

**GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
LOK SABHA  
UNSTARRED QUESTION NO. 957  
TO BE ANSWERED ON MONDAY, JULY 29, 2024/ 7 SHRAVAN, 1946 (SAKA)**

**“FAKE INPUT TAX CREDIT UNDER GST”**

**957. SHRI C M RAMESH:**

**Will the Minister of FINANCE be pleased to state:**

- (a) whether it is true that more than Rs. 20,000 crores of fake input tax credit claims under GST has been reported during the year 2023-24, if so, the details thereof;
- (b) whether it is also true that the above fake input tax claims are much higher than in 2022 23, if so, the details thereof;
- (c) whether the number of fake claims are going up during the last three years, if so, the details thereof;
- (d) the steps taken/proposed to be taken for plugging above loopholes; and
- (e) the challenges being faced by the Government in tracking the fake ITC fraudsters?

**ANSWER  
MINISTER OF STATE IN MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)**

(a) and (b) Yes sir. The details of the fake input tax Credit (ITC) cases booked by Central Tax formations during the F.Y. 2022-23 and 2023-24 are as under:

F.Y.	No. of cases	Detection (Rs. in Cr.)	Voluntary Deposit (Rs. in Cr.)	No. of persons arrested
2022-23	7231	24140	2484	153
2023-24	9190	36374	3413	182

(c) Yes sir. The no. of cases booked by Central Tax formations during the F.Y. 2021-22 to 2023-24 is as under:

F.Y.	No. of cases
2021-22	5966
2022-23	7231
2023-24	9190

d) The steps taken by the Government to curb the ITC frauds include-

1. Insertion of sub-rule (4A) in rule 8 of CGST Rules, 2017 to provide for risk based biometric-based Aadhaar authentication of registration applicants who appear to be risky based on data analytics
2. Amendment in rule 9 of CGST Rules, 2017 to provide for physical verification in high-risk cases, even when Aadhaar has been authenticated
3. Amendment in rule 10A 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 and 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
4. Restriction on availment of ITC to invoices and debit notes furnished by the supplier in their statement of outward supplies
5. Filing of FORM GSTR-1 made mandatory before filing of FORM GSTR-3B for a tax period and filing of FORM GSTR-1 made mandatorily sequential
6. 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
7. 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
8. Restriction on generation of e-way bills by non-compliant taxpayers
9. 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
10. Regular use of data analytics to identify or track risky GST registrations to detect tax evasion

11. All India drive to weed out fake/bogus registrations

12. Sharing of data amongst enforcement agencies for targeted interventions on continuing basis.

(e) The challenges relate to masterminds who operate the fake ITC generation through control and management of a complex web of entities created across jurisdictions. Such challenges are being met through coordination with multiple stakeholders, including law enforcement agencies.

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