

## DGGI & DRI crackdown involved about 1200 officers

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In the biggest ever joint operation by Directorate General of GST Intelligence (DGGI) and Directorate General of Revenue Intelligence (DRI) against exporters who were claiming refund of IGST fraudulently, pan-India searches were carried out at 336 different locations across the country yesterday. The operation covered entities in the states of Delhi, Haryana, Uttar Pradesh, Gujarat, Maharashtra, Tamil Nadu, West Bengal, Karnataka, Madhya Pradesh, Telangana, Punjab, Rajasthan, Himachal Pradesh, 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 of CBIC which involved about 1200 officers from both the agencies.

On the basis of data analytics, an intelligence developed in close coordination by both the agencies revealed that some exporters are exporting goods out of India on payment of tax (IGST), being done almost entirely out of the Input Tax Credit (ITC) 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 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 ITC 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 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. 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 of more than Rs. 470 Crore (Invoice value of approx. Rs 3500 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. Besides, an IGST refund amount of around Rs 450 crore is under examination. Further, some live export consignments of these exporters have been intercepted at Vadodara Rail Container Terminal, Mundra port and Nhava Sheva port for examination in order to ascertain mis-declaration.

Further investigations in the matter are under progress.

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