

GST - Organised ITC fraud - Advocate found to be key mastermind; Arrested

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By TIOL News Service

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Delhi CGST has unearthed a network of fictitious firms used by their operator to generate and pass on fake Input Tax Credit (ITC) of Goods and Services Tax (GST). The network of fake firms was being operated allegedly by one Vishal, who is an advocate by profession and was practicing law in Karkardooma court, Delhi.

The accused started this GST fraud by creation of a fictitious firm in his own name which he got registered at his residence. Subsequently, he arranged various KYCs of different persons to create multiple fictitious firms having no business activity and created solely for the purpose of passing on fake Input Tax Credit and defrauding the Government exchequer. Multiple KYCs and cheques were resumed during the search of his residence. He used to pass on fake Input Tax Credit to his clients in exchange for a commission of 2 % of the invoice amount. The total fake Input Tax Credit passed on quantified so far is **Rs. 50.03 crore** which is expected to increase as the investigation progresses.

Mr Vishal, Advocate

allegedly masterminded a deep rooted criminal conspiracy to defraud the Government and knowingly committed offences specified under Section 132(1)(b) and 132(1)(c) of the CGST Act, 2017 which are cognizable and non-bailable offences as per the provisions of Section 132(5) and punishable under clause (i) of sub section 1 of Section 132 of the Act *ibid*. Shri Vishal has been arrested under Section 69(1) of the CGST Act, 2017 and produced before the Duty Magistrate on 27.02.2021 who remanded him to judicial custody of 14 days till 13.03.2021. Further investigation in the case is in process.

It is pertinent to mention here that since the inception of GST Central Tax, Delhi Zone has made 27 arrests in various cases involving GST evasion amounting of more than Rs. 4019.95 crore.