

Central GST Delhi North Commissionerate unearth a racket involving supply of goods-less invoices and invoice-less goods

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Central GST Delhi North Commissionerate has unearthed a racket involving supply of goods-less invoices and invoice-less goods. One person has been arrested and remanded to judicial custody for 14 days by the Chief Metropolitan Magistrate (CMM), New Delhi at Patiala House Courts. The accused was found to be operating 10 fake firms which were created for rotation of money and fraudulent Input Tax Credit (ITC), thus defrauding the Exchequer. Prima facie fraudulent ITC of about Rs 140 crores has been passed on using invoices involving an amount of Rs 1,040 crores.

The modus operandi of the accused, inter alia, involved obtaining GST registration of fake firms using documents of unsuspecting individuals and generating good-less invoices and e-way bills of these firms from a premise in Tilak Bazar, Delhi. On preliminary scrutiny it appears that there is no nexus between inward and outward supplies of the errant firms. Further, the said fake firms have passed on fraudulent ITC to a range of buyers who have availed the same to discharge their GST liability on outward supplies, thus defrauding the Exchequer.

Therefore, the accused has committed offences under the provisions of Section 132(1)(a), (b) and (c) of the CGST Act 2017, which are cognizable and non-bailable under Section 132(5) being punishable under Section 132(1)(i) of the said Act. Accordingly, the accused was arrested on 25.11.19 and has been remanded to judicial custody for 14 days on 26.11.2019 by the CMM, New Delhi at Patiala House Courts. Investigations are underway to identify the key beneficiaries of this racket and to recover GST involved.

RM/KMN

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