

Commissionerate of CT & GST , Odisha (Cuttack)

Press Release

State GST Enforcement Wing cracked down another 510 Crores Fake Invoicing racket: Arrested the Mastermind

In a Statewide cracked down against GST fraud, the State GST Enforcement Wing yesterday night (dt.31.12.2020) has nabbed one mastermind i.e Sri Sandeep Mohanty for his alleged involvement in raising of fake invoices to the tune of Rs.510.28 Crores. Three goods vehicles carrying the goods on the strength of fake invoice issued by the mastermind have also been seized at Jeypore. The other accused involved in this GST fraud has absconded.

Sri Sandeep Mohanty, the kingpin in the tax fraud, in collusion with others, has availed bogus input tax credit (ITC) worth **Rs.27.21 Crores** raising fake purchase invoices worth **Rs.166 Crores** in the name of 22 fake business entities created and operated by him. He is also found to have passed bogus input tax credit (ITC) worth **Rs.61.79 Crores** on the strength of fake invoices worth **Rs.344 Crores** to the recipients of both inside and outside the State of Odisha against the sale of goods purchased fictitiously and has defrauded the state exchequer. The GST fake invoices worth **Rs.510 Crores** have been arranged / issued within a short span of time.

The damage caused to the state revenue would have been manifold had the fraud not been detected at the early stage by the Enforcement Wing. During interrogation, the mastermind has admitted to have created few other dummy firms for issue of fake invoices and passing of bogus ITC through them in future. The registering authorities have been moved to cancel the registration certificates of the fictitious firms immediately.

The offences committed are cognizable and non-bailable offence u/s 132 (1) (b) (c) & (l) of OGST Act, 2017 read with section 132(5) of the said Act and is punishable U/s 132(1)(i) of the OGST Act, 2017. The fraud in respect of above 22 fictitious firms came to light when the Enforcement Wing conducted a statewide search operation

during the month of November, 2020 and unearthed more than 100 fake and non-existent firms. During investigation, it was found that the accused Sri Sandeep Mohanty directly and through his agents had collected identity documents such as Aadhar card, PAN card, photographs, Bank pass book from unemployed youths, farmers, housewives, drivers etc. of Deogarh, Bolnagir, Khorda, Rourkela, Jagatsinghpur, Dhenkanal, Bhubaneswar, Cuttack, Puri etc. on the pretext of giving them employment, arranging loans or assured monthly income. Afterwards, these documents have been mis-utilised to create and operate fake firms in order to defraud the state exchequer.

These masterminds were committing the crime in a well-planned manner. The intension of issue of fake invoices were not only for availing ITC fraudulently, but also to use as conduit for nefarious activities leading to tax evasion, massive bank loan fraud, money laundering and hawala transactions. The fraudsters have exploited liberalised norm for grant of registration in GST. Considering the nationwide fake invoicing cases, Government in the meantime has made the registration process more stringent with linkage of Aadhar and field enquiry.

The State GST Enforcement Wing has so far arrested 17 numbers of fraudsters for their involvement in issuance of fake invoices to the tune of Rs.5210 Crores (purchase & sales) and availing and passing of bogus ITC worth of Rs.970 Crores. Registration of 19539 dealers have been cancelled during 2019-20 and 2020-21 so far by the state GST officers on the ground of their non-existence after field enquiry or due to non filing of returns.

The Commissioner of State GST appeals to general public that they should not share their identity documents, personal details, bank details etc. with any unauthorized persons. Also, they should not permit any unauthorised person to operate a business or bank account on their behalf or in their name. In case, it comes to their notice that their credentials and other personal documents are being misutilised by someone for running a business the same should immediately be intimated to the nearest GST office.