

Gurugram DGGI arrests 2 for input tax credit fraud of Rs 25 crore

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The Gurugram Zonal Unit of Directorate General of GST Intelligence has arrested two persons namely Mr. Naresh Mittal and Mr. ChhediLal Mittal, both cousins and having their firms at Naya Bazar, Delhi - 06. Both are residents of Bahadurgarh, Haryana.

An investigation was already undergoing in respect of fake invoices received without goods by one firm (name withheld, hereinafter Firm X) situated in the area of Sadar Bazar, Delhi - 06 from 22 suspicious firms. Visits had been conducted at the registered addresses of these firms, which were not found in existence at the given addresses. In some cases, the firms were shown registered at vacant plots and on residences of unsuspecting people who denied having opened any firm at their respective addresses. In some cases, fabricated electricity bills, fake rent agreements were uploaded on the GST portal for obtaining registration. Even bank account details declared in the GST registration were either found non existing or in other persons' names. Summons served to the proprietors at their respective declared addresses returned undelivered with postal remarks "does not exist", "incomplete address", "not found" etc.

Statement of the proprietor of 'Firm X' was also recorded earlier, wherein he claimed to have made payments for the purchases through RTGS and promised to submit details within two days. However, he could not submit any details thereafter. Investigations were therefore, further carried on by checking bank payment details which unearthed that while in the narration of the transfer entry, vendor firms' names were appearing, but the crediting accounts were in the names of a different person/firm.

One such firm was M/s Prag Enterprises situated at Naya Bazar Delhi. Banking transactions revealed that this firm was receiving huge amounts through RTGS/ Online Transfer from M/s Super Tech, M/s TulsiyanImpex and other firms. Search conducted at the business premises at this firm revealed that another firm namely M/s P C Traders was also receiving huge money through RTGS/Online from these firms and some other firms. During interrogation, both the cousins accepted their fault and stated that they were receiving these amounts and converted the same into "CASH" through "angadias". Upon receiving 'CASH' from specified 'angadias', they returned it to the respective firms including the 'Firm X' after deducting their "Commission". During interrogation Mr. ChhediLal Mittal also stated that he has created four fake firms in the names of other persons and had supplied fake bills without goods in exchange of 4-5% commission. He also stated that when he came to know of the ongoing investigation in respect of the 'Firm X', he closed the old firms and opened new ones and continued giving fake bills.

The said four firms have availed a fake credit of Rs. 26.06 crore. and have passed on fake credit of Rs. 25 crore. On the basis of the investigation and acceptance of truth by the cousins, they were arrested on 19.11.2020 and produced before a Magistrate, who sent them to Tihar Jail for 14 days' Judicial Custody.

Further investigation is under way.

RM/KMN