

CGST Delhi South Commissionerate busts a racket that fraudulently availed Input Tax Credit (ITC) worth 47.12 crore in iron & steel sector; one arrested

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The Anti-Evasion Branch of CGST Delhi South Commissionerate has unearthed a large-scale fraudulently availed Input Tax Credit (ITC) racket involving a Naraina-based taxpayer engaged in trading of iron and steel items. The case involves fraudulent availment and passing on of ITC totaling ₹47.12 crore, based on bogus invoices against a taxable value of approximately ₹261 crore, without any actual supply of goods.

Acting on specific intelligence developed by the Anti-Evasion wing, an investigation was initiated into a suspicious supply chain. The inquiry revealed that the firm had fraudulently availed and passed on ITC without any actual movement of goods. Further investigation established that the firm had availed ITC from cancelled and suspended GSTINs, in gross violation of the provisions of the CGST Act 2017.

The firm was found to be non-functional at its declared place of business during a search conducted under Section 67(2) of the CGST Act, 2017. The proprietor was arrested on 01.08.2025 under the provisions of Section 69 read with Sections 132(1)(b) and 132(1)(c) of the CGST Act 2017.

This case forms part of the broader initiative undertaken by the CGST Delhi South Commissionerate to dismantle fake ITC networks that lead to significant revenue leakage and undermine fair market practices. The department is leveraging data analytics and supply chain mapping tools to proactively identify and disrupt such fraudulent activities.

NB/KMN

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