

## **PRESS RELEASE**

### **Odisha State GST Enforcement Authorities busted another major racket involved in fake invoicing of Rs.294 Crores**

Today, i.e., on 12.03.2020, the State GST Enforcement Squad unearthed a GST fraud racket involved in generation of fake invoices worth Rs.294 Crore and passing of bogus input tax credit of Rs. 52.77 Crore over multiple transactions routed through different chains. The masterminds have been arrested from Bhubaneswar under the direction of Shri S. K Lohani Commissioner(CT & GST), Odisha by virtue of the power of arrest vested with the Commissioner U/s 69 of OGST Act, 2017 for commission of cognizable and non-bailable offence u/s 132(5) of OGST Act. The arrested persons are (1) Sri Sri Pramod Kumar Sahoo, Sailashree Vihar, Bhubaneswar, proprietor of M/s Sahoo Traders and (2) Sri Vikash Sarawgi, Patia, Bhubaneswar. This is the fourth major case of GST fraud busted by the Enforcement Wing of the Commissionerate of CT & GST, Odisha in recent months.

Consequent upon tracking of a chain of fraudulent transaction followed by scrutiny of suspected waybill transactions, collection of intelligence, physical inspections were carried out simultaneously at 11 business establishments. These were however found to be non-existent and fictitious. During investigation, the bank officials were interrogated regarding the fraudulent opening of current bank accounts in the name of the above fictitious firms and routing of huge cash transactions. The house owners of the rented principal place of business of all the fictitious business entities were confronted. On such interrogation, all the rent agreements were found to be forged. Surprisingly, in two cases, the rent agreement signed during 2018 contained the forged signature of the house owners who had already died in the year 2006 and 2012. In many cases, banks accounts had been opened and operated by forging the signature of the account holders.

Investigation reveals that these masterminds, taking help from locals, collected identity documents from the innocent people of Kandhamal District assuring to facilitate them to avail benefits from Government scheme but mis-utilised the same for the purpose of taking GST registration and opening of current bank account in different banks.

It is further revealed from investigation that the accused persons have fraudulently availed bogus ITC of Rs.48.58 Crores and passed on bogus input tax credit worth Rs.52.77 Crores in the name of the name of the fictitious firms created and operated by them on the strength of fake invoices. The offences committed by them are cognizable and non-bailable offence covered U/s 132(1)(c), 132(1) (b), 132(1)(l) of Odisha GST Act, 2017 and are punishable under Section 132(1)(i) of the said Act.

During interrogation, proprietors of these fake firms admitted that they were neither doing any business nor effecting any purchases/sales in the name of their firms and the transactions reflected in their returns were only paper transactions without any actual receipt and supply of goods. All of them also categorically admitted that they had neither deposited nor withdrawn any amount from the bank account opened in the name of their firm. The banking transactions in the name of the firms had been undertaken by the masterminds by mis-utilizing the signed cheque book and RTGS forms taken from the innocent persons in whose name registration had been taken fraudulently and in some cases by forging their signature.

It is found that the above named accused have purchased goods like MS ingot, MS rod, scrap etc. out of account without payment of tax and without obtaining purchase invoices from the actual supplier. In order to regularize the sale of the goods purchased out of account, they have arranged / manufactured fake purchase invoices in the name of fictitious firms created and operated by them and have utilized the said bogus ITC received on the strength of fake invoices while discharging the tax liability on supply of goods.

The Commissionerate is taking steps to recover the bogus ITC availed by recipients of Odisha with interest and penalty. In respect of recipients of bogus ITC of other states, respective Commissioners shall be moved to take steps to recover the said amount with interest and penalty along with other statutory actions prescribed under GST Act.