

CGST Delhi South Commissionerate unearths fraudulent availment of Input Tax Credit (ITC) of over Rs. 8 crore; director of company arrested

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Continuing its enforcement drive against Input Tax Credit (ITC) frauds, the Anti-Evasion Branch of the Central Goods & Services Tax (CGST), Delhi South Commissionerate, has arrested a director of a company dealing in assorted items for fraudulent availment/utilisation of Input Tax Credit (ITC) of more than Rs. 8 crore in violation of Section 16 of the CGST Act, 2017.

Intelligence was developed through data-analytics that the taxpayer was involved in fraudulent availment/utilisation of ineligible ITC without underlying supply from the suppliers which were either suspended, cancelled suo-moto, or cancelled on application. Backward supply chain analysis established absence of inward supplies at L1, L2, L3 levels, thereby breaking the credit chain and rendering the ITC inadmissible under Section 16 of the CGST Act, 2017. Further, it was also found that the taxpayer has passed-on ineligible ITC to its buyers/recipients without underlying supply.

Statement of director of the company was recorded under Section 70 of the CGST Act, 2017 on 16.04.2026 with admission of carrying out and controlling all transactions on behalf of the company. However, he failed to produce documentary evidence to substantiate the veracity of the transactions.

As the director of the company has committed cognizable and non-bailable offences as prescribed under Section 132(1)(b) & Section 132(1)(c) punishable under Section 132(1)(i) of the CGST Act, 2017, he was arrested under Section 69(1) of the CGST Act, 2017 and produced before the Patiala House Court, which remanded him to judicial custody till 30.04.2026.

Further investigation in the case is under progress.

NB/KMN

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