

## **Press Release**

In a significant enforcement action, the Commercial Taxes Department (South Zone), Bengaluru, has uncovered significant evasion of GST using illegal means involving a manufacturer of Lead Ingots. The accused entity, in collusion with fraudulent suppliers, utilized fake invoices to illegally avail Input Tax Credit (ITC), violating the provisions of the GST Act, 2017.

Investigations have indicated that the manufacturer fraudulently availed ITC amounting to ₹44.83 Crores, with a turnover impact of ₹250 Crores. The entity systematically orchestrated financial transactions, transferring payments to shell bank accounts under the guise of legitimate suppliers. However, the actual suppliers never received these payments, confirming that no real supply of goods had occurred. It is being ascertained that the funds were funneled through multiple hawala accounts, eventually routing back to the accused entity. Further investigation is expected to reveal details regarding other players in this fraudulent supply chain.

Presently, one of the accused has been arrested and presented before the Special Court for Economic Offences, which has taken cognizance of the matter and remanded him to judicial custody until April 9, 2025.

The uncovering of such modus operandi is first of its kind in the State and the Department is also investigating other people involved in such orchestrated tax frauds.

The Department remains committed to leveraging technology driven analytical tools to detect and prevent tax frauds. It urges all stakeholders to conduct due diligence in their financial transactions, adhere to fair trade practices, and ensure timely and legitimate tax payments to the Government.

Dated:28-03-2025

  
Commissioner of Commercial Taxes  
Karnataka

Commissioner of Commercial Taxes  
Karnataka, Bangalore.