

HC: Upholds ₹285 Cr Penalty on GST Consultant under Section 122(1A) for Facilitating Fake ITC Network

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REFER THE DECISION OF THE HON'BLE DELHI HIGH COURT IN THE CASE OF

Bhupender Kumar vs. Additional Commissioner Adjudication CGST Delhi North & Ors

FACTS:

Petitioner: Bhupender Kumar, a GST practitioner/consultant.

Allegation: He was involved in creating and managing a network of fictitious GST-registered entities to issue fake invoices and fraudulently claim Input Tax Credit (ITC).

Role: Though not a registered taxable person himself, he facilitated and orchestrated the entire tax evasion mechanism on behalf of others.

Department's Action: A penalty of ₹285 crore was imposed on him under Section 122(1A) of the CGST Act, 2017.

Petitioner's Argument: He challenged the penalty, arguing that he was not a taxable person and thus not liable under the CGST Act.

Hon'ble High Court Judgement:

Key Holding: The Delhi High Court dismissed the petition and upheld the penalty.

Reasoning:

Section 122(1A) uses the term “any person”, and not just “taxable person”.

Therefore, **even non-registered individuals**, such as consultants or intermediaries, can be penalized if they **knowingly facilitate** GST fraud.

The Court held that **Bhupender Kumar's active involvement** in setting up and operating the fake ITC network brought him **squarely within the scope** of Section 122(1A).

Conclusion: Penalty of ₹285 crore is legally valid and proportionate to the scale of tax fraud facilitated.