ITC fraud - Gandhinagar CGST finds 68 fake units linked to Mumbai-based corporate

By TIOL News Service

AHMEDABAD, MAR 04, 2020 EAGLE-EYED analysis of taxpayers' data in the server has begun to strengthen the hands of Revenue Administration. A studious exercise was recently undertaken by the CGST offices in Gandhinagar. On the basis of details downloaded from ADVAIT (Advance Analysis of Indirect Taxes), AIO, E-way bill portal, it was noticed that many units had abnormally high turnovers whereas they had taken registration for trading of agriculture products and bullions. On further analysis, it was found that a good number of them were interconnected. They were suspected of not only circular trading to artificially enhance turnover, but also passed huge amount of ITC without supplying any goods.

Accordingly, searches were conducted on the premises of 16 firms registered with the Commissionerate. They were shown working at Kalol, Harji & Manek Chowk. During the course of search, it was found that, no activity was carried out from these premises and most of them were found to be closed and only boards displaying the name and GSTIN of the units, were found.

During the search at premise of Abans Enterprises Limited, several records in the form of sale and purchase were found. Apart from these documents, rubber stamps of 40 companies, blank letter pads of 12 companies not registered at the premise were also found. Further, six blank lorry receipt books and huge quantify of blank weighment slips of two firms were also recovered. Searches conducted at the transporter mentioned in the blank lorry receipts books and blank weighment sips revealed that the transport company and weigh bridge are not in existence.

Prime facie, it was found that there were around 68 units involved in the entire scam and almost all of them were directly or indirectly connected to a large corporate group of Mumbai. They had passed on ITC to the tune of Rs 720 Cr without tangible supply of goods. Probe is on and is likely to throw more lights on the scam.