

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA**

UNSTARRED QUESTION NO. 1646

TO BE ANSWERED ON TUESDAY, AUGUST 3, 2021/SRAVANA 12, 1943 (SAKA)

“Tax fraud under GST”

1646. SHRI SANJAY RAUT:

Will the Minister of FINANCE be pleased to state:

- a. whether it is a fact that the GST authorities have unearthed over ₹35,000 crore of tax fraud committed by misuse of input tax credit (ITC) provision under the Goods and Services Tax (GST) regime during the financial year 2020-21 and booked about 8,000 cases involving fake ITC;
- b. if so, the details thereof and Government's reaction thereto; and
- c. the details of steps taken or proposed to be taken by Government to catch the culprit by making stringent rules and regulations to stop such frauds in the future?

ANSWER

**MINISTER OF STATE FOR FINANCE
(SHRI PANKAJ CHOUDHARY)**

(a) & (b) Sir, the details of Input Tax Credit [ITC] fraud detected by CGST formations under CBIC are as following:

Sr No.	Period	No. of Cases	Quantum involved (In Rs. Crore)
1	2020-21	7268	31233.40

(c) Steps taken by the Government to prevent such frauds are given below:

- i. Introduction of AADHAR authentication for processing of new registration application;
- ii. Facility to verify cancelled / existing registrations of the applicants seeking new registrations;
- iii. Provisions to suspend / cancel registration of taxpayers found to the adverse notice of the department;
- iv. Bulk suspension of registration by GSTN based on business intelligence and further follow up of the same by the CBIC;
- v. Additional grounds for cancellation of registration have been introduced where there is mismatch between FORM GSTR1 and FORM GSTR 3B (Rule 21) of CGST Act, 2017, etc.;
- vi. To prevent fake dealers and shell companies to pass on fake credit, without filing their GSTR3B returns and paying taxes, a provision has been made to block furnishing of outward supply statement in FORM GSTR-1 by a taxpayer, if 2 or more GSTR 3B returns are not filed by the said taxpayer.
- vii. E-invoices have been made mandatory for all B2B transaction with turnover above Rs. 50 crore.
- viii. Generation of E-way bill by those taxpayers who have not furnished return for consecutive period of two month has been restricted.
- ix. Blocking of ITC Credit under Rule 86A of CGST Act, 2017, was introduced if the proper officer has reason to believe that ITC has been availed fraudulently.
