

Fake GST invoices racket worth over Rs 2,400 cr busted

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THE ANTI-EVASION wing of Central Goods and Services Tax (CGST) Wednesday said it has arrested a New Ranip-resident Bharat Bhagwandas Soni for allegedly operating a racket of issuing fake GST invoices worth Rs 2,435.96 crore.

"Investigation revealed that Soni had hatched a well-orchestrated conspiracy with many other similar fraudsters to enable various bullion dealers in the city to fraudulently show purchase of gold, silver and diamond products and avail bogus input tax credit in such purchase invoices. As a part of this conspiracy, Soni floated six different trading firms in his name and in names of his son, daughters, sons-in-law, etc, and obtained GST registrations. He also operated bank accounts, opened in the names of fictitious entities, by using chequebooks signed in advance by the respective family members and kept by him," a statement issued by the office of the commissioner CGST and Central

Excise department, Ahmedabad-North, stated Wednesday.

The total value of the fake invoices issued by the six firms was Rs 2,435.96 crore, which resulted in fraudulent transfer of input tax credit of Rs 72.25 crore, the statement added.

Input tax credit is usually claimed by a manufacturer, supplier, agent, e-commerce entity, etc who are registered under GST while paying tax on the final product or output. At the time of paying this tax on output, one can reduce the tax already paid on input and pay only the balance amount.

At a time when the government is already struggling with low revenue collection due to the Covid-19 pandemic, cases of fake GST invoices fraud are making a further dent in the government's pocket and its ability to spend.

On January 3, Soni was produced before the additional chief metropolitan magistrate court in Ahmedabad and was remanded to judicial custody. The accused moved a bail application which was slated to be heard Wednesday.

"In view of the larger conspir-

acy and involvement of more persons and fake firms in the city, which expanded the fraud figures anywhere near Rs 1,000 crore involving fake input tax credit of Rs 300 crore, the department moved an application before the court on Wednesday seeking remand of the accused to CGST custody. The remand application stated the investigation is at a crucial stage and custodial interrogation of Soni is necessary to confront him with evidence of documentary trial and financial transactions, besides to get the facts corroborated with other persons and witnesses in his presence," a statement issued by the department Wednesday read.

The prosecution also submitted that if custodial interrogation is not granted, the ultimate beneficiaries may escape their tax responsibility by influencing and tampering with evidence, witnesses and other accused persons, thereby putting huge amount of government revenue at risk.

The court issued a notice to the accused for hearing on Thursday.