

Ministry of Finance



## CGST Delhi South Commissionerate arrests director of a company for fraudulent avilment of Input Tax Credit (ITC) amounting to ₹60.59 crore through bogus invoices of ₹397.23 crore

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As part of its ongoing enforcement drive against fraudulent Input Tax Credit (ITC) claims, the Anti-Evasion Branch of the Central Goods & Services Tax (CGST), Delhi South Commissionerate, has arrested a Director of a private limited company engaged in trading of Smartphones for fraudulent avilment of Input Tax Credit (ITC) amounting to ₹60.59 crore through bogus invoices of ₹397.23 crore. This violates **Section 16 of the CGST Act, 2017** and is punishable under **Section 132**.

Analysis of GST return data and verification of the declared place of business of the supplier entity revealed that the premises was merely a co-working space and no books of accounts, stock, invoices or any evidence of genuine business activity was found.

During the course of investigation, the director failed to provide satisfactory explanation regarding the operations of the said firm and the mode of payment for the alleged transactions. No verifiable trail of payment corresponding to the purported supply of goods has been established so far, which further indicates that the transactions are non-genuine paper transactions created solely for fraudulent passing and utilisation of Input Tax Credit.

The arrested director was found to be direct benefactor of this evasion. The offence is covered under Section 132(1)(c) and is punishable under Section 132(1)(i) of the CGST Act, 2017. The person arrested was produced before the Duty Magistrate and has been remanded to judicial custody for 14 days.

**Further, CGST Delhi South Commissionerate, in the current fiscal year, has already launched prosecutions against 45 fraudsters under the CGST Act, 2017.**

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NB/KMN

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