

Director General of Anti-Profitteering v. Arun Excello Constructions LLP

Case number: NAPA/116/PB/2025

Citation: No neutral or reporter citation printed in the identified official order.

Decision date: 4 June 2026

Compact Homes–Narmada: contested post-GST chronology, paragraph 128(d) and negative ITC comparison

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

Bench: Justice Mayank Kumar Jain, Member (Judicial), Court II

Decision stage: Final reasoned no-contravention judgment rejecting the applicant's objections and accepting the negative ITC-benefit report, with no operative refund, Fund deposit, interest or penalty award.

01 Facts of case and issues

Selvakumar V complained about Flat B4/4419 in Compact Homes–Narmada. The project comprised 336 flats and 2,07,720 square feet; paragraph 1 says all flats were booked before completion. It records an investigation beginning 1 April 2017 and ending on the impossible date 31.09.2024. No corrected endpoint is invented. It also records the developer's election for the old GST scheme from 1 April 2019, with ITC and a stated effective 12% rate after the land-value adjustment.

The applicant disputed the construction chronology, asserted that substantial work was already complete when he booked in 2018, and challenged alleged 18% GST against an asserted compulsory affordable-housing rate of 1% without ITC. His recited completion date, 31.02.2019, is also impossible. He contrasted DGAP's project ITC of Rs. 3,54,76,619 with an asserted Rs. 6,27,34,995, arguing that a greater benefit had accrued. These are competing submissions, not findings that the higher figure belonged wholly to this project.

The developer relied on the 17 July 2017 building permit, TNRERA registration of 23 October 2017, and the applicant's construction agreement and sale deed dated 28 May 2018. It said pre-GST expenditure covered advertisement/incidental services, construction was post-GST, and the entire price was paid during GST with ITC factored into the agreed rate. DGAP explained that the developer ran multiple projects and that it relied on a CA certificate because separating this project from the balance sheet and returns was difficult.

DGAP's 28 February 2025 report compared pre-GST purchases of Rs. 20,00,845 and service-tax credit of Rs. 2,90,122 with post-GST purchases of Rs. 24,83,73,923 and net ITC of Rs. 3,54,76,619. The displayed ratios declined from 14.50% to 14.28%, a negative 0.22-percentage-point difference. It therefore reported no incremental ITC benefit to pass on.

Pinpoint: Project and erroneous investigation date: paragraph 1, physical p. 2. Complaint, report and table: paragraphs 2–7, pp. 2–4. Competing chronology, rate and ITC submissions: paragraphs 10–16, pp. 5–9.

02 Discussion by Hon'ble Tribunal

GSTAT examined the agreement/payment record and the post-GST building permit and RERA registration. Paragraph 24 states that construction followed the 28 May 2018 agreement and that the price factored post-GST ITC. Those are the Tribunal's record-based findings; the applicant's contrary construction-stage allegation is not silently treated as admitted. Pre-GST advertising credit is not equated with proof of pre-GST construction.

The Tribunal applied paragraph 128(d) of Reckitt through its own earlier Sobha interpretation, reproduced at paragraph 26. The literal High Court text describes a post-GST flat purchased after construction is complete with full upfront payment. The reproduced GSTAT reasoning, however, treats construction-linked instalments and construction still to be raised as compatible where the entire activity runs in the post-GST period. That wider construction is GSTAT's interpretation, not additional wording of the High Court judgment. Paragraph 27 also invokes Pyramid Infratech as quoted. The note does not turn these passages into an independent blanket exemption or a conclusion that the High Court approved this precise payment sequence.

Paragraph 29 rejects the applicant's proposed compulsory 1% treatment because Notification 3/2019-Central Tax (Rate) operated from 1 April 2019, after the recorded 2018 transaction. Read alongside paragraph 1's old-scheme election, this is a case-specific rate objection ruling, not a general determination of every ongoing-project transition or today's construction rate. The applicant's 18% allegation and the source's effective 12% recital are kept distinct; the note does not independently reconstruct the tax invoice.

The Tribunal accepted the negative 14.50%/14.28% comparison and rejected the objections. The project allocation depends on the CA-certified record described by DGAP, which has not been independently audited here. Paragraph 30 additionally refers to an earlier adverse TNRERA result and nondisclosure. It begins with Respondent but then identifies the Applicant as the person who had pursued and failed to disclose those proceedings. This internal party-label inconsistency is disclosed, without making a new misconduct finding against either party. The earlier RERA order is not appended.

Pinpoint: Statutory and cited authorities: paragraphs 19–22, physical pp. 9–13. Agreement/approvals: paragraphs 23–25, p. 13. Sobha and Pyramid passages: paragraphs 26–27, pp. 14–15. Application, rate objection, party-label conflict and numerical conclusion: paragraphs 28–32, p. 16.

03 Judicial decision and operative relief

GSTAT rejected the applicant's objections and accepted DGAP's report dated 28 February 2025. Its reasoned conclusion is that no additional ITC benefit accrued on the accepted comparison and no Section 171 contravention was established for the project on this record.

The judgment orders no recipient refund, payment to the developer, Consumer Welfare Fund deposit, interest or penalty and states no payment or compliance-report deadline. It directs communication to the concerned CGST/SGST jurisdictional Commissioner for necessary action, if any, and pronounces judgment in open court. The typed date and visible digital signature are both 4 June 2026.

03 Judicial decision and operative relief

The form's Closure Report label does not replace the contested factual and legal reasoning. The impossible source dates, paragraph 30 party label, absent supporting certificates/RERA order and the difference between GSTAT's interpretation and literal Reckitt wording remain qualified.

Pinpoint: No-benefit reasoning: paragraphs 28–33, physical pp. 16–17. Operative objections/report/communication/pronouncement: paragraphs 34–37, p. 17. Form label: p. 2.

04 In favour of

Arun Excello Constructions LLP on the project-specific Section 171 allegation and the applicant's rate/chronology objections. No monetary refund to the developer is awarded. The result does not independently certify the complete RERA history or a universal post-GST-project exemption.

Final substantive no-contravention adjudication. Despite the form's closure terminology, the Tribunal resolves live objections about construction dates, payment, applicable rate and project ITC, with a developed explanation of the precedent it applies. No settlement or completed-payment rationale is substituted.

Pinpoint: Paragraphs 23–35, physical pp. 13–17.

05 AKHB REVIEW POINT

AKHB analysis: Build a dated project chronology from permits, RERA records, actual construction evidence, agreements, invoices and payment schedules. A post-GST booking date alone does not prove all construction and pricing conditions. Separate the High Court's exact scenario from the Tribunal's later interpretation before relying on construction-linked payments or unfinished units.

Reconcile project-specific purchases and credits with entity-level returns and the CA allocation; explain why the competing ITC figure relates to other activity rather than merely relying on a certificate label. Obtain the missing underlying records and correct impossible dates through primary evidence, not assumption.

Assess any historical rate transition using the applicable notification, its commencement and the actual option exercised. Keep the source's RERA allegation and inconsistent party label qualified until the primary RERA order is obtained. A no-contravention outcome is not appellate-finality or current-rate certification.

Pinpoint: AKHB commentary based on paragraphs 1, 10–16 and 23–32, physical pp. 2, 5–9 and 13–16; practical recommendations are distinct from the Tribunal's holdings.

Sources and limitations

Relevant provisions

CGST Act 2017: Section 171, including subsections (1), (2), (3) and (3A) reproduced in paragraph 19; CGST Act 2017: Section 109(3), Principal Bench constitution; CGST Rules 2017: Rules 129(1) and 129(6), investigation context; Central Tax Notification 18/2024 dated 30 September 2024, empowerment; Central Tax (Rate) Notification 3/2019 dated 29 March 2019, historical affordable-housing-rate objection and 1 April 2019 commencement.

Statutory note

Checked 13 October 2026. Section 171(1) requires the benefit of a tax-rate reduction or ITC to reach recipients through commensurate price reduction. Same-day primary checks of Notification 18/2024-Central Tax and Sections 109 and 171 establish the Principal Bench anti-profiteering role from 1 October 2024. Notification 19/2024-Central Tax fixes 1 April 2025 as the cutoff for accepting new examination requests; its text does not repeal Section 171 or expressly terminate pending proceedings. This is distinct from ordinary GST appellate jurisdiction. Historical instruments and declared targeted passages were checked, not every current amendment or tax classification. The targeted Notification 3/2019-Central Tax (Rate) check confirms 1 April 2019 commencement and category-specific no-ITC rates alongside a conditional ongoing-project old-scheme election. Its central component alone is not the combined effective 1% claim. The 25 April 2019 corrigendum and Notification 10/2019's extension of the election deadline to 20 May 2019 were also checked. Arun's recorded election, affordable-housing classification and invoices were not independently proved by those instruments. The Tribunal's rejection of the applicant's rate claim remains tied to its stated transaction chronology, not a universally mandatory 1% rate or automatic exemption. Reproduced Section 171(3A) is not a penalty award or payment deadline.

Treatment note

Checked 13 October 2026. Fresh official downloads match the preserved original bytes. The four exact final-detail pages, returned final-index page 1 with pagesize 100 and interim-index page 1 with pagesize 100, plus bounded exact-party/case official searches located no later matching stay, recall, reversal or modification. Only those returned pages and stated searches were checked, not every court or tribunal docket. Search negatives do not establish absence of an appeal or stay. The same-day checked Supreme Court cause list of 13 May 2026 lists Reckitt SLP(C) 12705/2024; historical listing does not establish a stay, merits affirmation, final disposal or present pendency. The judgment's TNRERA outcome and nondisclosure discussion are source-attributed; no matching primary RERA adjudication was obtained. Paragraph 30's Respondent/Applicant inconsistency and the two impossible dates remain uncorrected. Sudarshan Theatre and Pyramid Infratech are described as used in the source, without certifying their complete historical records. The separately reviewed Sobha original confirms the quoted Tribunal reasoning; the literal Reckitt formulation remains distinct.

Scope of source review

One final Principal Bench anti-profiteering judgment for Compact Homes–Narmada. The administrative form says Closure Report, but GSTAT decides contested construction/payment chronology, the proposed 1% rate and the ITC comparison with reasons. Its interpretation of Reckitt paragraph 128(d), including the reproduced Sobha reasoning, is attributed to GSTAT and distinguished from the High Court's literal formulation. No automatic exemption for every post-GST booking or industry-wide rule is asserted.

Identity note

NAPA/116/PB/2025; reference ZA070010626000035H; order and visible digital signature dated 4 June 2026. The caption uses Constructions LLP while paragraph 1 prints Construction LLP. Compact Homes–Narmada only. Preserve impossible dates 31.09.2024 and 31.02.2019 without inventing replacements, and paragraph 30's Respondent/Applicant inconsistency. The full CA allocation, RERA adjudication and complete transaction documents are not appended.

Primary source

Source description: Complete 17-page official PDF, including Form GST APL-04A and the reasoned final order. All original pages read and individually viewed by the AI author; source bytes preserved.

Official source: [Open source document](#)

Source pages: 17

Outcome type: final

Additional source

Central Tax Notification 18/2024 dated 30 September 2024

Source document: [Open source document](#)

Pinpoint: Paragraphs 1–2, physical p. 1: statutory power and commencement on 1 October 2024.

Central Tax Notification 19/2024 dated 30 September 2024

Source document: [Open source document](#)

Pinpoint: Operative paragraph, physical p. 1: 1 April 2025 cutoff for accepting examination requests.

CGST Act 2017, India Code compilation marked as at 11 June 2026

Source document: [Open source document](#)

Pinpoint: Sections 109 and 171; relevant statutory passages reviewed, not a complete legislative-update audit.

Reckitt Benckiser India Private Limited v. Union of India, Delhi High Court, 29 January 2024

Source document: [Open source document](#)

Pinpoint: Targeted paragraph 128(d), physical pp. 125–126: literal completed-construction and full-upfront-payment formulation. Sobha and Arun's broader construction-linked reading is attributed to GSTAT; no High Court approval of that expansion is inferred.

Supreme Court cause list for 13 May 2026

Source document: [Open source document](#)

Pinpoint: Physical pp. 33 and 37: Excel Rasayan SLP(C) 3112/2024 and Reckitt SLP(C) 12705/2024. Historical listing evidence only, not a merits judgment, stay order or present-pendency certification.

Central Tax (Rate) Notification 3/2019 dated 29 March 2019

Source document: [Open source document](#)

Pinpoint: Targeted physical pp. 1–2, 4–5 and 9–12: rate entries, conditional ongoing-project election, definitions and 1 April 2019 commencement. Not an independent verification of this developer's election/classification or present rates.

Corrigendum to Central Tax (Rate) Notification 3/2019, 25 April 2019

Source document: [Open source document](#)

Pinpoint: Complete single page: specified corrections distinguishing central and combined tax wording; no change to 1 April 2019 commencement.

Central Tax (Rate) Notification 10/2019 dated 10 May 2019

Source document: [Open source document](#)

Pinpoint: Complete single page: extends the relevant May 2019 old-scheme election date from the 10th to the 20th; no automatic election or actual-compliance proof.

GSTAT, Sobha Limited, NAPA/98/PB/2025, 2 April 2026

Source document: [Open source document](#)

Pinpoint: Paragraphs 23–25, physical pp. 10–12: Tribunal interpretation of Reckitt paragraph 128(d), reproduced in Arun paragraph 26; all original pages separately reviewed for this batch.

Disclosures and source rights

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

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Source checked: 13 October 2026