

SPECIAL TEAM SLEUTHS OF COMMERCIAL TAXES DEPARTMENT ARREST MEMBERS OF THE SCRAP CARTEL AND TRACES THE EVADED MONEY TRAIL

The Commercial Taxes Department, Karnataka has continued its relentless pursuit of offenders who are part of the cartel involved in fake transactions of scrap goods and the special team of officers of the Department have arrested four people so far. By this exercise, the Department has successfully dismantled the fake ITC racket involving nearly 100 firms having Turnover of Rs. 1008 crores and tax amount of nearly Rs. 180 crores.

Sri Mohammad Siddiq, the mastermind was arrested on 17-01-2024.

Sri Imtiaz of Bantwal, a close associate of the mastermind was arrested on 22.01.2024.

Sri Sameer Pasha, partner of the mastermind, the third accused was arrested on 08-02-2024.

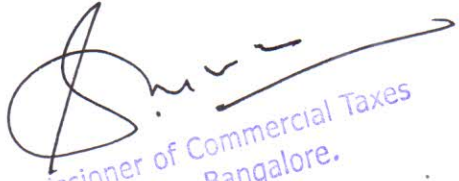
The fourth accused, Sri Soni Vishwas, a close associate of the cartel members was arrested on 23-02-2024, after a month-long chase after he was absconding and was on the run. He constantly changed locations by crisscrossing the States. He managed to secure multiple mobile SIM cards with the help of his acquaintances. Based on reliable information, he was tracked on real-time basis by several teams of officers of Kalburgi, Hubli, Bellary and Malnad Divisions who were in disguise and ultimately nabbed him after a marathon chase of about 24 hours. Karnataka Police, Railway Officials and State GST authorities of Maharashtra, also assisted in tracking the accused.

These accused members of the cartel were involved in creation of multiple registrations in the States of Kerala, Tamil Nadu and Karnataka based on fabricated documents. They supplied fake tax invoices at multi-level supply chain without actual supply of goods facilitating availing of Input Tax Credit (ITC) by the beneficiaries without remitting any output tax at the beginning of the supply chain.

In most cases PAN and Aadhar cards of friends, other gullible and poor people were used to prepare rental agreements and obtain GST registrations. These registrations were operated by the cartel members for a time spanning six to twelve months by which time several crores of transactions were reflected and ultimately closed without paying any taxes.

The cartel, to syphon off the tax evaded money, used a novel method of converting accounted money into cash through 'Retail Payment and Settlement System' of National Payments Corporation of India (NPCI). Business Correspondents associated with Banks and Fintech Companies were the channels used for such conversions the value of which as on date has crossed Rs. 140 crores.

Officers of the Commercial Taxes Department are continuing their investigation and analyzing it from all angles. This resolute action by the Commercial Taxes Department sends a clear message about the government's unwavering commitment to upholding the rule of law, ensuring equitable taxation and safeguarding the interests of the State and its honest taxpayers both.



Commissioner of Commercial Taxes
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