

SKKA IDT ALERT

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Consumer Welfare Fund made available to Board under Rule 97(7A) of the CGST Rules, 2017 (Management & Administration)

INTRODUCTION TO CONSUMER WELFARE FUND (CWF)

KEY HIGHLIGHTS

1. The objective of CWF is consumer awareness on GST including financial assistance and implementation of measures to protect and promote the welfare of consumers of goods and services.
2. The fund will be made available for:-
 - To incentivize consumers for exercising their rights and responsibilities.
 - Creation of digital platforms to facilitate consumers to know their rights.
 - Schemes and programmes for spreading awareness about the provisions of GST law and procedures, amongst the public at large.
3. The allocation of fund shall be decided by the selection committee on case to case basis.

The Consumer Welfare Fund set up under the Central Goods and Services Tax (CGST) Act, 2017 promotes and protects the welfare of the consumers, creates consumer awareness. The CWF has been constituted under Section 57 of CGST Act, 2017 with the following objectives:

- Providing Financial Assistance or Grants
- Implementation of measures and to protect the welfare of consumers of goods and services.
- To enhance consumer's awareness about rights and responsibilities under GST Law.

Department or Ministry or Authority of Government of India/ Private Organization/ NGOs having capacity to implement project on Pan-India Level would be eligible to seek financial assistance from the CWF.

UNJUST ENRICHMENT UNDER GST

The principle of Unjust Enrichment forming part of GST Law-making avoids the unfair benefit at the expense of someone's else. All claims of refund made has to pass the test of unjust enrichment.

The amount of refund is paid to the applicant only in case where there is no unjust enrichment, that is, the incidence of tax has not been passed by the supplier to the recipient. **If the test of unjust enrichment fails, the amount stands credited to the Consumer Welfare Fund** and becomes out of reach for the taxpayers. The incidence of tax is deemed to be passed on to another person.

LEGAL PROVISION IN GST RELATED TO CWF

▶ Sec 57 - Constitution of CWF under this Act.

▶ Sec 58 - Provision for utilisation of CWF.

▶ Rule 97 - Manner of utilisation of CWF.

SECTION 57	SECTION 58
<p>Following amount stands credited to CWF constituted by Government:</p> <ul style="list-style-type: none"> • Amount referred in sub-section (5) of section 54. • Income from investment of amount credited to the fund. • Any other monies received by it. 	<ul style="list-style-type: none"> • Amount credited to the fund shall be utilized by Government for welfare of consumers. • The Government of India shall maintain proper accounts and records in relation to funds and an Annual statement of accounts in such form as may be prescribed in consultation with Comptroller and Auditor General of India.

POLICY GOVERNING THE FINANCIAL ASSISTANCE UNDER GST CWF

Sub-rule 7A of Rule 97 of CGST Rules, 2017 provides that the committee constituted shall make available 50% of the amount credited to the fund to the Central Board of Indirect Taxes & Customs provided that funds available for consumer welfare activities is not less than twenty-five crore rupees per annum. Financial Assistance is provided for protecting welfare of GST Consumers, motivating them for exercising their rights and responsibilities, schemes and projects for spreading awareness about consumer literacy, etc.

The quantum of assistance is decided by Selection Committee on case-to-case basis. Applications received are first scrutinized by Appraisal Committee and then approved by Selection Committee. The project contains comprehensive breakup of funds requirement, activities involved, manpower contribution, etc. Each such project involves agreement between Board and the grantee after detailed purpose of the scheme or project is chalked out.

Objectives of the project can be revised through mutual agreement of both parties. The project may be rejected if found infeasible at any stage for any reason that may deem fit.

There is Project Implementing Authority for each proposal. Funds are made available for utilization under Rule 97. If any amount remains unutilized by the end of financial year, the same shall be surrendered on or before 31st March. All projects that are funded with amount exceeding Rs. 50 lakhs are monitored periodically and assessed by an independent agency. Grantee is obligated to furnish Utilization Certificate from time to time. Board may at its disposition seek closure of project temporarily or permanently or may order special assessment or audit of the same.

OUR COMMENTS

The above availability of the fund to the Board u/r 97(7A) of the CGST Rules, 2017 was a needed step under the GST regime as many refunds has been ordered to be credited to the said fund due to the unjust enrichment concept and such funds cannot be utilized unless the proper mechanism has been set up. With the above the fund will be utilized for earmarked activities as above.

Source: [Guidelines for CWF provided to Board under rule 97\(7A\) of CGST Rules, 2017.pdf \(cbic.gov.in\)](#)

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