

## **Commissionerate of CT & GST , Odisha (Cuttack)**

### **Press Release**

#### **Fake GST invoice racket of Rs.106 Crores unearthed by the State GST Enforcement Wing, one arrested**

Continuing its drive against the fake invoicing rackets, the State GST Enforcement Wing today (dt.28.06.2021) has nabbed one mastermind i.e Sri Smruti Ranjan Sahoo, proprietor of M/s S.R Enterprises for his alleged involvement in availing and passing of bogus ITC worth Rs.19.04 Crores on the strength of fake invoices to the tune of Rs.106 Crores.

Sri Smruti Ranjan Sahoo, the kingpin in collusion with others, has availed bogus input tax credit (ITC) raising fake purchase invoices in the name of 14 fake business entities located at Angul, Jajpur, Rourkela, Jagatsinghpur, Bhubaneswar and Paradeep. He is also found to have passed bogus input tax credit (ITC) on the strength of fake invoices 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.106 Crores** have been arranged / issued within a very short span of time.

Investigation reveals that Sri Sahoo has submitted false information regarding the location of declared place of business and forged the rent agreement. His firm i.e M/s S.R Enterprises neither physically exists nor does any business and the transaction of purchase and sale shown are all paper transaction. In order to regularize the paper transaction, Sri Sahoo has routed the amount of purchase and sale through his bank account. Surprisingly, scrutiny of bank account reveals that Sri Sahoo has shown receipt of all payment towards fictitious sale of goods but his payment towards purchase of goods from fictitious firms is found to be negligible. Investigation further reveals that goods weighing in Ton have shown to have been transported through two wheelers, three wheelers, cars etc. in many occasion.

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 colluded in creation of the dummy firms for issue of fake invoices and passing of bogus ITC through them. 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 fictitious firms came to light when the Enforcement Wing conducted a statewide search operation regarding fictitious firms during November and December 2020. During investigation, it was found that the accused Sri Smruti Ranjan Sahoo along with some other co-accused has collected identity documents such as Aadhar card, PAN card, photographs, Bank pass book from unemployed youths, farmers, housewives, drivers etc. of Rourkela, Jagatsinghpur, Angul, Bhubaneswar, Cuttack, Puri etc. and mis-utilised the same to create and operate fake firms in order to defraud the state exchequer.

The State GST Enforcement Wing has so far arrested 18 numbers of fraudsters for their involvement in issuance of fake invoices. 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.