ONE-STOP DESTINATION FOR TAXMAN AND TAXPAYER

## GST - No let-up in fake invoice racket - DGGI Mumbai Unit arrests 3 persons

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**By TIOL News Service**

**MUMBAI, NOV 26, 2020: THE** Mumbai Zonal Unit of the Directorate General of GST Intelligence, [DGGI-MZU], yesterday arrested three persons for having indulged in massive frauds involving the availment & utilization, as well as passing on of ineligible Input Tax Credit (ITC) on the strength of bogus invoices. This has been stated in a press release issued by Seema Jere Bisht, Pr. Additional Director General, DGGI-MZU.

Based on the investigation conducted by the officers of the DGGI - Mumbai Zonal Unit, Mr. Sachin Bhoruka, Director/Partner in various firms viz. M/s. Erman Metals Pvt. Ltd., M/s Pioneer Trading Co, M/s. Marshal Multiventures (I) Pvt. Ltd., M/s. Aikya Infraprojects Pvt. Ltd, M/s Sanmukh Fab Industries Pvt. Ltd. and M/s. Flyhigh Infraprojects Pvt. Ltd., was arrested on the charges of having availed and utilized fictitious ITC amounting to Rs. 485.64 Crore as well as having passed on fictitious Input Tax Credit ITC amounting to Rs. 485.55 Crore. The total quantum of the fraud committed involves GST amounting to Rs. 971.19 Crores.

In a parallel investigation, one Mr. Mahesh Kinger, Authorised Signatory of M/s Blue Sea Commodities Pvt. Ltd. (now M/s Curzen Infraprojects Pvt. Ltd.), M/s Blue Sea Commodities and Director of M/s. Theme Lights Pvt. Ltd. was also found to have engaged in the fraudulent availment & utilization, as well as passing on of ineligible ITC on the basis of bogus invoices issued & received without any actual supply or receipt of any goods or services. These entities had availed ineligible ITC amounting to Rs. 580.23 Crores and had passed on ineligible ITC amounting to Rs. 579.76 Crores. The total quantum of the fraud committed involves GST amounting to Rs. 1,159.99 Crores.

In a separate operation, the officers of DGGI - Mumbai Zonal Unit also arrested one Mr. Deepak Kumar Prajapati, Director of M/s. Udyog Kiran Ltd. Acting on intelligence indicating that the company had fraudulently availed & utilised, as well as passed on ineligible ITC on the basis of fake invoices received & supplied without any actual receipt or supply of any goods or services, investigation was initiated into M/s. Udyog Kiran Ltd. The subsequent investigations revealed that the Director of M/s. Udyog Kiran Ltd. had setup an intricate web of over 22 firms that indulged in circular trading for the purpose of artificially inflating their turnover so as to avail higher bank loans & credit facilities. Based on the investigation conducted till date, it has been noticed that the firms operated by Mr. Deepak Kumar Prajapati have passed on bogus ITC amounting to approximately Rs. 126 Crores and have availed ITC amounting to Rs. 94 Crores. The total fraud involves GST amounting to Rs. 220 Crores.

As per Section 132 of the CGST **Act 2017**
, issuance of invoice or Bill without supply of goods or services and wrongful availment or utilisation of Input Tax Credit on a bill/invoice, without any supply of goods or services is an offence. All the above accused three persons have been arrested under Section 69 (1) of the Central Goods and Services **Act, 2017**
 for committal of offences under Section 132 (1) (b) and Section 132 (1) (c) of the said Act and were produced before the Hon'ble Court. All the three accused have been remanded to judicial custody till 07/12/2020. Further investigation is in progress.