

Where no reason was mentioned in SCN for cancellation of GST registration, HC set aside order for cancellation

Facts of the case - Balaji Enterprises v. Principal Additional Director General, Directorate General of GST Intelligence - [2022] (Delhi)

The petitioner filed a writ petition before the High Court against the order of cancellation of registration passed by the Superintendent. The issue in the given case was that the show cause notice pertaining to the given cancellation order did not contain any reason why the authority proposed to cancel the registration. Instead, in the show cause notice itself, the department contended that the registration was obtained by means of fraud, wilful misstatement or suppression of facts.

Later, physical verification of the premises was carried out by the department and it was reported that no one was found at such a premise and the door was found sealed by DGGI Chennai. Also, the verification report was not uploaded on the designated portal.

In this regard, the petitioner's registration was then cancelled on account of an enquiry pending against the petitioner, which was being carried out by the DGGI, Chennai concerning the supply of 'spurious goods'. However, nothing was due from the petitioner on account of tax, interest, penalty or cess.

Decision of the case :

Based on the above facts, the High Court held that the impugned order has gone beyond the frame of the show cause notice wherein no specific reason was mentioned as to why the registration was being cancelled by the department. Therefore, the High Court set aside the order of cancellation of registration.