

Government of India
Ministry of Finance
Department of Revenue

LOK SABHA
STARRED QUESTION NO.*159
TO BE ANSWERED ON MONDAY, JULY 31, 2023/ Sravana 9, 1945 (Saka)

CASES OF GST AND TAX EVASION

*159. SHRIMATI RANJANBEN DHANANJAY BHATT:

Will the Minister of Finance be pleased to state:

- (a) whether cases of GST and tax evasion are being noticed in different parts of the country;
- (b) if so, the details thereof; and
- (c) the steps taken or proposed to be taken by the Government to stop it?

ANSWER
MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)

- (a) to (c): A statement is placed on the Table of the House.

Statement referred to in reply to LOK SABHA Starred Question No.*159 for answer on 31st JULY, 2023 raised by SHRIMATI RANJANBEN DHANANJAY BHATT regarding “Cases of GST And Tax Evasion”.

(a)& (b): Whenever any instance of GST and Tax evasion comes to the notice, the respective agencies take appropriate actions against such tax evader(s).

- The statistics on surveys, searches & seizures done by Income Tax Department in the last 5 years are as under:

Financial Year	Search & Seizure		Surveys
	Number of groups searched	Total assets seized (In Rs. crore)	No. of Surveys Conducted
2018-19	966	1567.07	15401
2019-20	984	1289.47	12720
2020-21	569	880.83	426
2021-22	686	1159.59	1046
2022-23	741	1765.56	1253*

* Provisional figures

- The statistics on prosecutions filed by the Income Tax Department during the last 5 years are as under:

Financial Year	No. of cases in which prosecution complaints filed	No. of Cases compounded	No. of persons convicted
2018-19	3512	2235	105
2019-20	1226	1410	49
2020-21	173	558	16
2021-22	195	468	11
2022-23	387	627	69

- Trends in overall GST evasion detected for the last three years are as under:

Year	Total No. of cases	Detection (Rs. in Cr.)	Recovery (Rs. in Cr.)	No. of Arrest
2020-21	12596	49384	12235	460
2021-22	12574	73238	25156	342
2022-23	15562	131613	33226	190
2023-24 (upto May, 2023)	2784	14302	5716	28

- Cases of Outright smuggling* detected by Department of Customs in the last 4 years (including current F.Y.) are as under:

Period	No. of cases	Value (in Rs. Crores)
2020-21	10,318	2,740.80
2021-22	12,755	20,265.26
2022-23	16,695	21,927.99
2023-24 (upto may 2023)	2,986	1,031.59

* Quanification of duty in outright smuggling cases is not feasible.

- Cases of Commercial Frauds by Department of Customs in last 4 years (including current F.Y.) are as under:

Period	No. of cases	Values (in Rs. Crore)	Duty Involved (in Rs. Crores)
2020-21	3,018	6,157.60	8,850.26
2021-22	3,033	60,764.80	6,052.35
2022-23	5,514	14,371.59	4,957.61
2023-24 (upto may 2023)	694	1,695.16	1,365.24

(c) Details of various steps undertaken by the government to stop GST and Tax evasion are as under:

(i): Income Tax:-

(a) With the availability of information in electronic form, the Income Tax Department has developed a wide range of non-intrusive methods for detecting tax evasion. Some of the important measures include-Computer Assisted Scrutiny Selection (CASS) for selection of cases for Scrutiny; Non-filers Monitoring System (NMS) to prioritise action on non-filers; Income Tax Business Application (ITBA) to help in curbing tax evasion through putting in place end to end processes for all verticals of the Department etc.

(b) Extensive use of information technology and data analytics tools also helps in identification of high-risk cases, expeditious e-verification of suspect cases and enforcement actions in appropriate cases.

(c) The Income Tax Department collects information on Specified Financial Transactions (SFT), above notified thresholds, relating to cash deposits, credit card payments, purchase and sale of properties, purchase of shares and mutual funds etc. Such information is collected, collated and analyzed for computer aided scrutiny and risk profiling of taxpayers, identification of non-filers and stop filers etc.

(d) Whenever there is any credible information with regard to evasion of direct tax, the Income Tax Department takes timely and concerted action in the form of search, seizure, survey etc., as per law.

(e) Enactment of the Benami Transactions (Prohibition) Amendment Act, 2016 to amend the Benami Transactions (Prohibition) Act, 1988 with a view to, inter alia, enable confiscation of benami property and prosecution of benamidar and the beneficial owner.

(f) The Government has brought in a large number of legislative provisions in the Income Tax Act, 1961 to effectively tackle the menace of black money. For eg. restriction on cash transaction of Rs. 2 lakh or more, no deduction under section 80G allowed if cash donation

exceeds Rs. 2000, and restriction imposed on donations of Rs.2000/- or more to political parties otherwise than by a bank account or through electoral bonds etc.

(g) Constitution of the Special Investigation Team (SIT) on Black Money under Chairmanship and Vice-Chairmanship of two former Judges of Hon'ble Supreme Court,

(h) Mandatory linking of Aadhaar with PAN, which will not only help in de-duplication of PAN but will also prevent potential tax frauds and money-laundering.

(ii): GST:-

1. Using robust data analytics and artificial intelligence to identify and track risky taxpayers and detect tax evasion;

2. Carrying out special all India drive to weed out fake/bogus registrations from 16.05.2023 to 15.07.2023;

3. Insertion of sub-rule (4A) in rule 8 of CGST Rules, 2017 to provide for biometric-based Aadhaar authentication of registration applicants who appear to be risky based on data analytics;

4. Amendment in rule 9 of CGST Rules, 2017 to provide for physical verification in high-risk cases, even when Aadhaar has been authenticated;

5. Amendment in rule 10 A of CGST Rules, 2017 to provide for requirement of bank account furnished as a part of registration process to be in the name of the registered person and obtained on PAN of the registered person and also linked with Aadhaar in case of proprietorship firm. Also, the GST Council in its 50th meeting has recommended further amendment in rule 10A to provide that the details of bank account will be required to be furnished within 30 days of grant of registration or before filing of GSTR-1, whichever is earlier;

6. Restriction on availment of ITC to invoices and debit notes furnished by the supplier in their statement of outward supplies;

7. Sharing of data with partner law enforcement agencies for more targeted interventions;

8. Reduction in threshold limit for issue of e-invoice for B2B transactions from Rs. 10 crore to Rs. 5 crore w.e.f. 01.08.2023;

9. Restriction on generation of e-way bills by non-compliant taxpayers;

10. Making the beneficial owner liable for penal action and prosecution similar to that of actual supplier/recipient, in cases where a supply has been made without the issuance of an invoice, or invoice has been issued without supply, or excess ITC has been availed/distributed; and

11. Amendment in Section 83 of the CGST Act to provide that provisional attachment of property can be done in respect of any other person who has retained benefits of such transactions.

(iii): Customs:-

CBIC through its customs field formations, along with DRI, is actively engaged in detecting and curbing import-export related commercial frauds. Data analysis based risk management and intelligence development along with human intelligence are being employed by said formations to gather actionable intelligence, which has resulted in substantial detections of tax evasion in recent years. On the basis of investigations conducted, alerts and modus operandi circulars are being issued from time to time to sensitise other Customs field formations and risk management teams about potential risk parameters so that necessary vigil and safeguards may be put in place in a timely manner.
