

DGGI Gurugram arrests one person for fraudulently availing ITC of more than 160 crore through a network of 10 fake firms

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The Directorate General of GST Intelligence (DGGI) Gurugram Zonal Unit (GZU), Haryana has detected a case wherein total ITC of more than Rs 160 crore has been utilized and passed on by network of non-existent & fake firms in tandem with various existing entities / merchants / wholesalers.

Based on intelligence which was analyzed & acted upon by the Gurugram Zonal Unit, it emerged that a merchant, who is an importer and wholesale trader of dry fruits has availed IGST Input Tax Credit on imports, but has further issued duty paid invoices to various non-existent firms, whereas the goods (dry fruits) were sold in the open market to various retailers. Quiet a few of the firms, to whom invoices were issued were found to be non-existent / fake (registered on GST portal under different HSN), who further issued goodless invoices to fraudulently pass on ITC without supply of any goods. The merchant has rendered itself to liable under Section 122 (i) (ii) of the CGST Act, 2017, etc., as a Consequence of which the merchant has deposited **Rs. 5 crore** till date, additional recovery in this matter is expected.

In all, 10 such fake firms busted so far in the investigation, have fraudulently availed & passed on Input Tax Credit (ITC) in excess of Rs. 160 crore, bases on inwards from the merchant, and from other fake/cancelled sources, which is under further investigation. Controller of one such firm to whom duty paid invoices were issued without supply of actual goods by the merchant, prima facie passed on fraudulent ITC of Rs. 26.3 crore, was identified as Sh. Pawan Kumar Sharma. It emerged through investigation that Sh. Pawan Kumar Sharma is also proprietor of another firm M/s Pawan Traders also involved in passing on fraudulent Input Tax Credit (ITC).

Accordingly, Shri Pawan Kumar Sharma was arrested on 13.05.2022 under the provisions of Section 69 of CGST Act, 2017 read with clause (b) (c) of subsection (1) of section 132 of CGST Act, 2017 and produced before CMM, Patiala House Court on 13.05.2022, who ordered judicial custody for 14 days.

Further investigations in the matter is under progress.

