Babylon Inn, Delhi High Court, 30 April 2026

Source document: [Open source document](#)

Pinpoint: Both pages, paragraphs 1–7: exact GSTAT challenge, notice and disputed maintainability; no stay or merits ruling in this order.

Hotel Babylon Inn, Delhi High Court, 4 August 2026

Source document: [Open source document](#)

Pinpoint: One page: adjournment for lack of time to 4 November 2026; no stay or merits ruling in this order.

Disclosures and source rights

AI disclosure: Prepared with AI assistance from the identified sources. No human legal review is claimed.

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