

# Crackdown on GST violators

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**NEW DELHI:** The Directorate General of GST Intelligence (DGGI) and the Directorate General of Revenue Intelligence (DRI) in a joint operation spanning 15 states caught several unscrupulous exporters fraudulently claiming input tax credit (ITC) worth about ₹470 crore under the Goods and Services Tax (GST) regime, a finance ministry statement said.

This was the "biggest ever joint operation" conducted on Wednesday that involved country-wide searches in 336 locations against exporters fraudulently claiming refunds of integrated GST (IGST), the statement added. IGST is charged when goods move across state borders.

The day-long operation revealed that many of the entities spread across the length and breadth of the country were either "non-existent" or had given "fictitious" addresses, it said.

"The preliminary examination of the records/documents resumed during the course of the joint operation along with the statements recorded of various persons indicated that an Input Tax Credit (ITC) of more than ₹470 crore (invoice value of approx ₹3,500 crores) is bogus/fake which has been further utilized by the exporters for effecting exports on payment of IGST through ITC and claiming consequential cash refund of the same."

The operation covered business entities in the states of Delhi, Haryana, Uttar Pradesh, Gujarat, Maharashtra, Tamil Nadu, West Bengal, Karnataka, Madhya Pradesh, Telangana, Punjab, Rajasthan, Himachal Pradesh,

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Uttarakhand and Chhattisgarh.

"The joint operation of the two premier intelligence agencies of Central Board of Indirect Taxes and Customs (CBIC), was a first of its kind in the history and involved about 1,200 officers from both the agencies," the statement said.

Explaining the modus operandi, the statement said some exporters were exporting goods out of India on payment of IGST, being done almost entirely out of the input tax credit availed on the basis of "ineligible/fake" supplies.

"Further, such IGST payment was claimed as refund on export. Based on the data provided by the Directorate General of Analytics and Risk Management (DGARM), analysis was conducted wherein certain red flag indicator filters were applied to Customs' export data in conjunction with the corresponding GST data of the exporters," it said.

It was also noticed that there was no or negligible payment of tax through cash by the exporters as well as their suppliers. In few cases, even the tax paid through input tax credit was more than the ITC availed by these firms. On the basis of this intelligence, massive searches were conducted on the premises of exporters and their suppliers.

The officials are also examining an IGST refund amount of around ₹450 crore, it said.