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31 FAQs on DGGI/GST → ED nexus for investigations and adjudications in India

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DARSHAN MALA SERIES (DMS)

31 Frequently Asked Questions (FAQs) on the Directorate General of Goods and Services Tax Intelligence (DGGI) / Goods and Services Tax (GST) → Enforcement Directorate (ED) nexus for investigations and adjudications

The Darshan Mala Series (DMS) presents weekly research and updates based on information available in the public domain.

This edition, comprising 31 Frequently Asked Questions (FAQs), examines the Directorate General of Goods and Services Tax Intelligence (DGGI) / Goods and Services Tax (GST) → Enforcement Directorate (ED) nexus for investigations and adjudications, including respective roles, jurisdiction, investigative processes, and areas of interaction between the two agencies.

The Series covers matters reported in the public domain concerning Special Courts, proceedings before such Courts, and proceedings relating to adjudication and other judicial or quasi-judicial processes concerning enforcement, investigation, attachment, prosecution, and related matters.

The Darshan Mala Series has been initiated with inspiration from the vision of the Hon'ble Prime Minister of India to promote greater public awareness and informed discussion on matters relating to governance, accountability, transparency, administration, enforcement, and the functioning of the justice delivery system.

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The contents of this Series have been compiled exclusively from information available in the public domain, including official statements, court records, judicial orders, government publications, media reports, and other publicly accessible sources.

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31 FAQs on DGGI/GST → ED nexus for investigations and adjudications in India

INDEX

S.No	Topics	Page No.
1.	What is DGGI / GST → ED nexus for investigations and adjudications in India?	4
2.	What is statutory track for DGGI / GST and ED / PMLA?	4 & 5
3.	What is flow chart for DGGI / GST → ED nexus?	5 & 6
4.	What are objects for GST adjudications and PMLA adjudications?	6
5.	What is best example for DGGI / GST → ED nexus?	7
6.	What are investigations and adjudications by DGGI / GST and ED / PMLA?	7 & 8
7.	What are issues involved in a DGGI / GST fraud case for ED/PMLA?	8
8.	What are legal questions to be considered for DGGI / GST → ED nexus?	9
9.	Whether nexus is existed between GST-fraud case and ED/PMLA investigations?	9
10.	What is sequence required for GST-fraud case and ED/PMLA investigations?	9 to 11
11.	What is the comparison between DGGI / GST track and ED/PMLA track?	11
12.	Is there nexus between sec. 132 of CGST Act, 17 & schedule offence under PMLA, 02?	11
13.	Whether the ED is permitted to act before GST adjudication?	12
14.	What is comparison between the DGGI and the ED?	12 & 13
15.	What is comparison between GST and CGST?	13 to 15
16.	What is DGGI / GST investigation for fake-invoice or ITC fraud case and ED/PMLA?	15
17.	What is burden of proof for GST adjudication, prosecution and PMLA proceedings?	15 to 17

● The Supreme Court and High Courts Judgments for the GST → ED Nexus ●		18
18.	What is Supreme Court case of Nav Nirman Builders Ltd. v. Union of India (2026)?	18
19.	What is Supreme Court case of JSW Steel Limited v. ED (2025)?	18
20.	What is Supreme Court case of Radhika Agarwal v. Union of India (2025)?	18 & 19
21.	What is Supreme Court case of Chandrama Parsad v. The State of Bihar (2024)?	19
22.	What is Supreme Court case of Vijay Madanlal Choudhary v. Union of India (2022)?	19 & 20
23.	What is Jharkhand High Court case of Amit Agarwal v. ED (2025)?	20
24.	What is Delhi High Court case of Tahir Hussain v. Assistant Director, ED (2022)?	21
25.	What is conclusion against Courts cases for DGGI / GST → ED nexus?	21 & 22
26.	What is judicial relevance of GST adjudication for ED / PMLA case?	22
27.	What is comparison between the 5 Court cases for DGGI / GST → ED nexus?	23 & 24
28.	What are 5 Court cases for impact on DGGI / GST and ED / PMLA investigations?	24 to 26
29.	What are 8 Supreme Court's cases for GST-fraud become foundation for PMLA, 2002?	26 & 27
30.	What is most important proposition for a DGGI's SCN and PMLA's proceedings?	27
31.	What are 5 stage tests for DGGI / GST → ED nexus?	28 & 29

Author's Profile for 31 FAQs on DGGI/GST → ED nexus for investigations and adjudications



31 FAQs on DGGI/GST → ED nexus for investigations and adjudications in India

(Source of information's used in preparation of weekly updates are taken from public domain)

1. What is DGGI / GST → ED nexus for investigations and adjudications in India?

- (i) The DGGI / GST → ED nexus is important, but it is “not a case of ED automatically” taking over every GST investigation.
- (ii) The connection arises primarily when a GST investigation reveals facts that may amount to money laundering involving Proceeds of Crime (PoC) against a PMLA scheduled offence, or when the underlying conduct overlaps with another PMLA scheduled offence under the PMLA, 2002

2. What is statutory track for DGGI / GST and ED / PMLA?

S.No	Good and Service Tax (GST) or Directorate General of GST Intelligence (DGGI)	Enforcement Directorate (ED) or Prevention of Money-Laundering Act (PMLA)
(i)	(a) Investigates GST evasion (b) Investigates fake invoices (c) Investigates fraudulent ITC (d) Investigates suppression of turn-over and related GST offences. (e) DGGI describes itself as the apex GST intelligence and investigative organisation of CBIC.	Investigates money-laundering & Proceeds of Crime (PoC) under PMLA, 2002
(ii)	Primarily operates under the CGST Act, 2017 IGST Act, 2017 and related GST framework.	Primarily operates under the PMLA, 2002.
(iii)	The DGGI is the principal central GST intelligence or investigative organisation for detecting and investigating tax evasion.	The ED conducts investigation of money-laundering offences under PMLA, 2002 and takes the proceedings for property constituting or representing Proceeds of Crime (PoC).



(iv)	<i>The GST proceedings may determine tax liability, interest, penalty and other consequences under the GST law.</i>	<i>The PMLA proceedings can involve provisional attachment, adjudication, confiscation and prosecution, subject to the statutory process. The Section 5 of PMLA, 2002 specifically deals with provisional attachment of property involved in money-laundering.</i>
(v)	<i>The DGGI/GST authorities may investigate and prosecute specified GST offences, investigation and adjudication are distinct functions.</i>	<i>The “ED is not the GST adjudicating authority” and does “not determine GST tax liability” merely because the underlying facts may also have a money-laundering dimension.</i>
(vi)	<i>A GST offence does “not automatically” become the money-laundering merely because money or assets are involved.</i>	<i>For PMLA action, the statutory ingredients relating to a PMLA scheduled offence and Proceeds of Crime (PoC) have to be satisfied.</i>
(vii)	<i>GST and PMLA proceedings may run in parallel, depending on the facts and statutory requirements.</i>	<i>PMLA proceedings may rely upon financial information or evidence arising from GST or DGGI investigation, but they remain proceedings under a separate statutory framework.</i>

(viii) Conclusion

- (a) *The DGGI’s statutory role is detecting and investigating GST evasion, including fake invoicing and fraudulent ITC.*
- (b) *The ED’s statutory role is investigation of money laundering and tracing/attachment of Proceeds of Crime (PoC).*

3. What is flow chart for DGGI / GST → ED nexus?

Fake GST invoices or fraudulent ITC under the CGST Act, 2017



GST investigation by DGGI under the CGST Act, 2017



Evidence of underlying “criminal activity” under the CGST Act, 2017





Proceeds generated or derived from the “criminal activity” under the PMLA, 2002



Layering, transfer, acquisition or use of those proceeds under the PMLA, 2002



PMLA money-laundering investigation by ED under the PMLA, 2002

● **Conclusion** ●

- *The critical legal question is “not merely whether GST was evaded”, but whether the facts satisfy the statutory requirements of a PMLA scheduled offence and Proceeds of Crime (PoC).*

4. What are objects for GST adjudications and PMLA adjudications?

● **Objects for GST adjudications** ●

- (i) *To determine whether a wrongful availment or utilisation of ITC is existed under the CGST Act, 2017?*
- (ii) *To determine whether a fake invoicing is existed under the CGST Act, 2017?*
- (iii) *To determine whether a tax evasion is existed under the CGST Act, 2017?*
- (iv) *To determine whether a tax short-paid/not paid is existed under the CGST Act, 2017?*
- (v) *To determine whether an interest and penalty liability is existed under CGST, 2017?*

● **Objects for PMLA adjudications** ●

- (i) *To make provisionally attachment under the PMLA, 2002.*
- (ii) *To make provisionally retention*
- (iii) *To make provisionally confiscation*

● **Conclusion** ●

- *Therefore, an adverse GST adjudication order does “not” itself become an ED adjudication order.*



5. What is best example for DGGI / GST → ED nexus?

● Suppose INR 50 crore fraudulent ITC fraud detected ●

(i) The DGGI's role

- The DGGI to investigate whether INR 50 crore fraudulent ITC was allegedly availed through a network of fictitious suppliers?

(ii) The ED's role

- (a) The ED to investigate whether the underlying conduct constitutes a PMLA scheduled offence and the INR 50 crore represents Proceeds of Crime (PoC)?
- (b) The ED to investigate what happened to those Proceeds of Crime (PoC), bank transfers, layering, acquisition of assets, foreign transfers, etc?
- (c) The ED to trace Proceeds of Crime (PoC) provisional attachment and prosecution or confiscation.

6. What are investigations and adjudications by DGGI / GST and ED / PMLA?

(i) Investigations and adjudication by DGGI / GST under the CGST Act, 2017

Investigation by DGGI / GST



Show Cause Notice (SCN)



Adjudication



Appeal

(ii) Investigations and adjudication by ED / PMLA under the PMLA, 2002

ECIR or investigation



Search or seizure



Statements or evidence



Attachment or arrest where legally applicable



Prosecution complaint.



ED's provisional attachment



Notice before PMLA Adjudicating Authority



Confirmation or non-confirmation of attachment



Appeal to Appellate Tribunal and thereafter judicial remedies.

- (iii) *The Govt.'s description confirms that PMLA provides separate mechanisms for investigation, an Adjudicating Authority and an Appellate Tribunal.*

7. What are issues involved in a DGGI / GST fraud case for ED/PMLA?

- (i) *What is exact GST offence alleged under the section 132 of CGST Act, 2017?*
- (ii) *Whether that offence is presently a PMLA scheduled offence under the PMLA, 2002?*
- (iii) *Whether there is identifiable Proceeds of Crime (PoC) under the PMLA, 2002?*
- (iv) *How the alleged proceeds moved after generation under the PMLA, 2002?*
- (v) *Whether there was concealment, possession, acquisition or use connected with money laundering under the PMLA, 2002?*
- (vi) *Whether ED has independently recorded the jurisdictional basis for PMLA investigation under the PMLA, 2002?*
- (vii) *Whether GST adjudication, prosecution under the CGST Act, 2017 and PMLA, 2002 proceedings are being incorrectly conflated?*



8. What are legal questions to be considered for DGGI / GST → ED nexus?

- (i) What exact sub-section of section 132 for offence is alleged under the CGST Act, 2017?
- (ii) Whether the offence a PMLA scheduled offence under the PMLA, 2002?
- (iii) What are the alleged Proceeds of Crime (PoC) under the PMLA, 2002?
- (iv) How is that Proceeds of Crime (PoC) amount calculated under the PMLA, 2002?
- (v) What material connects the accused/property to it under the PMLA, 2002?
- (vi) Is there a separate predicate "criminal proceeding" under the PMLA, 2002?
- (vii) Has GST adjudication occurred, or is there only an SCN under the CGST Act, 2017?
- (viii) What exactly is the legal basis for ED's jurisdiction under the PMLA, 2002?

9. Whether nexus is existed between GST-fraud case and ED/PMLA investigations?

Yes

- The GST-fraud cases are generally having potentially for ED/PMLA investigations and also adjudications where "criminal activities" and also generated Proceed of Crime (PoC) "both are existed" under the PMLA, 2002.

10. What is sequence required for GST-fraud case and ED/PMLA investigations?**(i) The GST intelligence or DGGI investigation under the CGST Act, 2017**

- The DGGI investigates alleged tax evasion, fake invoices, wrongful ITC, fictitious suppliers and related transactions.

**(ii) The GST offence identified under the CGST Act, 2017**

- The precise allegation must be mapped to the relevant provision of the section 132 of CGST Act, 2017 where prosecution is contemplated.

**(iii) The Predicate / scheduled offence analysis under the PMLA, 2002**

- (a) The crucial question is whether the underlying "criminal activity" constitutes an offence included in the PMLA Schedule at the relevant time.



(b) *This is a critical gateway.*

(c) *A mere GST demand or tax dispute does “not automatically” establish money laundering.*



(iv) ***Proceeds of crime (PoC) under the PMLA, 2002***

(a) *There should be property derived or obtained, directly or indirectly, from “criminal activity” relating to a PMLA scheduled offence.*

(b) *The Supreme Court has reiterated that Proceeds of Crime (PoC) can “include property equivalent in value” where the original proceeds are unavailable.*



(v) ***The ED investigation or ECIR under the PMLA, 2002***

(a) *When the statutory requirements are met, the ED is permitted to investigate the alleged money-laundering offence.*

(b) *The Supreme Court has held that the “ECIR is not equivalent to an FIR”, and PMLA has its own investigation framework.*



(vi) ***The Searches, summons, seizures or tracing of money under the PMLA, 2002***

(a) *The ED’s investigation “focuses particularly on the financial trail—bank accounts”, layering, transfers, acquisition of assets, movement of funds and use or projection of proceeds as untainted property.*

(b) *The ED officially describes its PMLA role as tracing proceeds, provisionally attaching property and pursuing prosecution/confiscation.*



(vii) ***The Provisional attachment under the section 5 of PMLA, 2002.***



(viii) ***The notices and adjudications before PMLA Authority under the PMLA, 2002***

- *The Adjudicating Authority is constituted under Section 6 and has jurisdiction under the PMLA, 2002.*





(ix) **Confirmation or non-confirmation of attachment under the PMLA, 2002**



(x) **The PMLA Special Court under the PMLA, 2002**

- The Special Court deals with the criminal prosecution under PMLA and matters connected with a PMLA scheduled offence as permitted by statutory framework.

11. What is the comparison between DGGI / GST track and ED/PMLA track?

S.No	GST / DGGI Track	PMLA / ED Track
(i)	The DGGI's investigation	The ED's investigation under PMLA, 2002
(ii)	The GST summon or investigation proceedings	The ECIR or PMLA investigation
(iii)	The GST Show Cause Notice (SCN)	The PMLA provisional attachment or adjudication proceedings, where applicable
(iv)	The GST adjudication	The Adjudication by PMLA Adjudicating Authority
(v)	Tax + interest + penalty	The Attachment / confirmation / confiscation of proceeds of crime, as applicable
(vi)	The GST prosecution, where applicable	The PMLA prosecution before the Special Court
(vii)	The GST appellate remedies	An Appeal against PMLA Adjudicating Authority orders or Special Court remedies

- Therefore, a GST "SCN is not itself a PMLA proceeding", and a "GST adjudication order is not automatically" a finding of money laundering under the PMLA, 2002.

12. Is there nexus between sec. 132 of CGST Act & schedule offence under PMLA, 2002?

Yes

- The offences covered under section 132 of CGST Act, 2017 are "expressly included" in the PMLA Schedule under the PMLA, 2002
- Therefore, a "sufficiently serious fake-invoice or fraudulent-ITC GST case" can constitute the predicate/scheduled offence under the PMLA, 2002



13. Whether the ED is permitted to act before GST adjudication?

Yes

- (i) There is “no general rule” that GST adjudication must necessarily precede every PMLA investigation under the PMLA, 2002.
- (ii) The Supreme Court held that GST’s arrest jurisprudence does “not impose such a universal precondition”.
- (iii) However, the ED cannot replace the GST adjudicating authority and simply treat an unproved GST allegation as established Proceeds of Crime (PoC) under the PMLA, 2002.
- (iv) Therefore, the PMLA requirements remain independently relevant like:
Scheduled offence under the PMLA, 2002



Proceeds of Crime (PoC) under the PMLA, 2002



Money laundering activity under the section 3 of PMLA, 2002.

14. What is comparison between the DGGI and the ED?

S.No	Issue	DGGI / GST track under the CGST Act, 2017	ED / PMLA track under the PMLA, 2002
(i)	Fake invoice	To investigate issuance or use of invoices “without” actual supply and related GST violations	To examine the underlying “criminal activity” and financial trail where PMLA “jurisdictional requirements” are satisfied
(ii)	Wrong ITC	To determines wrongful, fraudulent availment or utilisation & GST consequences	To examines whether relevant “criminal activity” generated Proceeds of Crime (PoC) and whether those proceeds were dealt with in the manner contemplated by PMLA, 2002?
(iii)	GST demand	To determines tax liability through GST proceedings	The GST tax demand is “not itself an ED adjudication function”



(iv)	GST penalty	To be imposed under the CGST Act, 2017 or other applicable GST provisions	The GST penalty does "not automatically create the PMLA liability"
(v)	Prosecution under section 132 of CGST Act, 2017	"Criminal prosecution" under the CGST Act, 2017 where statutory requirements are satisfied	The underlying offence may become relevant to PMLA when it falls within the PMLA Schedule and "other PMLA requirements are established"
(vi)	Proceeds of crime	"Not the central concept" of ordinary GST adjudication under CGST Act, 2017	The ED's investigation focuses on tracing property connected with Proceeds of Crime (PoC)
(vii)	Money laundering	"Not ordinarily determined" in GST adjudication	To examine money laundering offence under the section 3 of PMLA, 2002
(viii)	Attachment	The GST law has its "own recovery or the provisional attachment mechanisms" in appropriate cases	The provisional attachment of property believed to constitute Proceeds of Crime (PoC) subject to the statutory framework under the section 5 of PMLA, 2002.
(ix)	PMLA attachment confirmation	Not applicable	PMLA attachment confirmation is to be provided by Adjudicating Authority under the PMLA, 2002
(x)	PMLA prosecution	Not applicable	The Special Court established or designated under the PMLA, 2002

15. What is comparison between GST and CGST?

- (i) In Indian GST law, "GST Act" is generally a collective term, whereas "CGST Act is a specific statute".

S.No	Point	GST Act / GST framework	CGST Act, 2017
(a)	Meaning	"Generic or umbrella reference" to the GST legislative framework	Central Goods and Services Tax (CGST) Act, 2017
(b)	Scope	Its "collectively covers" (a) CGST (b) SGST or UTGST (c) IGST (d) Related GST legislation	It "governs on the intra-State supplies", subject to the Act's specific provisions



(c)	Enacted by	It's enacted "by the parliament and the State / UT legislatures" depending on particular GST law	It's enacted "by the Parliament"
(d)	Main tax	It's "collectively referred to" (a) CGST (b) SGST or UTGST (c) IGST	The CGST Act, 2017
(e)	Intra-State supply	It's "generally involving" (a) CGST (b) SGST or UTGST	It's providing for the Central component (CGST)
(f)	Inter-State supply	It's "primarily governed by" the IGST Act, 2017	It's having certain "connected or supporting provisions" but the IGST Act 2017 is the principal statute for inter-State supply
(g)	Revenue	It's depending on the "particular tax component"	The "CGST revenue accrues to the Central Govt." subject to constitutional or the statutory arrangements
(h)	Examples	(a) CGST Act, 2017 (b) SGST Acts, 2017 (c) IGST Act, 2017 (d) UTGST Act, 2017	It's "covered the sections from 1 to 174" under CGST Act, 2017, as amended from time to time
(i)	Administration	An overall GST framework is "administered through Central and State or UT tax authorities" according to the applicable law	The Central GST "administration is principally through CBIC" or Central tax authorities
(j)	Common usage	The "GST Act" is often used informally to refer to the GST legislation generally	The CGST Act, 2017 is the precise citation when "referring to the central statute"

(ii) There is "no single central statute" formally called the "GST Act" that replaces the CGST, SGST and IGST Acts.

(iii) **The GST framework principally consists of:**

(a) The CGST Act, 2017 for Central GST

(b) The SGST Acts for State GST



- (c) The IGST Act, 2017 for Integrated GST, principally for inter-State supplies or imports
- (d) The UTGST Act, 2017 for GST in Union Territories without a legislature

16. What is DGGI / GST investigation for fake-invoice or ITC fraud case and ED/PMLA?

Data/intelligence



DGGI investigation



Inspection, search or seizure under the sec. 67 of CGST Act, 2017



Summons or recording of evidence under the sec. 70 of CGST Act, 2017



Arrest, where statutory conditions are satisfied under the sec. 69 of CGST Act, 2017



Determination of tax, interest and penalty under the sec. 73 or 74 of CGST Act, 2017



Prosecution for specified offences under the sec. 132 of CGST Act, 2017



Potential ED or PMLA proceedings “when the underlying GST offence satisfies” the applicable PMLA scheduled-offence requirements and there are Proceeds of Crime (PoC) under the PMLA, 2002

- This last transition is particularly important for DGGI/GST → ED nexus.

17. What is burden of proof for GST adjudication, prosecution and PMLA proceedings?

(I) GST adjudication under the section 155 of CGST Act, 2017

● Burden of proof on the taxpayer ●

- (i) The Section 155 of CGST Act, 2017 expressly provides that the burden of proving that claim “lies on that person claims eligibility for Input Tax Credit (ITC)”
- (ii) Therefore, in an ITC dispute, the “taxpayer has to substantiate” the eligibility of the ITC:



- (a) The tax invoice
 - (b) The receipt of goods or services
 - (c) The payment records
 - (d) The transportation or e-way bill where applicable
 - (e) The supplier details
 - (f) The accounting records
 - (g) The GST returns and reconciliations
 - (h) The evidence supporting the underlying transaction
- (iii) The statutory ITC framework also “prescribes documentary requirements and conditions” for claiming the ITC.

● Burden of proof on the GST department ●

- (i) The GST department is required “to establish the statutory basis for its proposed demand or penal action” through the adjudication process and evidence when the department allege sham transaction, fake invoice, fraudulent ITC, suppression or fraud.
- (ii) Therefore, the section 155 of CGST Act, 2017 “should not be treated as a blanket reversal” of the ordinary evidentiary responsibilities in every GST proceeding.

(II) GST prosecution under the section 132 of CGST Act, 2017

● Burden of proof on the GST department ●

- (i) The GST department is required “to establish the ingredients of the particular statutory offence” i.e. in a fake-invoice case, the evidentiary questions can include:
 - (a) Was there actually a supply?
 - (b) Was the invoice genuine?
 - (c) Was ITC actually availed or utilised?
 - (d) Who generated the invoice?
 - (e) Who controlled the supplier?
 - (f) Was there movement of goods?



- (g) Were payments genuine?
- (h) What was the accused person's individual role?
- (i) Was there the requisite knowledge or intent contemplated by the offence?
- (ii) Therefore, an ITC eligibility "dispute not automatically criminal liability" under the section 132 of CGST Act, 2017.

(III) PMLA proceedings under the section 24 of PMLA, 2002

● Burden of proof on the accused ●

- (i) Burden relating to certain facts shifts to the accused/person concerned under the section 24 of PMLA, 2002, "once the statutory conditions are attracted" like:
 - (a) The "accused committed schedule offence" as specified in PMLA schedule under the PMLA, 2002
 - (b) The "accused generated Proceeds of Crime (PoC)" under the PMLA, 2002
- (ii) The Supreme Court has "upheld the PMLA's statutory framework concerning the burden of proof and the Proceeds of Crime (PoC) regime", including in *Vijay Madanlal Choudhary v. Union of India*.
- (iii) Subsequent Supreme Court "decisions continue to apply to PMLA framework" and the conceptual sequence is:

● Under the CGST Act, 2017 and the PMLA, 2002 ●

Taxpayer proves ITC eligibility



GST adjudication, the department establishes the alleged contravention or demand on the statutory and evidentiary record



GST prosecution is required to establish the ingredients of the offence



PMLA where the statutory requirements for money-laundering are established, the special PMLA burden provisions become relevant.



● **The Supreme Court and High Courts Judgments for the GST → ED Nexus** ●

18. What is Supreme Court case of Nav Nirman Builders Ltd. v. Union of India (2026)?

- (i) The Supreme Court held that the definition of Proceeds of Crime (PoC) under Section 2(1)(u) is wide enough to include property equivalent in value to property directly or indirectly obtained from criminal activity relating to a PMLA scheduled offence, where the original proceeds are unavailable.
- (ii) The Supreme Court held that ED may seek to proceed against other property equivalent in value, subject to the statutory requirements i.e. when alleged proceeds were INR 50 crore but money has disappeared or been transferred away
- (iii) The Supreme Court held that tracing the original rupee-for-rupee funds is “not necessarily” in GST fraud cases.

19. What is Supreme Court case of JSW Steel Limited v. ED (2025)?

- (i) The Supreme Court held that where the predicate/PMLA scheduled offence “no longer survives”, the foundation for Proceeds of Crime (PoC) and PMLA proceedings may disappear.
- (ii) **The Supreme Court held that certain questions should be examined in GST-linked PMLA like:**
 - (a) Whether the predicate offence actually exists under the PMLA, 2002?
 - (b) Whether it is a scheduled offence under the PMLA, 2002?
 - (c) What happened to the prosecution or investigation for that offence under the PMLA, 2002?
 - (d) Whether the alleged proceeds can still legally qualify as Proceeds of Crime (PoC) under the PMLA, 2002?

20. What is Supreme Court case of Radhika Agarwal v. Union of India (2025)?

- (i) The Supreme Court held that the Commissioner is required to record reasons to believe based on relevant material before making an arrest under Section 69



read with Section 132 of CGST Act, 2017 where the statutory requirements for a cognizable or non-bailable offence are involved.

- (ii) The Supreme Court rejected a broad proposition that GST authorities are required always to complete assessment proceedings before arrest.
- (iii) The Supreme Court held that there can be “no GST criminal case until adjudication is completed”.
- (iv) The Supreme Court recognised that GST investigation or arrest and GST assessment or adjudication can operate at different stages.
- (v) The Supreme Court held that the case should “not automatically” be transferred to the ED under the PMLA, 2002.
- (vi) The ED is required “to satisfy the separate statutory requirements” of PMLA, including the existence of Proceeds of Crime (PoC).

21. What is Supreme Court case of Chandrama Parsad v. The State of Bihar (2024)?

- (i) The Supreme court concluded that an existence of Proceeds of Crime (PoC) is a condition precedent for the offence of money laundering under sec. 3 of PMLA, 2002.
- (ii) The Supreme Court found that, on the material before it, there was nothing adequately connecting the appellant’s assets with the predicate offences and therefore granted bail.
- (iii) The Supreme Court explained that “ED is not permitted” for alleging that everything belonging to accused is Proceeds of Crime (PoC) when DGGI / GST alleged a GST fraud “without” demonstrable nexus between the property and “criminal activity” relating to the scheduled offence under the PMLA, 2002.

22. What is Supreme Court case of Vijay Madanlal Choudhary v. Union of India (2022)?

- (i) The Supreme Court explained that the section 3 PMLA, 2002 concerns process or activity connected with Proceeds of Crime (PoC), including concealment, possession, acquisition, use, or projecting/claiming proceeds as untainted property.



(ii) The Supreme court explained that GST's offence under the CGST Act, 2017 is "not automatically" money laundering under the PMLA, 2002

(iii) The Supreme court explained that there has to be the statutory PMLA connection:

Scheduled offence under the PMLA, 2002.



Criminal activity under the PMLA, 2002



Proceeds of Crime (PoC) under the PMLA, 2002



Activity or process involving those proceeds under the PMLA, 2002.

23. What is Jharkhand High Court case of Amit Agarwal v. ED (2025)?

(i) The ED started "investigation based on DGGI complaints" concerning fraudulent GST input-tax credit (ITC).

(ii) The "DGGI alleged a network of shell entities" and bogus invoices used for passing on ineligible ITC.

(iii) The "GST complaints included offences" under Section 132 of the CGST Act, 2017 along with IPC offences i.e. sections 420, 467 and 471, which were "treated as PMLA scheduled offences" under the PMLA, 2002.

(iv) The ED alleged that Amit Agarwal was connected with multiple entities involved in the fraudulent ITC transactions and that the financial transactions constituted or represented Proceeds of Crime (PoC).

(v) The Jharkhand High Court rejected Amit Agarwal's regular bail application.

(vi) The Jharkhand High Court's order was expressly based on the material considered at the bail stage.

(vii) The Jharkhand High Court clarified that its observations were prima facie and would not determine the merits of the eventual trial.



24. What is Delhi High Court case Tahir of Hussain v. Assistant Director, ED (2022)?

- (i) The Delhi High Court rejected an argument that the alleged conduct was merely a GST violation and therefore could “not constitute a PMLA offence” under PMLA, 2002.
- (ii) The Delhi High Court accepted an argument that when the alleged “criminal activity” falls within a PMLA scheduled offence and generates Proceeds of Crime (PoC), PMLA, 2002 can be attracted.
- (iii) The Delhi High Court has rejected an argument that ED has no jurisdiction when “GST violation only”
- (iv) The Delhi High Court examined the precise offence alleged, its status as a scheduled offence, and existence of Proceeds of Crime (PoC) under the PMLA, 2002.

25. What is conclusion against Courts cases for DGGI / GST → ED nexus?

- **Legal test for GST → ED nexus against GST / DGGI case ●**

(i) Stage 1

- **What exactly is the GST offence under the CGST Act, 2017?**

- (a) Fake invoices under the CGST Act, 2017
- (b) Fraudulent ITC under the CGST Act, 2017
- (c) Application of the section 132 of CGST Act, 2017

**(ii) Stage 2**

- **Is that offence a PMLA scheduled offence under the PMLA, 2002?**
- This must be checked against the PMLA Schedule applicable to the relevant period.

**(iii) Stage 3**

- **What constitutes the Proceeds of Crime under the PMLA, 2002?**
- The prosecution/ED must identify the property derived or obtained from the “criminal activity”.





(iv) **Stage 4**

- ***What did the accused do with those proceeds under the PMLA, 2002?***

- (a) *Concealed*
- (b) *Possessed*
- (c) *Acquired*
- (d) *Used*
- (e) *Transferred or layered*
- (f) *Projected as untainted*



(v) **Stage 5**

- ***Is there evidence connecting the property to the scheduled offence under the PMLA, 2002?***
- *This is where the Supreme Court's requirement concerning Proceeds of Crime (PoC) as a condition precedent becomes particularly important.*

26. What is judicial relevance of GST adjudication for ED / PMLA case?

(i) ***A GST adjudicating authority is permitted to determine:***

- (a) *Tax*
- (b) *Interest*
- (c) *Penalty*
- (d) *GST prosecution consequences*

(ii) ***The ED has to establish the separate PMLA elements under the PMLA, 2002.***

(iii) ***Therefore, DGGI's SCN does "not automatically" mean ED case.***

(iv) ***Hence, GST adjudication order does "not automatically" establish money laundering under the PMLA, 2002.***

(v) ***The ED case requires its own PMLA statutory foundation under the PMLA, 2002.***



27. What is comparison between the 5 Court cases for DGGI /GST → ED nexus?

S.No	Decision	Main proposition relevant to GST-ED nexus
(i)	Vijay Madanlal Choudhary v. Union of India (2022)	Nature of Section 3, Proceeds of Crime (PoC) and PMLA scheduled offence: (a) PMLA action requires property derived or obtained, directly or indirectly, from “criminal activity” relating to a PMLA scheduled offence. (b) Mere tax violation or unaccounted property does not by itself become Proceeds of Crime (PoC) unless the relevant criminal activity constitutes a PMLA scheduled offence.
(ii)	Tahir Hussain v. Assistant Director, Enforcement Directorate, Delhi High Court (2022)	The case involved allegations including GST-related or fake-billing transactions. (a) The Delhi High Court dealt with the PMLA prosecution in the context of alleged fraudulent transactions and PMLA scheduled offences. (b) It illustrates that GST-linked allegations may become relevant to PMLA where the statutory requirements of PMLA scheduled offence and Proceeds of Crime (PoC) are satisfied. (c) GST allegations alone do “not automatically” establish money laundering.
(iii)	Sikander Singh v. State of Haryana / relevant Supreme Court principle (2024)	Existence of Proceeds of Crime (PoC) is a condition precedent: (a) There must be a PMLA scheduled offence and proceeds of crime arising in relation to that scheduled offence for Section 3 PMLA to apply. (b) When a PMLA scheduled offence itself ceases to exist through acquittal, discharge or quashing in the relevant circumstances. (c) The foundation for the PMLA case is affected.



(iv)	JSW Steel Limited & Anr. v. ED & Ors. (2025)	Continuing/live PMLA scheduled offence: (a) The judgment considers the relationship between the scheduled/ predicate offence and PMLA proceedings, including the effect of quashing of the predicate-offence proceedings. (b) This is relevant where a GST-linked predicate offence is subsequently quashed or otherwise ceases to survive.
(v)	Nav Nirman Builders & Developers Pvt. Ltd. v. Union of India (2026)	Value-equivalent property: (a) Section 2(1)(u) is wide enough to include property equivalent in value to property directly or indirectly obtained from criminal activity relating to a PMLA scheduled offence. (b) The equivalent property can be proceeded against where the original proceeds are unavailable, subject to the PMLA requirements.

28. What are 5 Court cases for impact on DGGI / GST and ED / PMLA investigations?

S.No	Name of Case	Court / date	Relevant facts or issue	Key proposition	Relevance
(i)	Radhika Agarwal v. Union of India	Supreme Court, Feb 27, 2025	Challenge to arrest powers under section 69, 70 and 132 of CGST Act. 2017	(a) The Supreme Court upheld that the statutory power of GST officers to arrest, but stressed safeguards and held that "arrest cannot be based merely on suspicion". (b) The Supreme Court "rejected the argument that a completed GST assessment is invariably a precondition to arrest". (c) Officer must have material satisfying statutory conditions for arrest.	Very high for GST arrest or investigation



(ii)	Amit Agarwal v. ED	Jharkhand High Court (HC), Oct 08, 2025	(a) The DGGI complaints concerning alleged fake GST firms or invoices and fraudulent ITC (b) Complaints invoked the Sec. 420, 467 and 471 of IPC, 1860	(a) This case illustrates how a DGGI or GST investigation can become the “factual foundation for a PMLA investigation” (b) Therefore, the underlying “complaint alleges offences that scheduled offences” under the PMLA, 2002. (c) Hence, the “PMLA route was not based merely on a GST tax dispute”.	Very high for GST → PMLA nexus
(iii)	Amit Agarwal v. ED	Jharkhand HC, Aug 12, 2026	PMLA bail proceedings arising from the “same broader alleged fake-ITC syndicate”	(a) The judgment records “allegations concerning the fake entities, bogus GST invoices, passing of ineligible ITC” and alleged layering or circulation of the resulting proceeds. (b) The Jharkhand High Court records “these as the prosecution or ED case” (c) They should “not be stated finally established facts”.	Very high for current – PMLA
(iv)	(a) Siddhi Vinayak Trade Merchants (b) Fama Marketing	Gauhati HC, Jun 26, 2026	(a) Alleged 15,258 invoices worth about INR 658.55 crore and ITC of about INR 99.31 crore	(a) The material before the Court records the ED's case that “alleged fraudulent ITC constituted Proceeds of Crime (PoC)” because it was linked to alleged scheduled IPC offences, including Sections 120B read with 419, 420 and 471 IPC.	Very high for current GST → PMLA



			(b) Alleged fictitious or non-existent GST entity and no correspond- ing movement of goods	(b) The judgment therefore provides a useful example of GST-fraud + PMLA scheduled offence + PoC chain.	
(v)	Dhruv Krishan Maggu v. Union of India	Delhi HC, Aug 11, 2025	Challenge concerning GST arrest or investigation powers under the sections 69 and 70 of CGST Act, 2017	The Delhi HC applied the Supreme Court's ruling in Radhika Agarwal and noted that the Supreme Court had already dealt with the constitutional validity and safeguards surrounding the sections 69 and 70 and GST arrest under Section 132 of CGST Act, 2017.	High for GST side

29. What are 8 Supreme Court's cases for GST-fraud become foundation for PMLA, 2002?

S.No	Case	Core principle relevant to GST-linked PMLA
(i)	Vijay Madanlal Choudhary v. Union of India (2022)	(a) The constitution bench framework on the relationship between PMLA scheduled offence, Proceeds of Crime (PoC) (b) The section 3 of PMLA 2002, including investigation, attachment and adjudication.
(ii)	Pavana Dibbur v. ED (2023)	(a) The section 120-B of IPC, 1860 does "not by itself become a PMLA scheduled offence" unless the conspiracy relates to an offence included in the PMLA Schedule. (b) The case is therefore particularly "important on the PMLA scheduled offence requirement".
(iii)	Satyendar Kumar Jain v. ED (2024)	(a) Discussed "disproportionate pecuniary resources the accommodation entries" and layering in the context of Proceeds of Crime (PoC). (b) The Supreme Court considered whether "accommo- dation entries were being used as a vehicle to introduce/route alleged unaccounted money"?



(iv)	Tarsem Lal v. ED (2024)	Important procedural authority concerning the position after filing of a Section 44(1)(b) PMLA complaint, including appearance, summons and custody.
(v)	Pankaj Bansal v. Union of India (2023)	(a) "Grounds of arrest must be communicated" to the arrested person in accordance with the judgment (b) The "important safeguard for PMLA arrest" procedure.
(vi)	Nav Nirman Builders v. Union of India, (2026)	(a) Primarily concerns the "interplay of Sections 8(3), 8(7) and 8(8) PMLA, 2002" including finality of confirmation proceedings and the effect of a pending appeal before the Appellate Tribunal. (b) It should "not be described primarily as an authority" on value-equivalent property.
(vii)	JSW Steel Ltd. v. ED (2025)	(a) Concerned "challenges to PMLA proceedings" or attachment and the statutory PMLA remedy structure. (b) It is "not best characterised" as a general Supreme Court ruling that the predicate offence must continue for all PMLA proceedings.
(viii)	Parvinder Singh v. ED (2026)	"Reaffirmed the procedural line" in Tarsem Lal, Yash Tuteja and Kushal Kumar Agarwal concerning the application of CrPC/BNSS complaint procedure to PMLA proceedings after filing of the prosecution complaint.

30. What is most important proposition for a DGGI's SCN and PMLA's proceedings?

- (i) The Supreme Court expressly rejected the proposition in the Radhika Agarwal judgment "that GST adjudication must always be completed before arrest or prosecution" under the section 132 of CGST Act, 2017.
- (ii) The Supreme Court said "that there can be circumstances where, even without a formal assessment order", the GST department has sufficient material and certainty regarding the Section 132 of CGST Act, 2017 for offence and monetary threshold.
- (iii) However, the Supreme court said "that the GST allegations are not automatically proving Proceeds of Crime (PoC)" under the PMLA, 2002.



31. What are 5 stage tests for DGGI / GST → ED nexus?**● Stage 1 — GST offence ●**

- (i) Whether the section 132(1)(b) is alleged “for issuing invoice without supply”?
- (ii) Whether the section 132(1)(c) is alleged “for fraudulent ITC”?
- (iii) Whether the section 132(1)(e) is alleged “for GST evasion or refund etc.”?
- (iv) The GST deptt. is required “to determine the applicable monetary threshold” and whether the “offence falls into the cognizable or non-bailable category” under the section 132(5)?
- (v) The Supreme Court judgement in the case of Radhika Agarwal v. Union of India is authoritative on this analysis.

● Stage 2 — PMLA Scheduled offence ●

- (i) What is “exact offence in the PMLA Schedule” is being relied upon?
- (ii) This is where the “litigation becomes particularly useful”
- (iii) The DGGI complaints contained offences under the sections 420, 467 and 471 of IPC, 1860 are scheduled-offence foundation for the ED’s ECIR under the PMLA, 2002.

● Stage 3 — Proceed of Crime (PoC) ●

- (i) What “specific property is alleged” to have been derived or obtained from the “criminal activity”?
- (ii) The Supreme Court judgement in the case of Pavana Dibbur v. ED (2024) is authoritative on this analysis

● Stage 4 — The section 3 of PMLA, 2002 for “criminal activity” ●

- (i) Whether the “criminal activity” generated Proceeds of Crime (PoC)?
- (ii) The Proceeds of Crime (PoC) is further carried like:



Concealed



Possessed



Acquired



Used



Projected/claimed as untainted

(iii) *The mere existence of a “GST liability does not answer this question”.*

● **Stage 5 — Evidentiary bridge** ●

(i) **List of evidentiary bridge**

(a) *GST records*

(b) *Bank records*

(c) *Invoices*

(d) *E-way bills*

(e) *Statements*

(f) *Beneficial Ownership (BO)*

(g) *Money trail*

(ii) *The ED is required to examine to determine “whether the alleged Proceeds of Crime (PoC) and laundering activity are actually connected”?*

(iii) *The Gauhati High Court judgement in the case of Siddhi Vinanyak or Fama Marketing (2026) is authoritative on this analysis where the “ED relied on certain documents” like:*

(a) *GST returns*

(b) *Absence of e-way bills*

(c) *Fictitious addresses*

(d) *Statements and alleged transmission*

(e) *Layering of ITC*



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