

## **Revenue Dept cautions DGFT on ‘star’ exporters getting GST refunds using fake Invoices**

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Calls for more robust accreditation system

The Revenue Department has brought to the notice of the Directorate General of Foreign Trade (DGCF) instances of ‘mis-availment’ of Integrated Goods & Services Tax (IGST) refunds, based on fake invoices, by some exporters holding ‘star’ status. It has also advised the DGFT, under the Commerce Ministry, to make the exporters’ accreditation system more robust.

“A note from the Revenue Department to the DGFT’s office pointed out that since an exporter enjoying star status is allowed many facilities, including reduced Customs inspections, it would make for a strong case for the DGFT to continuously (or annually) seek a compliance and verification reports from other regulators,” a government source said.

“It could also oblige exporters to produce statutory records of compliance, including certifications from banks of no NPAs.”

Of the 241 cases taken up for scrutiny, the data of 82 star exporters showed that their Income-Tax and GST declarations varied significantly, the source said.

### **Data matching**

The I-T and GST data matching also showed that 40 of the 241 entities declared turnovers ranging from nil to less than Rs 1 crore in 2017-18 and 2018-19, whereas an entity must maintain exports of \$3 million a year to be eligible for the star status, he added. These instances emphasise the need to make the system of accrediting exporters more robust.

Preliminary enquiries on four star exporters confirmed that they had got credit on fake invoices and encashed it via IGST and ITC refunds.