CNR No: PHHC011622412026
2026:PHHC:200941

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

299

CRM-M-55597-2026 (O&M)
Decided on : 12.11.2026

Amit Bhasin . . . Petitioner(s)

Versus

Central Goods and Service Tax Commissionerate, Gurugram . . . Respondent(s)

CORAM: HON'BLE MR. JUSTICE SANJAY VASHISTH

PRESENT: Mr. Randeep S. Rai, Sr. Advocate and
Mr. Rahul Sharma, Sr. Advocate with
Mr. Arjun Dewan, Advocate,
Mr. Suhaan Mukarji, Advocate,
Ms. Arshiya Ghose, Advocate and
Mr. Kritik Sharma, Advocate, for the petitioner(s).

Ms. Neha Awasthi, Sr. Standing Counsel
for the respondent(s).

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SANJAY VASHISTH, J. (Oral)

1. The instant petition has been filed under Section 483 of BNSS, 2023 (earlier Section 439 Cr.P.C.) r/w Section 69 of the Central Goods and Services Tax Act, 2017, seeking grant of regular bail to the petitioner in connection with Arrest Memo dated 25.07.2026 in Case No. GEXCOM/AE/INV/GST/13090/2025-AE-O/O COMMR-CGST GURUGRAM (CBIC-DIN-20260752ZO0000CEDDC7) registered under Sections 132(1)(B), 132(1)(C), 132(1)(F) and 132(1)(I) r/w Section 132(5) of the Central Goods and Services Tax Act, 2017, issued by office of the Principal Commissioner, CGST, Gurugram (Annexure P-1).

2. Case of the prosecution, as culled out from the impugned order dated 11.09.2026, reads as under:-

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"3(i) The brief facts of the prosecution case is that M/s Targetone Innovations Private Limited ("TIPL", GSTIN 06AAFCT7627N1ZS) and M/s Parcit Autocrazy Private Limited ("PAPL", GSTIN06AAKCP5431H1ZE, with further registrations in other States) and a network of 28 shells/dummy firms are found involved in fraudulent availment utilisation and passing on of input Tax Credit (ITC) without corresponding receipt or supply of goods/services. The matter came to notice pursuant to an alert No.139/EXP/2023-2024 flagging a risky export consignment traced to a supplier chain involving PAPL and was further substantiated by statements of directors, employees dummy proprietors/ whatsapp/email evidence and an independent forensic conducted by the Ernst & Young LLP.

3(ii) The present applicant-accused are cofounder and director of TIPL having brand Go Mechanic since 2016 . Later joined by Nitin Rana and Rishabh Karwa in the year 2021.

3(iii) The Investigation has revealed a network of 28 firms created and operated by co-accused Sahil Chandna. In his voluntarily tendered statements dated 17.02.2026 and 24.07.2026 tendered under Section 70 of the CGST Act, he stated that the creation of the said fake entities, the issuance of invoices, the management of the bank transactions, the on boarding of the said entities onto bank and NBFC profiles and the filing of their returns were all done at the behest of and on the directions of the Directors of TIPL, namely the Kushal Shailesh Karwa (applicantaccused), Amit Bhasin,Rishabh Karwa and Nitin Rana, against a commission of 2-3% of the invoice value.

3(iv) It is alleged that PAPL was found a conduit entity operated through nominal Directors. Its two registered Directors, Sh. Abhishek Rana and Sh. Ramesh Kumar, have in their respective voluntarily tendered statements dated 17.04.2026 and 28.04.2026 confirmed that they were nominal

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Directors introduced by Sh. Nitin Rana. They attended no meeting, performed no role, derived no benefit, and never held or operated PAPL's bank account, and that PAPL was managed and controlled entirely by the Directors of TIPL. Their consecutive Director Identification Numbers i.e. 08450774 and 08450773, are consistent with a single simultaneous appointment."

3. Apart from aforesaid statements, statements of other co-accused, namely, Nitin Rana, Rishabh Karwa and Vishamber Sharma, were also recorded during investigation, who, as per learned counsel for respondent-Department, are also accused in the present case. Besides statements of aforesaid persons, respondent-Department has also relied upon certain documentary evidence in support of its allegations.

4. Regarding the illegal arrest, following was recorded on 15.10.2026:-

"1. Principal argument advanced by learned Senior Counsel for the petitioner is that reasons necessitating the petitioner's arrest have not been recorded by the competent authority, i.e. Commissioner of GST, rather the same have been recorded by Mr. Pushpendra Singh Shekhawat, Inspector/Investigating Officer. In this regard, learned Senior Counsel has drawn the attention of this Court to page No. 33 of the paperbook, wherein concluding portion of the reasons for arrest has been recorded.

2. While referring to Section 69 of the Central Goods and Services Tax Act, 2017 (CGST Act), learned Senior Counsel has also placed reliance upon paragraph Nos.58, 59 and 60 of the judgment passed by Hon'ble Supreme Court, titled as 'Radhika Agarwal vs. Union of India' (2025) 6 Supreme Court Cases 545.

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3. Learned Senior Counsel further submits that, subsequent to the recording of reasons by the Inspector/Investigating Officer, a complaint has also been filed before the competent Court on 22.09.2026. It is, therefore, contended that petitioner's further detention inside jail, is no longer warranted.

4. List again on 11.11.2026, for further consideration."

5. Another argument advanced by learned Senior counsel is that co-accused of petitioner, namely, Sahil Chandna, has already been granted concession of bail by a Coordinate Bench of this Court, after declaring his arrest illegal.

Besides, learned Senior counsel has also produced a copy of Instruction No.02/2026-GST dated 30.10.2026, issued by Government of India, Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes and Customs, GST Policy Wing. While referring to Clause 3.1 thereof, learned Senior counsel submits that following directions have been issued by the Department:-

*"3.1 **Arrest Provisions:** The GST Council has recommended withdrawal of arrest powers under GST by omission of section 69 of CGST Act, 2017. All CGST field formations are accordingly directed that no further arrests may be carried out under GST."*

On the strength of aforesaid instruction and other circumstances noticed here-above, learned Senior counsel submits that continued detention of petitioner is not warranted and, accordingly, prays for grant of concession of regular bail.

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6. On the other hand, learned Senior Standing counsel for respondent-Department has filed a detailed reply dated 30.09.2026 in Court today, which is taken on record. Office to tag same at its appropriate place. A copy thereof has been handed over to learned counsel for petitioner.

7. Learned Senior Standing counsel for respondent-Department has opposed the prayer for bail. However, she couldn't advance any substantial argument to demonstrate why further detention of petitioner inside jail is necessary, particularly when investigation qua petitioner already stands completed and thereupon, even complaint has also been filed before competent Court.

8. I have heard learned counsel for the parties and perused relevant material available on record.

9. It is not disputed that investigation qua petitioner stands completed and complaint has already been filed before competent Court on 22.09.2026. Thus, further detention of petitioner is not required for the purpose of investigation. It is also relevant that maximum punishment prescribed for the offences alleged against petitioner is up to five years. Further, co-accused Sahil Chandna has already been granted concession of bail by a Coordinate Bench of this Court after his arrest was held to be illegal. Although said order is not, by itself, determinative of petitioner's entitlement to bail, it is a relevant circumstance which deserves consideration.

Another significant development is issuance of Instruction No.02/2026-GST dated 30.10.2026 by Government of India, whereby all CGST field formations have been directed that no further arrests may be

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carried out under GST, pursuant to recommendation of GST Council for withdrawal of arrest powers by omission of Section 69 of CGST Act, 2017. Though said instruction does not, by itself, determine legality of petitioner's earlier arrest, it reflects a subsequent policy decision of respondent-Department against effecting further arrests under GST. This development, when considered along with completion of investigation, filing of complaint, absence of any demonstrated requirement of further custodial interrogation and bail granted to co-accused, weighs in favour of petitioner.

10. In totality of aforesaid circumstances, particularly when investigation stands completed and further incarceration of petitioner is not shown to be necessary, this Court is of the considered view that continued detention of petitioner inside jail would not serve any useful purpose.

Consequently, prayer made in the present petition is **allowed**. Petitioner is ordered to be released on bail, subject to her furnishing bail/surety bonds to the satisfaction of the learned trial Court/ Chief Judicial Magistrate/ Illaqa Magistrate/ Duty Magistrate concerned, if not required in any other case.

11. Needless to observe that the petitioner shall not extend any threat and shall not influence any prosecution witness in any manner directly or indirectly.

12. Any of the discussion done and recorded here above, shall not be construed as an expression of opinion on the facts of the case. Therefore, trial Court is expected to decide the case by taking an independent view, on the basis of evidence available on record, as expeditiously as possible, in accordance with law.

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13. Petition stands **disposed of**.

Misc. application(s), if any, also stand disposed of.

(SANJAY VASHISTH)
JUDGE

November 12, 2026
J.Ram

Whether speaking/reasoned: Yes/No
Whether Reportable: Yes/No

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