

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UN-STARRED QUESTION NO. 3670**

ANSWERED ON MONDAY, AUGUST 11, 2025

“ITC FRAUD DETECTION”

**3670. Shri Vishnu Dayal Ram:
Shri Kanwar Singh Tanwar:**

Will the Minister of FINANCE be pleased to state:

- (a) whether many fraudulent cases of claiming Input Tax Credit (ITC) in GST have come to the notice of the Government;
- (b) if so, the details of the numbers of cases registered, amount involved and recovery made; and
- (c) the proactive steps taken by the Government to prevent and tackle the fraudulent cases of claiming ITC benefits?

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

(a) & (b) : Yes Sir. The details of the cases of ITC fraud registered by Central tax formations during the last three Financial Years are as under:

Period	No. of cases	Detection (Rs. in Cr.)	Voluntary Payment (Rs. in Cr.)
2022-23	7231	24140	2484
2023-24	9190	36374	3413
2024-25	15283	58772	2675

(c) The proactive steps taken by the Government to prevent and tackle the fraudulent cases of claiming ITC are as under:

- i. Input tax credit can only be availed in respect of such invoices or debit notes which have been furnished by the supplier in FORM GSTR-1 and details of which have been communicated to the registered person in FORM GSTR-2B.
- ii. A registered person is not allowed to furnish FORM GSTR-1, if he has not furnished return in FORM GSTR-3B for the preceding tax period.

- iii. Filing of FORM GSTR-1 is made mandatory before filing of FORM GSTR-3B for a tax period and filing of FORM GSTR-1 has been made mandatorily sequential.
- iv. Electronic invoicing system (e-invoice) has been made mandatory for all B2B transactions for businesses with turnover exceeding Rs. 5 crore.
- v. OTP based verification of PAN on mobile number at time of registration and email address linked with PAN. This will help in preventing GST registration using PAN of other persons, without their knowledge.
- vi. Risk based biometric-based Aadhaar authentication of registration applicants.
- vii. An applicant who has not opted for Aadhaar authentication, will also be required to visit GST Suvidha Kendra for taking of photograph and for document verification.
- viii. Physical verification in high-risk cases, even when Aadhaar has been authenticated.
- ix. Details of bank account will be required to be furnished within 30 days of grant of registration or before filing of FORM GSTR-1/ IFF, whichever is earlier.
- x. System-based measures like:
 - a. suspension of the registration in respect of such registered persons who do not furnish the details of valid bank account within the time period prescribed.
 - b. suspension of registrations pertaining to registered persons who default in timely filing of returns is carried out in terms of provisions of rule 21A of the CGST Rules, 2017.
 - c. the requirement of Geo-tagging of the place of business of the applicant for the new registrations has been provided on the portal.
 - d. Automated notices under Rule 88C/88D in form of DRC-01B and DRC-01C are being issued.
- xi. Offence of fraudulent availment of ITC without invoice or bill is now cognizable and nonbailable offence.
- xii. Beneficiary, who retains benefit or at whose instance 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, has been made liable for penalty.
- xiii. The Invoice Management System (IMS) is a functionality introduced on the GST portal in late 2024, designed to help recipient taxpayers manage incoming invoices more effectively. It allows recipients to accept, reject, or mark invoices as pending when these are saved or filed by their supplier taxpayers. With the implementation of IMS, registered recipients can now cross-verify and reconcile invoices reported by suppliers in their GSTR-1, thereby streamlining and strengthening the ITC claim process.
- xiv. To weed out fake/bogus registrations, a special drive against fake Input Tax Credit and fake registration was launched during the period from 16th May, 2023 to 15th July, 2023 and 16th August, 2024 to 15th October, 2024 in coordination between State and Central GST administrations.
