

Firm busted for issuing fake invoices to claim input tax credit of goods worth Rs 436 crores

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Officers of Anti-Evasion, Central GST Delhi East Commissionerate have unravelled a major operation of Circular Trading, involving use of fake invoices to claim fraudulent refunds of Input Tax Credit. Shri Asif Khan, Shri Rajeev Chhatwal and Shri Arjun Sharma, operating a total of 17 fake firms, procured invoices without actual supply of goods and availed as well as passed on ITC fraudulently, to the tune of Rs 436 crores. The fraudulently availed ITC was used by them to file refund claims to the tune of Rs. 11.55 crores under Inverted Duty Structure. The said refund claims were also filed by fake firms floated by the accused persons.

The accused persons are related to each other by marriage and were evading investigation for the last one month. During investigation it came to light that a major Hawala operation was being run by the accused persons in connivance with certain Bank employees (under investigation). The said 17 firms, as stated above, existed only on paper and had been floated for the express purpose of passing on ITC by generation of fake invoices. Companies on both sides of the transactions, recipient as well as supplier, were found to be non-existent.

Certain businessmen are also under investigation for taking entries from the accused persons for the purpose of money laundering. It was further learnt that Shri Asif Khan was running a similar operation even during erstwhile VAT regime. It came to light that the trio were planning to spread their operations to other States at the time they were apprehended.

Shri Asif Khan, Shri Rajeev Chhatwal and Shri Arjun Sharma appear to have knowingly committed offences under Section 132(1)(b) and 132(1)(c) of 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*. They also appear to have committed offence under Section 132(1)(e) of the Act.

Accordingly, the said persons were arrested on 01.03.2020 under Section 69(1) of the CGST Act, 2017 and remanded to judicial custody till 13.03.2020 by the Chief Metropolitan Magistrate in Patiala House Court.

Further investigation in the matter is under progress.

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