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### **Gang using fake invoices to evade taxes busted**

ISLAMABAD: The Federal Board of Revenue busted a gang of 50-60 unscrupulous persons for issuing invoices in the name of bogus companies involving tax fraud of billions of rupees.

The Karachi-based Directorate of Intelligence and Investigation of FBR has unveiled a scam of evaders, who are engaged in issuing and utilising fake and flying invoices either to evade sales tax or to facilitate other persons in minimising their sales tax liabilities.

The gang is operating through various cities of Pakistan and issuing sales tax invoices without any physical movement of goods.

As per the investigation so far, paper transactions valuing Rs7.729 billion involving sales tax amount of Rs1.305bn is detected. The suspected revenue involve in the same can rise up to Rs10bn when the investigation completes, a senior tax official said.

The official said that investigations are underway to trace and apprehend the mastermind of the mafia.

Bogus companies, which exist only on papers, issue fake invoices. Then they claim refund from the sales tax department on raw material never purchased. Meanwhile, flying invoices are used by registered taxpayers to claim undue refunds from the FBR by showing excessive use of raw materials.

Further details show that an investigation is underway and so far suspension and black-listing of 10 bogus registered persons in Karachi has been initiated. These include Shahid Enterprises, Hashmi Traders, Jibrán Enterprises, Rizwan Enterprises, Lucky Corporation, Zaid Enterprises, Zahid & Co, Khatri Enterprises, SSS Expo, and A-One Package.

The cases of bogus registered persons falling in other cities were referred to their respective directorates for further investigation.

These bogus registered persons have declared sales of multiple descriptions of goods, including coal and related products, lubricating oil and greases, petroleum and similar products, article of plastic, chemicals, paper, yarn and filament, textile articles, computer and other equipment, miscellaneous electrical, furniture beddings and cushion, which are not relevant to purchases of their buyers.

It was found that most of the persons engaged in the scam have not paid a single penny to the treasury either as sales or income tax despite the declared supplies of millions of rupees.

The practice of issuing fake and flying sales tax invoice claims has been rampant for several years and costs billions of rupees to the exchequer every month. People involved in the cases are said to be using connections in the FBR for release of refunds which were delayed because of red alerts, making them 'suspicious' claims.

The Federal Tax Ombudsman also took suo motu of the illegal refunds last week.